Programs with Respect to Relief and Rescue of Refugees; Other Government Agencies

War Department, Vol. 2
Monthly Reports on Financial Aspects of the Allied Occupation of Germany

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HEADQUARTERS
U S GROUP CC
FINANCE DIVISION
APO 742

MONTHLY REPORT ON FINANCIAL ASPECTS OF THE ALLIED OCCUPATION OF GERMANY

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OSD Letter, 5-3-72
OCT 30 1972

MAY 1945

TO: Lieutenant General LUCIUS D. CLAY, USA
Deputy Military Governor, US Group CC

BY: Colonel Bernard BERNSTEIN, GSC
A/Director, Finance Division

20 JUNE 1945

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HEADQUARTERS
US GROUP CC
FINANCE DIVISION
APO 742

20 June 1945

SUBJECT: Report on Financial Aspects of the Allied Occupation of Germany for May 1945

TO : Lt. General LUCIUS D. CLAY, Deputy Military Governor, US Group CC

1. The report on "Financial Aspects of the Allied Occupation of Germany" for the month of May is transmitted herewith.

2. This report is intended to describe current financial trends within occupied Germany together with the varied activities of the Finance Division, US Group CC, and the Financial Branch, G-5 Division, SHAEF.

3. Attention is called to the fact that, during the current report period, a major portion of the Finance Division Staff was assigned to the field where its personnel could "get their feet wet" as members of special investigatory teams or as participants in "Goldcup" projects concerned with the Ministries of Finance and Economics. It is with this background of reconnaissance that the staff evaluations set forth in this report are made and respectfully submitted.

B. Bernstein

B. BERNSTEIN
Colonel, GSC
A/Director

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C Letter from the Deutsche Länderbank, AG, to the Reichsfinanzministerium, 7 Aug 1940, relative to Speculation Profit Tax (English translation)

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E Statistical Data regarding the National Bank of Hungary

F. Blocked Accounts in Frankfurt a/M.

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I. INVESTIGATION OF GERMAN FOREIGN ASSETS

A. LOCATION OF FILES AND RECORDS

1. During the month substantial progress was made in obtaining key documents relating to some of the more important companies in Germany and in obtaining information not only of value to other branches of the Army but also to the civilian agencies in Washington. As the April monthly report indicates, I.G. Farben and other important financial and industrial organizations in Germany made a practice of moving their most important documents out of the offices and hiding them throughout the country. Files were hidden in monasteries, salt mines, beer halls and caves. In come cases the files were put on box cars for shipment and the box cars never arrived at their destination due to transportation difficulties. As a result many of the most valuable financial files are scattered throughout Germany and there is still much work to be done to bring them together. On May 10, instructions were dispatched by SHAEF to the field to inform the Army groups of our operations in order to obtain their collaberation. Subsequently, a number of teams were dispatched for the purpose of bringing the significant files of the more important companies to Frankfurt for study and analysis.

a. Jena, Bitterfeld, and Wolfen. Early in the month a team covered targets located in these areas, including principal I.G. Farben metal works at Bitterfeld and the Agfa plant at Wolfen. During the same trip the Carl Zeiss plant was visited in preparation for later investigation. The search at Jena was not entirely successful since it was learned that the central files had been completely burned and no secret files were uncovered. Some contract files were discovered and brought back to Frankfurt. The investigation of the Bitterfeld plant revealed that certain of its important documents had been shipped to Berlin and Wurzburg. A certain amount of vital records were obtained from the confidential secretary of the firm.

The investigation of the AGFA plant at Wolfen turned up numerous agreements and patents of the subject firm involving firms in the United States. Other micro-film records known to have been previously located in this general area were not found. A team which subsequently followed up leads from this area found that two train cars containing I.G. records left Bitterfeld on March 17, 1945 destined for Wurzburg. The numbers of the freight cars are known and the effort to locate them is continuing. They are apparently somewhere between Bitterfeld and Wurzburg. Additional leads were discovered concerning material sent by truck to Cassel.

b. Heidelberg. After appropriate contact and liaison had been made with Documents Section, G-2, at 12th Army Group, Finance Division representatives made an inspection tour of the Heidelberg library of I.G. Farben to determine the nature of its records. As a result of arrangements made during the trip, 55 filing cabinets and a number of boxes containing files of I.G. Farben's Legal Division relating to patents and patent agreements have been brought to Frankfurt for examination.

c. Wurzberg. Several packages of important documents were obtained from the house of von Knieriem, a top official of I.G. Farben, who had disclosed their location when he was interrogated recently in Paris. These documents

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are alleged to be of a secret and confidential nature and considered to be of significant importance.

d. Neuengronau. Representatives of the Finance Division, together with an employee of I.G. Farben, went to Neuengronau to obtain other important documents of I.G. Farben. These documents were to have been destroyed by burning but the instructions had not been carried out. Their location was obtained by interrogating I.G. Farben officials held in custody.

e. Lackenbar. Accompanied by an I.G. Farben employee, a party went to Lackenbar to search for Farben files reported concealed in that locality. Upon arrival they found 150 cases in various stages of disorder buried in an underground cellar near the center of the village. Examination revealed that most of the material came from Bitterfeld. According to local witnesses the cases had been opened by American military personnel and prisoners-of-war who had used the wine cellar as billets. Eleven cases of valuable material were brought to Frankfurt.

f. Miltenberg a/Main. The Monastery at Miltenberg was found to contain a total of 200 crates and trunks, most of them containing I.G. Farben records. With the assistance of the Miltenberg Office of Military Government which furnished 10 prisoners-of-war and 3 guards for removing and opening the crates, as well as, quafters and meals, an inspection was made of the contents of each crate and trunk. The I.G. Farben records were brought to Frankfurt and included a valuable set of files relating to their Latin American relationships.

g. The Ruhr Area.

(1) The original proposal for the investigation of foreign assets which was presented to the Chief of Staff at Supreme Headquarters and forwarded to the Combined Chiefs of Staff for approval on 21 March 1945, included the Ruhr industrial area and the area bounded by Hamburg, Hanover and Bremen as two principal areas in the Northern part of Germany in which investigations should be centered. In the middle of May, with the help of the tactical units in control of the Ruhr area - 94th Infantry Division and 17th Airborne Division - an advance party completed a reconnaissance of the area, locating files of documents and officials of the companies.

(2) Preliminary investigation soon established that most of these companies had retained in the Ruhr area itself only those documents which were necessary for the day to day continuation of their production. Documents covering commercial and overall business policies and documents covering inter-company relationships and foreign business had been evacuated to distant areas less subject to air attack.

(3) For these reasons it was impossible to collect at once the key documents which would reveal the international business of such firms as Krupp, Mannesmann, Vereinigte Stahlwerke, Bemberg, Vereinigte Glanzstoff and others.

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Leads were secured however to the current location of some of the key records of these companies and a party set off to the Harz Mountain area in the latter part of May to examine files reported to be stored in Hameln, Goslar, Bad Sachsa, Gottingen and other areas.

2. The foregoing gives some indication of the nature of the task involved in getting together the important material which must be examined if a successful job is to be done. It also illustrates the importance in such an operation of establishing some central point of operations to which files can be brought for study. It is impossible to conduct on-the-spot examinations of documents as widely scattered as are the financial files and records of the important German organizations.

B. SIGNIFICANT FINDINGS:

1. Although shortage of stenographic assistance and of German translators confined the investigation until recently to a relatively few nuggets from the wealth of material at hand, a number of significant discoveries have been made. The more important of these are the following:

a. Plans of I.G. Farben to camouflage its foreign holdings. Numerous documents have been discovered showing the concern of Farben officials with camouflaging the ownership of their assets abroad. Their concern with this objective was motivated not only by the desire to avoid the payment of taxes and to prevent their firms from being seized or subjected to war-time controls of foreign countries but also better to enable I.G. Farben, through the use of these firms, to assist the German High Command in espionage and other war-time operations. Among the papers discovered with respect to this general subject are the minutes of a meeting of the Legal Committee of I.G. Farben of October 1940 at which Dr. von Knieriem presided. A paper entitled "Camouflaged German Agencies in Foreign Countries" was delivered by Dr. Carl Kupper, Chief of the Legal Division of the Dyestuffs Department. (see Appendix A)

b. Documents relating to I.G. Farben ownership of I.G. Chemie. (Appendix A).

(1) This subject is of great importance in as much as I.G. Chemie was the ostensible owner of the General Aniline and Film Corp. in the United States (a 60 million dollar corporation, title to which has been vested in the United States shortly after our entry into the war). Information concerning the relationship of I.G. Farben to I.G. Chemie is of great value to the United States Government Agencies, in as much as I.G. Farben's ownership of General Aniline and Film Corp. and of other property vested in the United States is being questioned in the United States Courts.

(2) Among the documents already analyzed are many relating to the plans and operations of I.G. Farben in order to camouflage its ownership of I.G. Chemie. As early as May 1939, a confidential document was prepared summarizing the "developments and present state of

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U.S.A. connections of dyestuffs and pharmaceutical and photostat supplies". This document discussed the status caused by the vesting of German controlled companies in World War I and discussed arrangements whereby the Germans regained their position in the United States and prepared the way for "the foundation of the American I.G. Chemical Corp., and the creation of the agreement between I.G., Frankfurt, and I.G. Basle". In June 1939, several months before the outbreak of this war, the Juristische Abteilung Farben circulated a confidential memorandum for I.G. Farben directors on measures for safe-guarding I.G. International assets against possible confiscation. This memo discussed the problem of safeguarding I.G.'s assets abroad and, after examining a number of alternatives, came to the following conclusion:

> "This shows that the least risk of seizure in time of war exists for the selling organization (i.e., the organization selling its interest ina foreign company in order to camouflage that foreign company) if the interest owners (i.e., the ostensible purchasers) are neutral nationals living in Neutral Countries. Such a distribution of business interest has the further advantage of forestalling many scruples which may arise in the conscience of an enemy national between his national sentiment and his faithfulness to I.G. A further advantage is that the neutral in case of war generally retains his freedom of movement while enemy nationals are frequently called in the service, regardless in what form, and therefore can not take care of business interest."

(3) By 15 May 1940 plans had already proceeded to a point where I.G. Farben was able to report to the Reichs Ministry of Economics (see Appendix B) on measures which had been agreed upon for revamping the relationship between I.G. Farben, I.G. Chemie and General Aniline and Film Corp. Some of the measures decided upon were as follows:

(a) The General Aniline and Film Corp. shall become more Americanized by its acquiring from I.G. Chemie 1 million of its own shares (previously all 3 million shares had been in the possession of I.G. Chemie and/or its friends).

(b) The I.G. Chemie is to be free from all agreements which may be interpreted as being under German influence by
1: concealing the dividend guarantee agreement between the I.G. and the I.G Chemie and the option it granted us on the I.G. Chemie participations which at the beginning of the war was changed into specific purchasing rights.
2: I.G. Chemie acquiring, against foreign exchange payment to the Swiss, current value I.G. Chemie shares from the German

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holdings. . .
3. "Geheimrat Schmitz's resignation from the Chairmanship of I.G. Chemie Board of Directors."

(c) The report to the Reich Ministry of Econo- continued:

(1) "As we told you recently we have decided only after long deliberation to consider these measures, investigations having shown that the steps now contemplated provide the best possible safeguard of our interest. We know from previous experience that our American friends are handicapped in their work by the existing terms and believe that we must help them in the defense of our interest by carrying out the measures described above which they have recommended to us.
(2) "We have always kept you informed of the developments and control of American affiliates and would like to inform you of these desired measures with a request that you approve of the principal measures and simultaneously that you promise us permits possibly required for transactions resulting from these measures.
(3) "The urgency of the matter, moreover, is stressed by the fact that we have decided to safeguard further our extensive patent holdings in the United States by selling these patents-holdings to the General Aniline and Film Corp. The transfer which we consider the only possible method of safeguarding will involve considerable receipts of foreign exchange. In principal the consideration is to take the form of payments of the possible future yields of the patents. The American company is prepared, however, to make a single large portion of this payment which we estimate at 500 thousand dollars. However, the General Aniline and Film Corp. has made this transaction contingent on a prior revamping (as described before) of the relationship between the General Aniline and Film Corp., the I.G. Chemie and the I-G." (also see Appendix C).

(d) As the memorandum referred to indicates, the Deutsche Länder Bank urged that the tax which might otherwise be due on these camouflaging transactions be waived "in view of the political-economic importance" of the transactions. It was urged that this consideration "would do justice to the nature of the I.G. Chemie shares which, by reason of the contractual conversion right, must be regarded as I.G. Farbenindustrie shares".

C. USE OF I.G. FARBEN FACILITIES TO ASSIST IN WAR-TIME ESPIONAGE.

1. Of interest in this connection are the following interchange of letters which have been found in the Farben files and translated:

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a. Letter dated 15 March 1943 from Piekenbrock, Colonel, General Staff, Chief, Counter-Espionage Section I, Wehrmacht Supreme Command, to Dr. Georg von Schnitzler -

"Dear Herr Dr. von Schnitzler,

"I would like to inform you that I am shortly leaving Berlin and my present office to take over a command at the front. I feel particularly urged to thank you for the valuable cooperation which you have extended to my office. I shall always retain pleasant memories of the personal and official collaberation with you.

"I should like to take this opportunity of asking you to give the same support to my successor, Lt. Col. Hansen.

"With many thanks and Heil Hitler, I remain,

Yours very devoted

(signed) Piekenbrock."

b. Letter dated 24 March 43 from Dr. Schnitzler to Piekenbrock:

"Dear Colonel,

"I thank you very much for your kind note of 15 March and take the liberty of expressing my best wishes for your front command.

"I and my colleagues working here at Frankfurt on foreign business have always considered it a duty of honor to be always at your disposal for your special tasks. This will of course be the same in the future after your successor, Lt. Col. Hansen, has taken over

"With cordial regards and Heil Hitler, I remain,

Yours very devoted,

(signed) v. Schnitzler"

2. The following excerpts from letters passing between Managing Director von Schnitzler and von der Heyde also throw light on the use of I.G. office abroad by Wehrmacht agencies. Photostats of these letters and translations have already been made available to the appropriate Section of G-2.

a. "Excerpts from letter dated 30 March 1940 from Dr. E. von der Heyde to Dr. von Schnitzler:

"As you know the OKW (Supreme Command of the Wehrmacht) has repeatedly expressed its request for all possible help in placing its "Vertrauensleute" (confidential agents) abroad. The OKW has approached us in regard to cases in which it was desirable to incorporate permenently into our Foreign Organization a trustworthy person in regard to cases where temporary backing for confidential agents on individual trips abroad of limited duration was needed. As I explained at the last meeting of the Commercial Committee, not only the OKW but also the Reichssicherheitshauptamt (Reich Security Main Office) has such desire and pursues its specific aims in accord with the OKW."

b. Excerpt from letter dated April 3, 1940 from Dr. v. Schnitzler to Dr. E. von der Heyde:

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"I recently had occasion in Berlin to discuss with Major Block of the OKW another matter pertaining to this subject, (i.e. whether and to what extent the OKW wants to use the services of the "Gesellschaft für Verkaufsfördererung" Association for Sales Promotion) which is under the management of Messers. Künzler and von Puttkamer. This company is particularly well suited for the intended camouflaging maneuvers, since the failure of one of its emissaries will never lead to a catastrophe; if worst comes to worst this company might have to cease operating in some particular country and would have to confine its activities to the other neutral countries."

c. The following secret communication on November 9, 1943 is in the same vein, from the Wirtschaftspolitische Abteilung to Dr. Oberhoff of I.G. Farben:

"Lt. Col. Bocher is shortly going to Spain on orders of the ABwehr (Wehrmacht Intelligence). However, since it is not supposed to be known there that he is attached to this agency he is to be camouflaged by becoming part of some firm. Since Bocher is a wool merchant by trade it was first thought advisable to place him with a wool purchasing firm from Sofindus. For special reasons this is not possible, and the RWM in now inquiring whether the I.G. would be able to find a place for Mr. Bocher."

D. EXAMINATION OF THE FARBEN CENTRAL BOOKKEEPING RECORDS:

1. Insofar as possible the principal records of the Zentralbuchhaltung (Central Bookkeeping) department have been assembled. These records, together with files of the tax returns for the years 1930-1943 are being examined to learn as much as possible about the general financial setup of I.G. Farben and particularly about its holdings of assets in other countries. Because of the limitations both with respect to space and personnel, the vast majority of the records of the Central Bookkeeping department have not been brought into our offices at the Reichsbank for analysis, but are still stored in the "Annex" next to Reichsbank while we concentrate on these files which relate most directly to Farben's foreign interests.

2. As a result of the analysis to date, there have been found a total of 383 direct participations of I.G. Farben in other companies of which 244 are German and 139 foreign. Concentration to date has been on the foreign list and information has been assembled on the following groups:

U.S.A., Italy, Latin America, Switzerland, Poland, Sweden, Finaldn, Great Britain, Norway, Holland, France, Japan.

3. In general, the type of information being compiled is as follows:

Name and location of company
Total capital as of 1937 and 1943
Changes in capitalization
Amount, percentage, and book value of Farben interest as of 1937 and 1943
Changes in Farben interest between 1937 and 1943 including information as to the parties to sales and purchases and the consideration
Identity of other shareholders, amount of holdings and their relation to Farben, if known.

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The uncovering of numerous indirect foreign holdings is effected from the study of several hundred reports of subsidiary German and foreign companies.

E. I.G. FARBEN HOLDINGS IN LATIN AMERICA.

1. Although we have just begun to examine some of the information concerning I.G. Farben's holdings and activities in Latin America, a substantial amount of information has been found. Documents in our possession indicate a number of firms to be Farben cloaks in Latin America. Although some of these were in the past suspected of being closely related to I.G. Farben, the information now being secured will reveal the nature of the relationship and permit more effective action to be taken with respect to these cloaks.

2. Illustrative of some of the methods found are the following:

a. On January 7, 1940 I.G. Farben purchased indirectly through a subsidiary 49% of the Cia. de Productos, Chimicos Industriaes, M. Hamers, S.A., Rio de Janeiro. The record shows, however, that,

> "the I.G. furthermore binds itself according to agreement irrevocably to buy at any time the capital remaining with Mr. Hamers amounting to Nom. Rs. 510:000/000 at the price stipulated in paragraph 6 of the agreement.
> "...If it should, however, happen that Mr. Hamers should die, the I.G. binds itself irrevokably to buy the capital remaining with Mr. Hamers before 1.1.43 at the price mentioned in paragraph 6."

b. The personnel of Farben revealed that Hamers has been employed by Farben since 1911. As of March 1944 the Hamers firm was still in operation with Hamers' son appearing as proprietor and a Brazilian general as a member of the Board of Directors. In the case of the firm of F. Hilbek Seminario, of Lima, Peru, I.G. Farben records stated the following:

> "According to the report dated 7.8.42 of Mr. Janssen who has returned to Germany, our agency has a share in the above firm in the name of Mr. G.R. Cornejo through S-Cash account amounting to soles 100,000"
> "This participation was intended in the first place for the purchase of chemicals under cover of a person, but later on also the sale had to be left to this firm."

Also of interest are notes on a report of one of I.G. Farben's Latin American employees which apparently relates to the I.G. Farben situation in Brazil. This report which is being forwarded through Military Channels for distribution in Washington should be of great interest to Government Agencies concerned with the effectiveness of the measures taken by Latin American companies to control German funds within their jurisdiction.

F. ASSISTANCE RENDERED UNITED STATES DEPARTMENT OF JUSTICE IN PENDING LITIGATION IN THE UNITED STATES CONCERNING I. G. FARBEN PROPERTY.

1. During the course of the month the Finance Division as a result of its investigation program, was able to render substantial assistance to the Department of Justice in connection with litigation now pending in the United States

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Courts concerning I.G. Farben patents and property. A Department of Justice official who is working actively on the case for the United States Government came to Frankfurt where he was able to consult the files and records of I.G. and to interrogate top I.G. Farben officials concerning many of the central points of the case. Furthermore another representative of the Department of Justice became a member of the staff of the Finance Division and assisted in developing the I.G. Farben investigation, particularly with respect to those aspects of the Farben relationship which were important to the litigation of the question. Not only was much valuable information obtained but special arrangements were made for Mr. von Knieriem, former General Counsel of General Aniline and Film to be taken to Washington where it is expected that he will appear as a government witness in the case in question. It is expected that a preliminary report with respect to this phase of the I.G. Farben study will be submitted early in the month of June for transmittal to Washington. This report will also cover aspects of the I.G. Farben case of particular interest to the Alien Property Custodian. Two representatives of the Alien Property Custodian are also working as members of the Finance Division on the I.G. Farben case.

G. SAFEHAVEN ACTIVITIES.

1. The most significant event of the month was a round-table conference of British and American agencies held at the Ministry of Economic Warfare, London, on 25 May 1945. Present were representatives of the U.S. Embassy, including the Economic Warfare Division, U.S. Treasury, U.S. Group Control Council, OSS, Roberts Commission, U.S. Staff Reparations, British Foreign Office, British Treasury, Trading with the Enemy Department, Control Commission Germany, (British Element), Economic Advisory Branch, (Foreign Office and MEW), CIOS and Ministry of Economic Warfare.

2. The purpose of the meeting was to exchange information and in particular to decide upon the best methods as between the Americans and the British to ensure that information obtained or compiled by either was made readily accessible to the other. The following were the chief points established by the meeting:

a. It was confirmed that for the present the U.S. Embassy (primarily EWD) should look to MEW as the channel for providing material available from British agencies in London. MEW will be responsible for the final collation and editing of this material. Conversely, the British will look to EWD as the primary point of contact for information on the American side.

b. Studies prepared by TED for CIOS investigations (some 30 have been completed and 70 more are contemplated) which have not been widely distributed as yet, will be turned over to MEW for distribution.

c. EWD agreed to press Washington for more Safehaven material. It was pointed out that the greater part of the information currently coming from the field is from American sources but that with respect to material contained in already existing files the contrary is the case.

d. With respect to information on persons, concerning which there had been little or no liaison with the British to date, it was agreed that the American and British Missions abroad should get together on this subject and that the final reports should be collated in London for final approval between the Americans and the British.

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3. As a result of the last-named point of agreement, the activities of the Enemy Assets Branch of the EWD during the latter part of the month were directed to the preparation of lists of names of persons who might be covered by a repatriation program. (Note: The Enemy Assets Branch was established on 26 March 1945 with responsibility for accumulating and analyzing intelligence on (a) all external enemy assets, including loot, in European countries and (b) enemy personnel in such European countries, particularly commercial persons and experts who might help in building up Germany's post-hostilities economic and war potential. This Branch is also charged with coordinating with British authorities policies, problems and flow of intelligence relating to such enemy assets and personnel.)

4. During the month the uncarded material in the Enemy Assets Branch files was combed for high priority items, i.e., those which were clearly Safehaven cases and could be readily carded, with the object of building up the files to a point of maximum usefulness withthe least delay.

5. Using the cards in the Swiss file as a sample, a study was begun with the object of ascertaining the classifications of information recorded, the quality of the carding, and the extent to which use could be made of the cards without referring back to the basic documents. This study was interrupted by the special project referred to in (2) above.

6. At the request of the Intelligence and Liaison Branch, a list of some 30 names of persons on which Safehaven information is desired was given to EWD. MEW will be contacted by EWD to supplement whatever material may be found in EWD's files. No reports have yet been returned to us. This is the first specific request of the kind to be made of EWD.

7. Other meetings during the month were held with MEW and the British Element, Control Commission, and with the Political Division on Safehaven information and investigations.

a. At the meeting with MEW and the British Element, Control Commission, the British expressed the hope that there would be complete interchange of information both in London and between the Control Groups, so that if an inquiry came from the Control Group they could assume that the American Control Group had been consulted and that all sources in London, and if necessary Washington, would be tapped and that when the reply was forwarded it would be made available to the American Control Group. It was suggested that inquiries and replies might be repeated, or extra copies sent along for the use of the opposite numbers. They expressed the opinion that control over external assets as well as foreign exchange control would have to be centralized and not handled on a zonal basis. The British also voiced the complaint that there was no clearing house in London for information coming back, and that teams might uncover information of interest to various agencies without the latter ever learning of it. The points so raised were only covered in part by the roundtable conference referred to above.

b. As a result of the meeting with the Political Division, the Foreign Exchange and Blocking Control Branch recommended that ultimately all Safehaven information should be forwarded to US Group CC Headquarters in Germany for deposit in a central file for use by all interested Divisions. These data should comprise the EWD files and all relevant data from Washington. Current material to and from the Missions should then be repeated to US Group CC in order to keep their files

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up to date. It was also recommended that some mechanism be established to coordinate all information on investigations and that once this was accomplished, recommendations should be sent back to Washington urgently requesting coordination here both with respect to collection and processing of Safehaven information and with respect to Safehaven investigations.

8. At the political level, the status of negotiations is that direct and indirect German assets have been frozen in Switzerland, Spain and Portugal. An agreement with Sweden has not yet been concluded. Switzerland, Spain and Portugal have agreed to take a census of such assets. Spain and Portugal have agreed to make the results available to us. No provision for such disclosure was made in the agreement with Switzerland. It is intended, however, that the agreement with Sweden shall provide for such disclosure.

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II. THE DISINTERGRATION OF GERMAN FOREIGN EXCHANGE MACHINERY

1. A member of the Finance Division of U S Group CC joined with a member of the British Control Commission to conduct a reconnaissance survey (Goldcup Target No.63) of that department of the German Ministry of Economics which is responsible for the control of foreign exchange.

2. The survey (Appendix D) disclosed that the German Ministry has completely disintergrated as a central agency for the control of Germany's foreign exchange and foreign trade. The team found no buildings, practically no records and no organized group of personnel. The principal officials are already under detention in Munich and Hamburg, while the subordinate staff is dispersed over Germany. Some are in Hamburg, while others are living in several antiquated inns in Bavaria. Some are engaged in agricultural pursuits, while others are waiting.

3. This administrative collapse resulted from the panic that apparently seized the Berlin agency in the early part of this year. They decided to evacuate westward and to split into a northern working staff at Hamburg and a southern staff at Munich. These working staffs were intended to be largely self-sufficient, taking those records that were required for their current work. The most important records have so far not been found, being either hidden or destroyed. For further plans of the investigation, see the Final Report of the "Goldcup" team (Appendix D).

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III. FIELD REPORT ON FOREIGN EXCHANGE & BLOCKING CONTROL.

A. MISSION

1. Three members of the Finance Division at Frankfurt were sent on a five day field trip, beginning 31 May 1945, for the purpose of discussing objectives and studying activities regarding Foreign Exchange & Blocking Control. This team cleared with Third Army Headquarters, Erlangen, subsequent to which M.G. detachments at Nürnberg, Regensburg, Ansbach, Bamberg and Würzburg were visited.

B. PRINCIPAL SUBJECTS COVERED.

1. Exchange of Information.

a. In each area, it was found that certain financial problems had arisen which had not yet come up in other areas. As a result, it was possible to pass on practical solutions to problems either before they had been raised in some places or before they became acute. It is believed that the discussion of the experience in Frankfurt proved very valuable to the detachments visited and that the prepared list of answers to questions raised by the Frankfurt bankers association and informally cleared with representatives of SHAEF G-5 Finance was also of great assistance. In addition to the above, it was possible to furnish the detachments with the amendments to M.G. Laws 52 and 53 which, although dated 19 April 1945, had not been received by any of the M.G. detachments visited.

2. Understanding and Interpretation of Foreign Exchange and Blocking Program.

a. M.G. Finance Officers, regardless of whether or not they have had previous experience in civil affairs, have a good understanding of the Program, know their documents well, and with few exceptions are doing an excellent job. In doubtful situations, they prefer to err on the side of strictness rather than take a chance on being reprimanded by higher authority for inadequate enforcement. In Ansbach, for example, business enterprises are permitted to use Article IV of Law 52 only after particular transactions have been cleared with the finance officer.

b. In spite of the above it is apparent that German bankers are beginning to ask many more questions than heretofore. As new problems come up and their understanding of the program becomes more complete, their questions are becoming correspondingly more complicated and, from now on, there is the possibility that, due to the lack of overall guides and speedy communications, different interpretations will be used in different areas.

3. Communication and Distribution.

a. As previously mentioned the amendments to Laws 52 and 53 which are dated 19 April 1945 have not yet been received by most of the detachments. This was also found to be the case with respect to denazification documents and the various report forms. The only type of instructions, orders, etc., which are reaching the lowest echelon quickly are those which can be handled over the telephone. It is therefore clear that any basic document which it is necessary to distribute in large numbers will encounter serious delays unless delivered by truck at least down as far as the E detachments.

4. Report Requirements Under Laws 52 and 53.

a. The entire report procedure under Laws 52 and 53 is three or four weeks behind schedule throughout the area covered by the trip. This results almost entirely from an inadequate supply of the necessary forms, but is aggravated by the destruction of buildings and records and the breakdown of the communication system. All detachments interviewed now

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have an adequate supply of forms available except at Nürnberg where an order has already been placed with a local printing establishment, and where action is expected within a few days.

b. Form MGAF (3) which requires banks to report aggregate deposits of individual accounts in excess of RM 100,000 and aggregate deposits of other accounts exceeding RM 500,000 is now being completed, and is coming in to the branches of the Reichsbank in substantial numbers. Unlike our other report forms, the instructions for its preparation do not indicate to whom the various copies should be delivered, and as a result there is a good deal of uncertainty in the field about what should be done with them.

c. According to the M.G. instructions for preparing the various financial report forms, it is necessary for them to be notarized. It was ascertained that a notary in Germany is a much more important official than his counterpart in the United States. As a result, many towns have no notaries available and, as an expedient, M.G. detachments have permitted Reichsbank officials or other public officials whose duties closely parallel those ofnotaries, to perform this function. It was also found that German notaries charge fairly high fees for their work making it necessary to establish a flat fee for the notarization of all M.G. report forms.

d. Under the provisions of M.G. Law No. 53, all German and other silver coin has to be delivered to the nearest branch of the Reichsbank and listed on both forms MGAX (1) and MGAX (2). Under this policy thousands of Germans are required to bring in one, two, or a dozen German silver coins which are the sum total of all foreign exchange which they own and list them in triplicate on two detailed forms. In order to avoid all this paper work, the finance officer in Würzburg has worked out an arrangement whereby the local banks buy the coins for Reichmarks and then sell them in the same manner to the Reichsbank. Pending further instructions from Military Government as to the ultimate disposition of all foreign exchange assets the Reichsbank fills out one form for the total amount of silver coin and delivers the coin to itself against receipt.

e. Under the procedure outlined in the instructions to financial institutions, the person making the report retains a copy, the Reichsbank branch gets a copy and the original is to be forwarded to Berlin or such other agency as may be designated by Military Government. As yet no specific instructions have been issued to the Reichsbank advising them when and where to forward the original copy of the reports.

f. M.G. Law No. 53 clearly states when, where, and on what forms the required reports must be filed. M.G. Law No. 52 on the other hand, states that reports will be filed "when and as directed by Military Government." The documents entitled "Instructions to Financial Institutions Nos. 1 and 2" specifically state what reports have to be submitted by banks and insurance companies, but as yet no directions have been issued with respect to Form MGAF (1) which is designed for the reporting of blocked property by all persons other than banks and insurance companies. As a result, practically none of these reports are being submitted. A draft of a Military Government "Notice" covering this matter which was to be given the same distribution as M.G. Law No. 52 has been submitted to SHAEF.

5. Application for Special Licenses Under M.G. Law No. 52.

a. Pursuant to Article II of M.G. Law No. 52, transactions in property owned or controlled by the categories of owners listed therein are prohibited except as licensed or otherwise authorized by Military Government. During the first weeks after the banks had opened most of the transactions for which special licenses would have been necessary were discussed with local M.G. finance officers who gave their decisions orally and presumably acted within the scope of the words "or otherwise authorized by Military Government." Now, however, application on the

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prescribed form are beginning to be filed with the Reichsbank which turns them over to finance officers for action. Those local M.G. finance officers have been given no instructions as to their power to act on these applications and have no guides to follow. Some of them are just collecting the applications, others are taking action informally, and undoubtedly in areas not covered by this field trip, still other procedures have been devised for handling the matter. In some areas the applications may be destroyed after action has been taken, in which case it will not be possible to review their decisions.

b. When devising the necessary machinery for handling applications for special licenses under M.G. Law No. 52, it is necessary to bear in mind that certain types of blocked property are subject to the provisions of both laws. For instance, if a partnership account is maintained with a bank, and one partner is in France, the account is blocked under the absent owner clause of Law 52, and is also blocked under Law 53, because it involves property in which a person outside Germany has an interest. It is assumed that it is necessary to file only one application, but obviously the application must be considered from both angles. Cases of the type indicated above are already coming up in the field.

6. The General Licenses.

a. In Würzburg the bankers themselves decided that until the indigenous German machinery for controlling prices, wages, etc., can operate more successfully than present travel and communication facilities permit, it would be wise to limit monthly withdrawals from all accounts of individuals to RM 150. This amount, if certain statistics are accepted, may be much too liberal. This license was purposely drawn up to make unnecessary the filing of thousands of applications during the first phase of operations, but now that the military phase has ended, it may be desirable to make its terms more stringent.

b. Pursuant to General License No. 2, payments may be made into accounts in financial institutions which are blocked under Law No. 52, provided that certain terms and conditions are complied with. One of these terms is that the account must not be blocked for any reason other than Law No. 52. Cases are now arising in the field which involve the payment of obligations by deposit to accounts subject to both laws. For example, a German who rents a farm from a resident of France wishes to pay off the monthly rent by depositing it to the blocked account of the French owner. Under the present wording of the license, back payments can not now be made.

7. Article IV of M.G. Law No. 52.

a. For the same reason that General License No. 1 was drafted on liberal lines for the accounts of individuals, Article IV of the Law was made very broad for the accounts of the Reich and the accounts of business enterprises. Under the present wording of Article IV every conceivable type of transaction can be effected without reference to Military Government and without the filing of reports. The field trip indicated that the scope of Article IV is gradually becoming common knowledge and that it may have to be carefully reexamined in the light of our ultimate objectives.

8. Local German Restrictions on Deposit Withdrawals.

a. Because of the fear of inflation, the lack of sufficient currency and the doubt as to whether or not certain accounts should be blocked, banking institutions in Würzburg, Nürnberg, Bamberg, and Ansbach, with the approval of the local finance officer have put into effect varying types of restrictions on deposit withdrawals.

b. In Frankfurt the banks allow depositors to withdraw freely all amounts deposited since the arrival of the Allied Forces, but specify that only RM 1000 per month can be withdrawn from old funds in current accounts, and only RM 300 from old funds in savings accounts.

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c. In Würzburg no depositor is permitted to withdraw over 50% of the balance of the account as of the date the banks opened, and in addition, no individual is permitted to withdraw over RM 150 per month.

d. In Nürnberg the rule is that all accounts operate as though blocked under Law No. 52 unless the depositor can prove adequately that he is not subject to said Law.

e. In Ansbach all accounts are limited to withdrawals of RM 300 per month regardless of whether or not it can be proved that they are not subject to the law.

f. As a result of some of the above-mentioned local restrictions, one of the chief aims of M.G. Law No. 52 is being defeated. Blocked persons and unblocked persons are being treated exactly alike which means that being listed in one of the categories specified in Article I of the blocking law has no disadvantages.

9. Distribution of Currency in Circulation.

The amount of currency available in the banks varies a great deal from town to town, and the Reichsbank system, lacking transportation and communication facilities, is not yet in a position to remedy the situation. Some areas are short of any type of currency, others have a considerable store of RM 1000 notes, but no small denomination currency. As previously mentioned lack of sufficient ready cash in certain areas has influenced the banks into putting into effect all sorts of restrictions on deposit withdrawals. In Miltenburg which is only about 70 kilometers southeast of Frankfurt, the M.G. detachment even authorized the printing of an unspecified amount of small bills on very poor paper to meet the emergency. Miltenberg is now retiring this issue as fast as possible.

10. Reichsbank Districts.

In several cases the M.G. detachments whose area of responsibility is determined by divisions of the Regierungsbezirk find that their areas do not correspond with the Reichsbank districts. As a result, certain banks, and Reichsbank Neberstellen, physically situated in the sphere of responsibility of one detachment, are required under the German Reichsbank system to report to a branch of the Reichsbank which is under some other detachment. This situation is apparently causing a certain amount of conflict and may make for a less uniform policy of control.

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IV. DENAZIFICATION

A. INTRODUCTION

1. In the past month the ending of the war and the rapid occupation of German cities has significantly enlarged the scope of denazification activities. In addition to an enormous increase in the requirements of denazification, it now is necessary immediately to prepare for dissolution of SHAEF and assumption of control over the American Zone by the CG, ETO.

2. A survey has been made of the reports and intelligence on the status of the denazification program available to policy-makers in Finance, G-5, and Finance Division, U.S. Group C.C.

3. The denazification actually being accomplished in the field was indicated by a trip at the end of May to Nurnberg, Ansbach, Regensburg, Bamberg, Rothenburg, and Wurzburg.

4. Arrangements have been completed for the preparation and maintenance of a central file of financial personnel as a basic reference available to all members of the Financial Division.

5. A Denazification Section has been established in the Financial Intelligence and Liaison Branch; Finance Division. In addition to the duties connected with denazification already indicated, this section has responsibility for the care and handling of all German Civilian personnel entrusted to the Branch, and for centralization and coordination of all interrogations conducted by the Branch.

B. PRESENT STATUS OF DENAZIFICATION IN THE U.S. ZONE:

1. The survey of the present status of Denazification material and intelligence at the G-5 SHAEF and U.S. Group C.C. levels indicated the following:

a. At the policy making level in G-5 SHAEF and U.S. Group C.C., there is virtually no organized information regarding the actual results of denazification in the financial field. Although there are plans for a monthly report on denazification which will be begun sometime in the future, little or no progress has been made so far to relate results gained to policies set forth.

b. The reports which have come in have been spotty and incidental as regards action taken on denazification. Apparently no follow up has been made of such reports although they indicated an inadequate implementation of the policies formulated at the SHAEF - U.S. Group C.C. level.

c. There appears to be a lack of effective coordination of the efforts in denazification by the various Army units involved such as C.I.C., C.I.D., G-2, O.S.S. and the U.S. Group C.C. organizations such as Finance, Labor, Economics, Political and Public Safety.

2. Analysis of reports concerning denazification accomplishments which are available at G-5 SHAEF - U.S. Group C.C. Hq. and the trip to the Military Government Detachments

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in Nurnberg, Ansbach, Rothenburg, Regensburg, Bamberg, and Wurzburg indicate the following summary conclusions regarding the actual status of denazification of German financial institutions in the U.S. Zone of Occupation as of the end of May 1945.

a. Generally speaking, denazification has not yet been accomplished in German financial institutions. Many bankers who are Nazi party members and or have other connections and records of collaboration and cooperation with the Nazis remain in substantial control and management of German financial organizations. In other words, the denazification policies formed at higher echelons are not being applied effectively and thoroughly in the cities and towns occupied by U.S. troops, although such occupation has existed from six to ten weeks.

b. The Twelfth Army Group Operative Instruction No.11 Mar.11, 1945, entitled "Removal of Nazi and German Military Personnel" requires the removal of all NSDAP members from "positions of influence and trust" and enunciates a drastic denazification program. It has either not been received, or, is being ignored.

c. There are certain exceptional situations where good and satisfactory progress has already been made in denazification but these serve to prove the feasibility of the program rather than to change the general picture described above. (See, for example, the Frankfurt a/M report which follows).

d. There is a serious lack of understanding and of consistency of interpretation insofar as the actual application of such vital terms as "active Nazi," "ardent Nazi sympathizers" "nominal Nazi" are concerned. There has been a tendency to use mechanically the categories of official Nazi positions, remove the most flagrant and obvious cases of Nazism and to ignore the instances of more subtle but nonetheless important Nazi connections, collaboration, and anti-democratic indoctrination. This shortcoming is particularly serious in the field of Finance where important Nazi inter-connections and personal ties are not generally reflected in pre-April 1933 party membership or in the retention of positions as NSDAP functionaries. There appears to be no conception of the culpability attached to carrying out important financial functions under the Third Reich, ignoring for the moment the question of direct personal ties with the Nazis. This lack of clarity of just what the policy should be in specific cases is not effectively eliminated by such documents or guides or by such general instructions as have been available to Army personnel responsible for these functions.

e. Considerations of what is considered to be expediency and efficiency of bank operations remain of great and often decisive influence in determing issues of removal in spite of the directives against such an approach. Generally, wherever discretion as to removal or non-removal rests in the hands of Financial officers, the decision is made on the side of detention in order to assure that the "banks keep going efficiently." There is no adequate and proper understanding of the curtailed functions now carried on by the German financial system, and of the relationship this bears to diminished personnel requirements of the banks insofar as the purposes of Military Government are involved. The idea that denazification as an objective has a priority over the

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effective operation of banks is generally regarded as novel.

f. Emphasis must be put upon following up removal notices of Nazis and Nazi sympathizers and collaborators to make sure that the orders are carried out completely. In certain instances removal has not resulted in thorough severance of all connections and influence on the part of the removed person. The practice of the "demotion" of financial personnel, if Nazis, as done in Ansbach (Bavaria), is not only out of line with governing directives, but provides a perfect cover for Nazis to continue their full influence in spite of reduced salary and nominal demotion. In no case was there indication of adequate policing of the removal order.

g. Some of the M.G. personnel in the field require considerable assistance if an adequate denazification job is to be accomplished. Many financial officers have a somewhat limited and narrow experience in financial matters and are inclined, under the pressure of the work, to overemphasize the importance of orthodox "normal" banking factors rather than to stress the more important over-all strategic and political objectives of purging the financial system of Nazi and anti-democratic influences. While special instructions and information on Financial matters are available, adequate knowledge is not generally possessed by Finance Officers about the political and economic forces establishing the Nazis in power in 1930-33, about the significance and relevant facts of the numerous Nazi formations and Nazi-supervised or affiliated auxiliary organizations. Such knowledge, however, is essential for an intelligent evaluation of a Fragebogen. Public Safety Division personnel has much of this background, but the actual fact is that very large discretion as to removal remains with Finance personnel who, therefore, have real need of such information.

h. In some cases, there has been inadequate coordination of the M.G. with other Army units in denazification. In other Military Government Detachments, the cooperation was excellent. It is believed that this coordination may be expected to improve generally.

i. In some instances, there was a tendency to underestimate the importance of financial institutions in small towns and of the smaller institutions in the cities. This must be guarded against since the cumalative result of such a policy would be that rather a large volume of banking business would remain inadequately denazified.

j. Much more emphasis must be put on finding anti-Nazi replacements for Nazi finance officials removed from their jobs. In some places, for example in Frankfurt a/M and Ansbach, progress has been made in this regard. Generally, however, no real search has been made for such new personnel either within the existing personnel of the banks or from outside sources. No evidence was found that German personnel from concentration camps has been canvassed for possible replacements. The indigenous anti- Fascist groups in the various cities are not being utilized as much as would seem useful in ferreting out Nazis and in finding anti and non—Nazi personnel for replacements. There is substantial evidence, however, to indicate great usefulness which such elements can have in carrying out the denazification program.

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3. The status of denazification inselected cities is summariezed below. The Frankfurt a/M report results from constant contact with the program in that city. The fact that in Frankfurt a/M, the financial system is functioning as required, in spite of the removal of 187 persons, illustrates the fact that a thorough denazification job can be done and the minimum necessary operation of the financial units satisfactorily maintained.

C. DENAZIFICATION IN FRANKFURT A/M:

1. SUMMARY

As of 31 May 1945, 443 officials of Frankfurt financial institutions had been vetted and 187 removed. Not a single Nazi Party member is known to remain in a position of influence or trust. Forty-five of the city's 50 commercial banks, the Postal Savings Bank, and the city's one insurance company are open and successfully performing essential financial functions for a population exceeding 300,000.

2. BACKGROUND

Frankfurt, a major financial center of Germany containing a main branch (Hauptstelle) of the Reichsbank, was occupied by the Third U S Army on 29 March 1945. An estimated 250,000 of the normal population of 600,000 remained. All banks closed on 26 March 1945, three days before US occupation; a majority were permitted to open a month later, 26 April 1945, after the steps in denazification described below had been taken.

3. STEPS IN DENAZIFICATION

a. Representatives of local banks were called together on 9 April 1945 by Finance Section, Military Government Detachment F2D2, and informed of the orders of the US Government, including the requirement that all supervisory employees be vetted. The Director of the Reichsbank Branch and the president of the local banking association were ordered to (a) list all supervisory personnel and (b) issue and collect questionnaires (Fragebogen) for all persons on the list.

b. For the guidance of Military Government officials, a memo was prepared embracing the main points of denazification policy set forth in the following documents: Handbook for Military Government in Germany, Financial and Property Control Technical Manual, SHAEF Directive 24 March 1945, "Removal from Office of Nazis and German Militarists," and 12th Army Group G-5 Operational Instructions No. 11 (11 March 1945) and No. 12 (14 April 1945).

c. Fragebogen were evaluated by the Finance Section and placed in three classes: "Satisfactory for employment," "To be removed," and "To be suspended pending further investigation." About 40 Fragebogen were given to CIC for routine check. All Nazis were removed as well as others whose records indicated active Nazi sympathy. Membership in the NSDAP was regarded as sufficient evidence for inclusion in the category "Nazi."

d. A Special Advisory Committee of five local bankers - three principals and two alternates - was set up to assist in purging Frankfurt financial institutions of

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Nazis and Nazism. These men were proposed by the Commanding Officer's Advisory Committee, were carefully vetted and approved by CIC and the Finance Section. All five men have records of unsympathetic relations with the Nazis. They went to work at once with the Finance section, identifying Nazis not classed as such on the basis of the Fragebogen and verifying the evaluations of the Fragebogen made by the Finance Section. They have been able to advise the Finance Section on the competence of cleared personnel to keep the banks running, and to point out which banks are not immediately essential to Military Government.

e. Removal orders were forwarded in duplicate to the financial institution concerned, which retained one copy and sent the other to the individual to be removed. Finance Section filed a third copy in the dossier of the financial institution concerned. Text of the removal orders was approved by the Legal Section.

f. After vetting of all employees authorized to sign for their institution the Advisory Committee of local bankers was asked whether the institution could operate with remaining personnel. The institution's balance sheet was examined and recommendation made for opening or not opening. A certificate of recommendation for opening with list of approved personnel, was signed by the Advisory Committee and the Finance Section Officers. After approval by the Military Government Commanding Officer, copies of the certificate went to the Burgermeister and to the Reichsbankrat. The latter notified the institution concerned. A formal authorization to open, signed by the Commanding Officer, was sent through the Reichsbank to the institution concerned, which returned the receipted duplicate to the Finance Section.

g. On 26 April 1945, 20 banks were approved for opening on 27 April. Three additional banks opened on 1 May and three more on 5 May. By 31 May, 45 banks were open. Also opened were the Postal Savings Bank (Postscheckamt), in which six officials were approved and five removed; and the Allianz Insurance Company, which has 25 or 30 offices throughout the city, in which 68 employees were vetted and 23 removed.

4. CONTINUING RESPONSIBILITIES.

a. The following steps of denazification remain to be taken:

(1) Enforcement of existing removal orders.

(2) Vetting of all supervisory employees must be checked for completeness, and vetting process must be extended to every employee of every institution permitted to operate.

D. DENAZIFICATION IN ANSBACH (BAVARIA):

1. Ansbach (population 41,000) is the capital of the Regierungsbezirk Ober and Mittel Franken and the MG Detachment there has responsibility for 16 smaller detachments in the area. There is a Reichsbanknebenstelle, five other banks, and the finance offices of the Regierungsbezirk in the city. Little bombing damage was done to the city.

2. Neither the Finance Officer nor the Public Safety Officer knew how many persons had been removed from their positions in the financial institutions. While the necessary

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Fragebogen had been collected, they were in the midst of being filed and it was consequently impossible to get a full picture of the results of denazification. Twenty removal notices were found and this is probably the number actually removed at the time of the visit. In certain cases the practice of demotion rather than removal was being followed. This meant that suspected Nazis were having their salaries reduced and being nominally reduced in rank while actually continuing in a position to exercise full influence within the bank.

3. While the 12th Army Group Operational Instruction on "Removal of Nazi and German Militarist Personnel," had not been previously received and applied by the Finance or Public Safety Officers, in effect its application was in part being approached. Some few bank officials were being removed in spite of the fact that they did not clearly come with the mandatory removal categories set forth in the Instructions to Financial Institutions No. 3 and in the Public Safety Manual of Procedures. There are however, a very large number of NSDAP members and other questionable persons still in positions of leadership in the Ansbach banks. In general, there was a sympathetic attitude toward the denazification objectives and it is believed satisfactory results can be anticipated.

4. The Director of the Reichsbanknebenstelle was removed since his Nazi connections put him in the mandatory arrest category. A very creditable job was done in replacing this person. A German from outside the bank who had had rather extensive financial and industrial experience in and about Ansbach and who had never joined nor apparently worked with the Nazis was made the new Director. There was evidence of discrimination against this man in his industrial activities because he had never joined the NSDAP. In the number two position in the bank, there was placed a rather elderly man who had previously been the Director of the Reichsbank at Ansbach but had been demoted and transferred to the bank in Berlin because he was an active Free Mason. The number three man in the bank was a 1937 NSDAP member and should be removed in accordance with the present directives.

E. DENAZIFICATION IN NURNBERG:

1. American occupation of Nurnberg (population 170,000) came on April 19, 1945. The city had been very extensively damaged.

2. There is a Reichsbank Hauptstelle and 36 additional financial institutions in the city. On 22 April a conference was held with local bankers describing relevant laws and regulations and arranging for the Reichsbank Director to carry out the functions of liaison between MG and the bankers. On 2 May the Reichsbank was opened and the remainder of the banks reopened thereafter, evidently as soon as each bank was ready to do business.

3. In accordance with Financial Instructions Number 3, the banks turned in their Fragebogen and lists of those officials and employees required to be removed or suspended. A total of 318 Fragebogen were turned in, 19 were listed as having been automatically removed and 13 as having been suspended. The Fragebogen were then processed by Special Branch, Public Safety Division, and an Action Sheet turned over to the Finance Officer. As [redacted] no further action had been taken by the Finance Officer except to cancel 11 of the 13 suspensions originally imposed by the banks.

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4. The cancellation of the suspensions indicates the serious consequences of inadequate care and vigor in denazification. One of the men whose suspension was cancelled, within a few days was discovered to have been on the payroll of the Gestapo as late as February 1945. Another case of suspension which was cancelled by the Finance Officer and which deserves special emphasis is that of Weidmann, the Director of the Reichsbank. Weidmann joined the NSDAP in 1940, the National Socialist Fliegerkorps (Flying Corps - a NSDAP formation in 1940), the Deutsches Rotes Kreuz (1940), and the Reichsbund Deutscher Beamten (1933). In 1936 he joined the Reichskolonialbund and the Volksbund für das Deutschum im Ausland which are Nazi supervised organizations for the promulgation of German imperialist ideas. Under the Nazis, Weidmann made rapid and steady progress in the Reichsbank, his salary increasing from 9,000 RM per year in 1933 to 24, 000 in 1944. Just prior to the occupation of Nurnberg by American troops Weidmann burned 750 million French francs to keep them from the hands of the Allied troops. Weidmann is the man charged with liaison between MG and all the German bankers and he is in the important position of collecting and delivering the Fragebogen of the other banks to the Finance Officer.

5. The Finance Officer inquired as to the policy to be followed with regard to the Bank der Deutschen Arbeit which had requested permission to reopen. He was urged not to allow the reopening of the bank and to arrange some other means to meet the just demands of the bank depositors. The matter was discussed with the Detachment Labor Officer. He stated that the decision rested with the Finance Division, but that it was his judgement that the reopening of the bank in any form would run counter to the Labor Division's aims of wiping out the German Labor Front and creating a free and democratic labor movement in Nurnberg. His position in this regard was emphatic.

6. The Finance Officer indicated serious concern that application of the policy of removing all NSDAP members from the bank leadership would cripple the efficient functioning of the banking system. He had made no efforts to find new personnel from outside the banks or from within the lower ranks of the present bank employees who might assist in maintaining the minimum functions required of the banks. The Reichsbank Director stated they had had to reject such requests for employment since their staff was fully adequate. Nurnberg was an active Nazi city and it seems likely that from 60 to 70 percent of the responsible people in the banks were NSDAP members and should be removed under the existing directives. Since only 19 out of 318 have been removed to date it appears that at least half the personnel are Nazi and that among the very top personnel the figure is undoubtedly much higher. In essence, Nazis still run the banks in Nurnberg.

F. DENAZIFICATION IN REGENSBERG:

1. Regensberg, occupied on 27 April with little damage to the city, is the location of a Reichsbank Stelle and 12 additional banks. The banks all opened May 6th.

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2. A thorough job of distributing Fragebogen has been accomplished, with practically one hundred percent coverage of all financial institution employees. A total of 224 Fragebogen were collected. In accordance with the mandatory provisions of the Financial Instructions No. 3, ten employees were removed and three were suspended by the banks themselves. No further removals had been accomplished at the end of May, although the Fragebogen Action Sheets returned from Public Safety indicated mandatory removal for a total of 15. The Finance Officer had not sent all his Fragebogen to the Public Safety Officer but was doing so on a selective basis with the eventual objective of total coverage.

3. Neither the Finance Officer nor the Public Safety Officer had seen the Twelfth Army Operational Instruction No. 11, March 11, 1945, although some rumor about its existence had reached Regensberg. A copy of this directive was left with the Finance Officer who indicated he would send it to all the smaller detachments under his jurisdiction for full compliance. While there was some reluctance to remove all NSDAP members due to the problems this creates in running the banks, a willingness to proceed to this objective was indicated. The records of the Frabebogen were in very satisfactory order insofar as filing was concerned.

4. The Finance Officer was not acquainted with the actual status of denazification results in the smaller M.G. Detachments under jurisdiction of the Regensberg M.G. There was indication that a follow up of removals and a check on the banking personnel had not as yet been carefully carried out.

5. As of the end of May, Nazi Party members retain essentially all their pre-defeat positions and influence in the Regensberg financial system. The situation in certain of the banks will illustrate this. Of the 21 employees of the Reichsbank who were present and filled out Fragebogen, one was removed. 10 others, however, were members of the NSDAP after April 1, 1933. Ten had never joined the party. The Director of the Reichsbank joined the Party in 1937, and, of the four Oberinspektors in the bank, one was a 1932 member and two were 1933 members of the NSDAP. The fourth had never been a Party member. In the Deutsche Bank with 11 employees, no one was removed or suspended although 6 were members of the NSDAP, having joined after April 1, 1933. In the Stadt Sparkasse with 30 employees, three employees were removed while 7 other Party members retained their jobs. Five of the six top officials of the bank were Party members. The circumstances in these banks are typical of the general situation.

G. DENAZIFICATION IN BAMBERG:

1. Bamberg, a city with a small M.G. Detachment, reopened its nine banks on 1 May 1945.

2. Fragebogen had been distributed and collected from the financial institutions. Neither the Public Safety Officer nor the Finance Officer knew just how many had been vetted and how many were removed. The Fragebogen were not filed in a manner to make possible, in the limited time available, an adequate statistical summary of the situation. At least 60 Fragebogen were collected, about 18 people were removed and one was suspended.

3. The Finance Officer, who unfortunately was out of Bamberg at the time of the visit, entered the M.G. Detachment some time after the banks had been opened. Certain difficulties obviously existed because of his late entrance into the picture.

4. The Twelfth Army Group Operational Instruction No. 11 requiring removal of all NSDAP members from positions of trust and influence had not been received by either Public Safety or Finance Officers. Copy was left with the detachment.

5. While some removals had been effectuated it appears that a considerable number of prescribed persons still work in the Bamberg financial institutions.

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H. DENAZIFICATION IN ROTHENBERG:

1. Rothenberg is a small town with three banks. Only one bank employee who had remained at work was removed as a result of Nazi connections.

2. Of the 20 Fragebogen collected, half indicated that the employees concerned were either members of the NSDAP, the SA, or the SS. For example, the director of the largest bank had belonged to the SS since 1933, while the Director of the second largest bank had been in the SA since 1933 and the NSDAP since 1937.

3. The Finance Officer in the detachment stated that he knew many of these officials had to go, but he was postponing action until substitutes could be found. Apparently, no special efforts had been made to find such substitutes. It was stated that the banks had to be opened in order to get money to the people and to "get things going."

I. DENAZIFICATION IN WURZBERG:

1. The important city of Wurzburg was occupied 6 April by American troops after extensive bombing and combat damage. On 26 April the Reichsbank Nebenstelle was reopened and the remaining 11 banks reopened shortly thereafter.

2. Fragebogen have been generally collected from the bank employees. It was not learned precisely how many Fragebogen were collected or how many persons had been removed from the banks. The Finance Officer estimated that approximately 24 had been removed although he was not sure. The Finance Officer in this detachment had a more intimate knowledge of the banking personnel by far than did any other Finance Officer contacted. At the time of the visit, more extensive attention was being paid to denazification than was the case elsewhere. The Finance Officer was following the practice of calling in all employees of a given bank and screening them for Nazi connections. He had given an order that each bank must have a non-Nazi in either the number one or number two position in the bank.

3. In spite of the above activity, a disturbing number of Nazis remain in the banks. The Twelfth Army Group Directive of March 11, 1945 had been received but was not being applied by the Finance Officer because to do so would, in his opinion, cripple the functioning of the banks. In certain cases of Nazi Party membership, the Finance Officer stated it would require a direct order to have him order removal because he was convinced the person in question was not really a Nazi. One such case will illustrate the nature of the position taken by the Finance Officer and allow some evaluation of the consequences of this position. The present Director of the Reichsbank joined the NSDAP in 1937, and the Reichsbund der deut. Beamten in 1933. In 1940 he joined the Reichskolonialbund. Under the Nazi regime, this man enjoyed steady and uninterrupted advancement in the employ of the Nazi dominated Reichsbank, increasing his salary from 12,000 to 21,000 RM between 1933 and 1944.

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4. The Public Safety Division was following the Twelfth Army Group Operational Instruction No. 11 and consequently was recommending the removal of all NSDAP members from positions of trust and influence. These recommendations were not being followed in many cases by the Finance Officer and on June 2, 1945 the Public Safety Division had requested a report on the action taken in 18 such cases. While excellent emphasis is being put on attention to denazification here, there is at least the likelihood that subjective evaluations, overruling the objective indications of Nazi connections, have permitted Nazi influence to remain in the banking system.

J. TIES BETWEEN THE NAZI PARTY AND GERMAN INDUSTRY:

1. A statement, written in English by Georg von Schnitzler, Member of the Central Committee of the Board of Directors of I.G. Farben, describes the February 1933 meeting of German industrial leaders with Hitler. It indicates the significant ties between German industry and the Nazi Party which operated in a very practical fashion to destroy the German Republic and establish German Fascism in power. Thus it is related to the denazification problem.

2. The specific alliance revealed here between the NSDAP, the Deutsche Volkspartei, and the Deutschenationale Partei is of great significance in evaluating the culpability of many persons in industry and finance who were associated with these two parties associated with the Nazis.

3. The following is directly quoted from this statement of Georg von Schnitzler relative to the financing of the Nazi election campaign:

"At the end of February 1933, 4 members of the Vorstand (Board of Directors) of I.G. Farben including Dr. Bosch, the head of the Vorstand, and myself, were asked by the office of the president of the Reichstag to attend a meeting in his house. The purpose of which was not given. I do not remember the two other colleagues of mine who were also invited. I believe the invitation reached me during one of my business trips to Berlin. I went to the meeting which was attended by about 20 persons who I believe were mostly leading industrialists from the Ruhr.

"Among them present I remember:

Dr. Schacht, who at that time was not yet head of the Reichsbank again and not yet Minister of Economics.

Krupp von Bohlen, who in the beginning of 1933 presided the Reichsverband der Deutschen Industrie which later on was changed in the semi-official organization "Reichsgruppe Industrie."

Dr. Albert Vogler, the leading man of the Vereinigte Stahlwerke.

Von Lewenfeld from an industrial work in Essen.

Dr. Stein, head of the Geverkschaft Auguste Victoria, a mine which belongs to the I. G. Dr. Stein was an active member of the Deutsche Volkspartei.

"I remember that Dr. Schacht acted as a kind of host. While I had expected the appearance of Goring, Hitler entered the room, shook hands with everybody and took a seat at the top of the table. In a long speech he talked mainly about the danger of Communism over which he presented that he had won a decisive victory.

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"He then talked about the "Bundnis" (alliance) into which his party and the Deutsch-Nationale Volkspartei had entered. This latter party in the meantime had been reorganized by Herr von Papen. On the end he came to the point which seemed to me the purpose of the meeting. Hitler stressed the importance that the two aforementioned parties should gain the majority in the coming Reichstag election. Krupp v. Bohlen thanked Hitler for his speech. After Hitler had left the room, Dr. Schacht proposed to the meeting the raising of an election fund of - as far as I remember - RM 3,000,000. The fund should be distributed between the two "Allies" according to their relative strength at the time being. Dr. Stein suggested that the Deutsche Volkspartei should be included which suggestion when I rightly remember was accepted. The amounts which the individual firms had to contribute were not discussed.

"I did not take part in the discussion but reported the matter the next day or the overnext to Dr. Bosch in Frankfurt who together with Geh. Rat. Schmitz had reserved exclusively for themselves the handling of distribution of money to political parties, the press, etc. and had made a special appoint of "Vertraulichkeit" (secrecy) in this respect.

"Dr. Bosch did, as far as I remember, not make any remark to my report, but shrugged his shoulders.

"I never heard again of the whole matter but I believe that either the buro of Goering or Schacht or the Reichsverband der deutschen Industrie asked the office of Bosch or Schmitz for payment of I.G.'s share in the election fund. As I did not take the matter up again I not ever at that time know whether and which amount had been paid by the I.G. According to the volume of the I.G., I should estimate I.G.'s share being something like 10% of the election fund."

E. CENTRAL PERSONALITY INDEX:

1. In connection with denazification work, a file of all persons in the American zone who have responsible positions in the financial field is being prepared in the Finance Division. This file will contain all available pertinent information on each individual, including present and permanent addresses, financial and industrial connections, NSDAP or other political activities and such miscellaneous information as might prove useful. Data cards will be filed by name and will be cross-referenced to indicate primary financial affiliation and geographic location.

2. In order to maximize the coverage of this file, the Division will use additional information collected by its field teams, interrogators, and research staff in the course of their regular activities. It will also incorporate such data as can be secured from other divisions of the Control Council and other sources. All members of the Finance Division have been requested to forward pertinent personnel data to the Denazification Section. Special forms have been prepared for this purpose.

3. During the month additions of names of leading personalities in industry, commerce and finance were also made to the over-all arrest and detention lists being prepared by the Intelligence Branch of Army (Ground) Division. These additional names are added to the files maintained by the Evaluation Dissemination Section.

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V. PUBLIC FINANCE

A. GENERAL:

1. During the month of May the chief activities in Public Finance centered in the Advanced Ministerial Control operations with respect to the Ministry of Finance. The Germans had so dispersed both the officers and the records of the Ministry that it was necessary to make an extensive reconnaissance to locate them. Two parties were used for this purpose, one going to Ilmenau in Thuringia and the other going to Southern Bavaria. Each of these parties found a considerable body of officials and some records. In each case, additional information was secured concerning the location of other officials or records.

2. The broad picture which resulted from this interrogation of these officials is as follows:

a. The first evacuation of the Ministry of Finance occurred in the autumn of 1943 as a consequence of air raid damage to the ministry. Dept II (Customs and excise) and III (inland revenue) went to Ilmenau with their files and Dept IV (Personnel of the Finance Ministry) went to Bodonbach in Sudetenland. At the same time Dept IA (Budgets of Länder, etc.) went to Lietoritz in Sudetenland.

b. At this time back files up to the year 1933 were destroyed to reduce the fire risk or if of historical value, handed over to the Reichsarchiv. The remainder if not in use were evacuated to Wurzburg. Some essential documents were also destroyed in the course of air raids. The Finance Ministry was damaged on three occasions in 1943, 1944 and the last time in February 1945. Orders for the destruction of secret documents were also given in January and February of this year. Others were sent to Ilmenau, but each Dept had only 2 cubic metres space alloted for this purpose.

c. In the autumn of 1944, Dept IA returned from Lietmeritz with its records to the Finanzamt, Boolitz-Stadt, in Potsdam. Dept IV was also moved to Potsdam. Of the departments remaining in Berlin, Dept I was situated in the former Zoolschule at 48-52 Bismarckstrasse, Charlottonburg. Dept V and part of VII were at the Oberfinanzpräsidium in Kurfurstendamm, and the remainder of Dept VII and Dept VIII were in the old Prussian Finance Ministry. It is believed that the General Büro Für Allgemeine Finanz - und Kreditfragen was also in the Kurfurstendamm.

d. The above was the position before the final evacuation schome was put into effect. This schome originated in the Reich Chancellry, and went through many vicissitudes. The plan which was finally put partially into effect was the sending of two ministerial nucleus staffs, one to the North and one to the South. The Southern party moved before the Northern and it was impossible to establish whether the Northern nucleus was in fact moved.

e. The Finance Ministry move was in three stages. First, on the 7th of April, a party from the Reichsschuldenverwaltung and the Reichshauptkasse moved under Hasemann and Radebach to Rosenheim. The duty of this party was to set up a branch of these two organizations to take care of the financing of the government in the south. Genske, of the Bad-Tolz party, was to make the necessary arrangements with the Reichsbank and the Kassen in Southern Germany. The party at Rosenheim took no files, but a supply of forms. The second party to move was that under Augustin which moved by special train and finally reached Bad-Tolz. They were to have brought files with them; but the greater part of them were either lost on the way, or, in so far as they were to move separately, got cut off by the American advance and appear to have landed up at Arnstadt, near Ilmenau. They did, however, bring with them certain personal files of Schwerin-Krosig and Reinhardt. The second consisted largely of Reinhardt's speeches and a list of Finance Ministry personnel. The third party to move which included Reinhardt, came by car, and ended up at Garmisch-Parten-

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kirchen, where they were subsequently arrested and their papers seized by CIC 7th Army.

f. It had originally been intended that Schwerin-Krosig should go South and that Reinhardt should stay in Berlin. In fact, however, personal factors played an important part in the move and Reinhardt came South. Reinhardt, himself, was in Berlin on 13 April 1945 and gave the order for the move verably. (It is noticeable that a large proportion of what P.W. Oeftering, in his interrogation by CSDIC described as the Reinhardt gang turned up in Bavaria). The move, in fact, was something of a muddle.

B. PERSONNEL AND RECORDS AT ILMENAU.

1. The largest concentration of personnel and current records of the Ministry of Finance was found in the Ilmenau area in Thuringia. The records were found located in a number of places including the Finance School, the Finance Office, the Court House, and three law offices. In the Berghof Gabelbach, about 3 miles distant from Ilmenau, were discovered some of the records of the Staatssekretar who had fled upon the approach of American troops. The important records of his office, however, were reported to have been removed or burned prior to his flight. Duplicate records of the local Finance and Customs Offices of surrounding towns had been brought to Ilmenau and were located. No currency or foreign exchange assets were uncovered.

2. Ninety four Finance Ministry officials and 38 employees were found from the following divisions of the ministry: Department II (Customs and Excise), Department III (Occupation and Trade Taxes), Department VI O (Organization). A few were from the Office of the Secretary of State. The officials were assembled on 21 May and informed of the "Instructions to German Officials on Revenues and Expenditures." All personnel were required to fill out Fragebogen and instructed to continue their work until given further orders.

3. Arrangements were made for the CIC representatives to screen at once all who reported membership in the NSDAP before 1933. Meanwhile a Ministerialrat, Werner Paasche, who claimed never to have been a party member was selected as the official through whom orders would be transmitted to the other Germans.

4. It was recommended that Finanzministerium records be consolidated at Ilmenau and that Finanzministerium officials who remain after denazification be brought together at Ilmenau where they could use the records and be set at the task of furnishing such information, studies and reports concerning public finance and related topics as might serve the purposes of the Military Government authorities.

5. The following table gives a summary of the personnel present by Department and civil service rank:

Rank	Department II	III	VI O	VI P	Buro des Staatssekretar	Total
"Hohere Laufbahn"						
Ministerial Direktoren	1	1	-	-	-	2
Ministerialdirigenten	1	3	-	-	-	4
Ministerialrate	7	2	2	-	-	11
Regierungsrate	1	2	-	-	1	4
Others	1	1	1	-	-	3
Subtotal	11	9	3	-	1	24
"Gehobener Laufbahn"						
Amtsrate etc.	17	12	5	1	-	35
Amtsmanner etc.	2	6	1	1	-	10
Oberinspektoren & Inspektoren	3	7	2	-	1	13
Subtotal	22	25	8	21	1	58
Lower Grades	7	18	5	2	1	33
Total Divisions shown	40	52	16	4	3	115
Lower Grades in common services					Kanzlei	18
					Bucherei	2
					Druckerei	7
					Grand Total	142

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6. Wacher and Hedding, heads of Departments II and III, respectively, were among this personnel. Two of the deputy heads of Department III were also present. These men have all been dismissed and taken into custody by CIC, 9th Army, which was holding them, at the time of this report, for investigation by one of their special agents.

7. Information supplied by Hedding led to a trip to the Finanzamt in Schmollen, Saxony, where duplicates of the tax records of certain prominent German officials who lived west of the Rhine and in Silesia had been sent. These records have been impounded and subsequently delivered to SHAEF Documents Center.

8. Search was made for the German plan for the evacuation of records and personnel from the Finanzamter in territories west of the Rhine. Rosenbauer, of Department VI O, reported that such a plan had been made but was destroyed on Reinhardt's order. The following information regarding these evacuation plans was obtained.

a. Referate 8, 9, and 10 of Dept. III, dealing largely with the valuation of agricultural and forest land, and survey questions, were evacuated to Sigmaringen in August 1943, under Ministerialrat Rothkegel. Rothkegel should still be there, but the rest of the party have returned to Berlin.

b. Hirschmann, Schacht, and Gnamml of Dept III were sent to Southern Bavaria. (Note: These officials were not at Garmisch, nor at Bad-Tolz. They were reported by Reinhardt to be at Weilheim).

c. Certain other officials of Dept III are reported to be in Berlin, namely Brink, Kirschstein, Golla and Meissner, as well as referate 8, 9, and 10. Lenski was reported to be in Berlin, but was in fact found at Bad-Tolz.

d. The orders to a detachment from Dept VI O consisting of six (6) officials under Ministerialdirigent Von Dietz were received. The party was reported by Reinhardt to be at Mallersdorf.

e. Koennig, of Dept V, was reported by Vallmar as being either in Bad Berka, Blankenheim, or Blankenherz. It was reported that Kaiser and Dreissig (department not stated) were probably with him.

9. The personnel records of the Finanzministerium, en route from Bodenbach to Ilmenau loaded in a trailer at the time of the U.S. occupation of Ilmenau were turned back, the trailer wrecked and the records subsequently burned. A report to this effect was confirmed by on-the-spot investigation.

10. It was reported by Walter M. Graf, Director of the Reichsbank Notenstelle in Meiningen, that some members of the Reichsbank Directorium were evacuated to Weimar after having been located in Erfurt for a short time. A report that a party of 24 from the Reichshauptkasse and the Reichsschuldenverwaltung might be at Schleusingen was being investigated.

11. The following SPECIAL INSTRUCTIONS were given by the Finance Division representative to the senior German official of the Reichsministry of Finance at Ilmenau:

a. "You will cause to be prepared a revised Geschäftsverteilungsplan showing the current organization of the Departments and the Referäte of the Reichs Ministry of Finance located at Ilmenau, the officials in each referat, and the offices currently occupied. Officials at other points than Ilmenau will be listed in parenthesis with their latest known addresses. You will revise this plan currently as new information becomes available, and will hold it ready for production to the Allied Officers when required.

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b. "You will prepare a current Aktenplan for each Department or part of Department located in Ilmenau showing the classification used in filing all records and the availability, location, or absence of any records. This plan will show the cubic meters occupied by records of each registratur.

c. "You will prepare an inventory of all property and supplies of the Reichs Ministry of Finance at Ilmenau.

d. "You will prepare an inventory of the libraries of the Reichs Ministry of Finance at Ilmenau and Arnstadt and the Finance School at Ilmenau, and organize them for current use.

e. "You will deliver to the Allied Officers all available information concerning former employees and officials of the Reichs Ministry of Finance who have been discharged, pensioned, retired, or transferred (e.g. to the Finanzhof or to the Rechnungshof) since 1 April 1933.

f. "You will deliver to the Allied Officers all available information concerning former officials or employees of the Reichs Ministry of Finance who are on leave with the Wehrmacht or elsewhere.

g. "You will deliver to the Allied Officers a list of all former Austrian officials now working in the Reichs Ministry of Finance.

h. "You will deliver to the Allied Officers statements showing:

(1) The tax income and other revenues collected in each Oberfinanzbezirk during the fiscal years ending 1943, 1944, and 1945 (classified by types of tax or other revenue sources).

(2) The tax income and other revenues collected in each Oberfinanzbezirk by Reich agencies for governmental subdivisions during each of the past three years.

(3) The distribution of Reich revenues to governmental subdivisions during each of the past three years.

i. "You will prepare a list of all provisions in Reich finance laws, ordinances, and instructions which conflict with paragraphs 2 and 4 of the Instructions to German Officials on Revenue and Expenditures or with Military Government Law No. 1, Article III, Paragraph 3."

C. RECORDS AT WURZBURG.

1. The personnel files (Personalakten) of the officers and employees of the Reichsfinanzministerium were uncovered at Festung Marienburg, Würzburg where they were examined by Finance Division representatives. Out of 1165 employees listed in the index to the records, folders on 658 employees were found. There was little consistency in the type of information found in the various folders. Some contained such things as university diplomas, efficiency reports, opinions regarding party reliability; others were surprisingly devoid of the kind of data usually found in a personnel record.

2. The following data, useful for vetting purposes, was extracted from the Personalakten and typed on 3 x 5 cards:

Name — Date of Data
Position
City and Date of Birth
Membership in NSDAP, subsidiary and affiliated groups, including predecessor organizations.
Military Rank, if in officer class and military decorations.

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D. PERSONNEL AND RECORDS IN THE SOUTH.

1. The following eight (8) members of the Finanzministerium who had been arrested at Garmisch in Southern Bavaria are being held at Augsburg:

Reinhardt	Staats sekretar
Hohrmann	Oberregierungarat
Fiedler	Ministerial Dirigent Head of Statischebüre
Schmidt	Ministerialrat under Fiedler
Schmidt-Schwarzenberg	Ministerialrat Dept I (Budget Dept), Referat 13
Kallenbach	Ministerialrat Dept I (Budget Dept), Referat 9
Gerth	Ministerialrat Dept I/A (Budgets of LÄnder), Referat 15
Woothke	Ministerial Dirigent Dept IV (Salaries of civil servants, etc.), Referat 1; and in addition
Klose	Finanzprüsident OFD Köln, who is probably attached to the Finanzministerium.

2. At Bad-Tolz were located the party under Dr. Augustin, which consisted of thirty (30) officials and employees of the Finanzministerium, together with the wives of five of them members.

3. At Rosenheim, we found the party from the Reichsschuldenverwaltung and the Reichshauptkasse, under Reddebach and Hasemann, was found in the Finanzamt. It appears that they left Berlin with RM 100,000 in cash and a supply of forms. They had been in touch with the directors of the Reichsbank Nebenstelle at Rosenheim, which was to service the Reichshauptkasse. The only transaction which they had undertaken was to arrange for the advance of funds by this branch of the Reichsbank against an issue of Reich debt, to transport a regiment of the Wehrmacht before the close of hostilities. They were ordered not to enter into any further transactions and to remain at Rosenheim until further orders.

4. The building of Reichsfinanzhof at Munich had been taken over by the 7th Army T Force as a document centre, and the staff was not at work. The chief of this office is apparently living in the vicinity. He has not been taken into custody.

5. The most useful records at the Finanzhof, Munich, appeared to be the extensive tax library. The work of this organization seems to be very much reduced. Nevertheless, the staff of experts may be valuable and the Bavarian Military Government Detachment is handling the problem of securing their availability.

6. It appears that the records of the Aussenstelle of the Rechnungshof are dispersed between Munich, Stranberg, Ebersberg, and Eching, on account of the bombings. The office had been reinforced by three members of the Rechnungshof, Potsdam, namely Blankenburg, Oeslo, and Uttlinger, as part of the evacuation plan. Blankenburg has been suspended by Military Government. Hammerer provided a list of all personnel employed in the Aussenstelle. He also told us that the leaders of the Rechnungshof party for the Arbeitsab Nord were Buschi and Stengel, and also that he had seen Hillebrecht, an official of the Rechnungshof, with a party record making off into the mountains with a rucksack on his back, and without an identity card.

7. The Oberfinanzprüsidium at Munich has been taken under control by the Bavarian Military Government Detachment and the denazification is in progress.

8. Certain officials of the Finanzministerium reported by Reinhardt as being evacuated from Berlin to the South, remain to be brought under control.

a. Two Amtsrate from Dept IV, Molter (Referat 2) and Kimmel (Referat 4) and one Steueramtmann, Horn, (Referat 1 and 2) are reported

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in the neighborhood of Bad-Tolz, probably at Wolfrathshausen.

b. Ministerialrat Vogels of Dept IV (Referat 6) was reported to be at Oberlaindem near Munich.

c. Certain officials of Dept VI O, under Ministerial Dirigent Von Dietz, (Referat 13) and Regierrungsdirecktor Wunschel (Referat 11) are reported to be at Mallorsdorf in Lower Bavaria, outside 7th Army area.

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VI. INVESTIGATION OF GERMAN COUNTERFEITING OF ALLIED CURRENCIES AND CREDENTIALS.

A. INTRODUCTION

1. During the second week of May, a report was received through G-2, 12th Army Group, that certain counterfeit monies and counterfeiting equipment had been located in South Bavaria. A team of two officers, one a former Secret Service Agent on duty with the Finance Division, was dispatched, working through 12th Army Group, to investigate the report and to examine whatever counterfeit monies and counterfeiting equipment might be uncovered.

2. The investigatory itinerary took the team from Frankfurt to Erlangen, Germany, 3rd Army Headquarters, thence to the 3rd Army Interrogation Center at Freising, Germany, and ultimately to Ebensee, a small resort village in Northwest Austria. The information contained in this report is based principally upon the activities of the important counterfeiting plant, once located at Oranienburg, Germany, and transferred in March of this year to Zipf, Austria.

B. GERMAN COUNTERFEITING ACTIVITIES - GENERAL

1. The Germans had engaged in an extensive program of counterfeiting and printing of forged documents. In addition to the plant investigated at Zipf, two other plants, one at Friedenthal, near Berlin, and one at Barienthal, in Sudetenland, were said to have been engaged in counterfeiting activities.

2. The counterfeiting activities were directed by the SS and were conducted in the highest secrecy. In the plant at Zipf only those SS men in charge and the printers, engravers, and artists employed in the counterfeiting were permitted in or near the work room, which was under adequate guard. Officials and employees who were engaged in the other activities of the Zipf factory, knew the room where the counterfeiting was done only as a place where something highly secret was going on and where too much curiosity would be penalized with instantaneous death.

3. The German attempt to print counterfeit American currency did not meet with much success. According to the workers, no American notes were successfully counterfeited at the Oranienburg plant, despite intensive efforts to do so. A quantity of American money was printed during August and September of 1944, but all notes printed, according to the workers, were of a very inferior quality and were destroyed. Whether by accident or design plates for American currency, on which a group of engravers had worked for a period of one year, were not successful.

4. Nothing is known of the success of the activities at the Friedenthal and Barienthal plants, or whether American currency was printed there. Evidence indicates, however, that some American bills of 50 and 100 dollar denominations may have been circulated from Germany. Workers from the Oranienberg plant stated that they have been told that some of their products had been shipped to Portugal, "the main distribution center". It is a well known fact in the U.S. that the circulation of some counterfeit American money has originated in Portugal.

5. The bulk of the German counterfeit product was British notes in 5, 10, 20, and 50 pound denominations, of which some 70 million pounds were reported to have been printed at Oranienberg. Of this, approximately 25 million pounds were captured by American Army units in their advance through Western Austria. This money, consisting of 5, 10, 20, and 50 pound notes, together with the plates for manufacturing such notes, has been moved to the Finance Division's Special Depository at Frankfurt a/M. In addition to British notes, Yugoslav money and German RM notes were printed at the Oranienberg plant.

6. Besides currency, credentials of all sorts were forged. Credentials of the US Foreign Service, flying officers' cards, British and French Officers' identification cards, US Army paybooks, Red Cross identification passes, and other documents of military and diplomatic nature were, for example, among the products at Oranienberg. The forged credentials captured as well as 15 forged US Treasury seals have likewise been brought to Frankfurt.

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7. Action is being taken to recover other plates, currency and credentials from the bed of Enns River, Austria, where they have reportedly been sunk.

C. HISTORY OF ORANIENBERG-ZIPF PLANT

1. In the fall of 1942, one hundred forty two prisoners, among whom were a large number of skilled artists, printers and engravers, were gathered from various concentration camps in Germany, and brought to Oranienberg, a small town in the northwest environs of Berlin; where they were placed under charge of the SS and told that they were to do a very special job by order of the SS Chief, Himmler. Sturmbannführer Bernhard Kruger was made their general supervisor.

2. From the fall of 1942 until 26 February 1945, the plant was engaged in the various counterfeiting activities described above. On this latter date production at Oranienberg was stopped, and plans were made to move the location of activities to Zipf, a small town in northwest Austria. The Germans in the fall of 1943 had cut into the mountain alongside a brewery, which served to camouflage the area, and built a large underground factory, where they manufactured liquid oxygen for V-2 bombs. One of the rooms of this plant was reserved for the counterfeiting activities, and in March of this year, equipment and personnel were brought in. The workers were housed in special barracks at the Ebensee Concentration Camp, where they were completely isolated from the other political and war prisoners.

3. The rapid advance of American and Allied Armies into Austria, however, prevented operation of the Zipf plant, and the plant was again to be evacuated, this time to Zell am See, about 80 kilometers south of Salzburg. Two trucks of machinery left Zipf 2 May 1945, but the German transportation system was not equal to its task. One truck disgorged its cargo in the Enns River near Bad Burgmoise, while the second load arrived as far as Treplitz, where it also was sunk in water.

4. The bulk of theheavy equipment remained at Zipf, where it was found, disassembled, but apparently in good condition. It included linotype, flat bed, and roto print presses, in addition to some light office equipment.

5. The bulkof the machinery for the Aranienborg - Zipf plant was said to have originated in Schlier, Austria. The numbering machines for printing serial numbers on the counterfeit British notes were marked Dr. H. Dold, Tutlingen, with the trade mark Tatilo, D.R.G.M.; whereas the plates with decipherable markings were marked Italia or Ital. Two of the plates were also marked Friedon and Fried. The paper used in the unsuccessful attempt to print American currency, was manufactured at the Hahnmühle factory at Braunschweig, but nothing is known of the origin of thepaper used in the other printing activities.

D. CAPTURE OF BRITISH COUNTERFEIT NOTES

1. The British notes referred to above were being conveyed from Berlin and were part of the total evacuation project undertaken by the SS to move the counterfeiting activities located in the Berlin area to the Zipf - Ebensee - Zoll am See area. The convoy broke down near Ebensee about 4 May 1945, and on 8 May 1945 when the Americans took the territory the convoy was still near Ebensee. Anaustrian transportation Captain, who, according to his story, did his utmost to sabotage the movement of the notes, reported the location of the cargo to the American Colonel in charge at Gmünden. Twentythree boxes of plates and miscellaneous forged credentials were taken into custody.

2. A tentative inventory of the counterfeit currency held in custody indicates the following quantities and denominations of notes:

a. Approximately 900,000 5-pound notes;
b. 340,000 10-pound notes;
c. 250,000 20-pound notes
d. about 215,000 notes of 50-pound denomination.

These notes total roughly about 25 million pounds.

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VII. GERMAN FINANCIAL STATISTICS AND INFLATION TRENDS

1. During the month of May, a preliminary field investigation of financial statistics and inflation trends has been carried on in close liaison with the Military Government detachment in Frankfurt. This investigation was undertaken with the two-fold purpose of gauging local inflationary trends and of exploring the nature, form, sources, and pitfalls of the financial statistics which should be compiled from all the larger cities of western Germany in order to secure adequate future intelligence on this problem. In the table at the end of the chapter is presented a partial sample for Frankfurt of the type of financial statistics which it is believed must soon be collected regularly from a wider area.

2. For the purpose of a special report on inflation trends prepared for General Clay and submitted on 30 May, all available financial reports from Military Government detachments of all Army Groups were examined. These reports were useful as a general check upon the main findings from the Frankfurt study, but the inadequacy of such reports as the source of sufficient information on current inflation or other financial trends was immediately apparent. In the first place, the figures reported from different localities were neither commensurable, concurrent, nor complete. In the second place, the time lag since the information had been gathered in the field averaged at least a full month. There were a few special reports covering the first half of May. A substantial number contained no data later than the end of April, and far too many contained data gathered before the end of March from cities on which there were no later reports. There were many localities from which no report at all was available.

3. In view of these inadequacies, renewed emphasis is being given to completion of a standard questionaire for current reporting of the most vital monetary and financial statistics from the larger cities of the American zone, and the determination of the best channels for its regular distribution and prompt return for compilation.

4. The first and most important conclusion from the study in Frankfurt has been corroborated by the judgement of the officers of Financial Branch, G-5, SHAEF (Forward) who have been continually on the lookout for any evidence to the contrary from any region. It is that the preoccupation price controls have so far been maintained and enforced, and that black market operations appear, so far during the occupation, to be insignificant. The effect of these price, rationing, and income controls has been to seal off the currency circulation from any present influence on prices or distribution and thus to prevent inflation from manifesting itself.

5. The effectiveness of such controls, however, appears in part at least to be an incidental result of such factors as the drastic reduction of supplies available for either controlled or uncontrolled distribution, the automatically favored position of the legitimate agencies or distribution in the handling of administrative arrangement for renewed production or additional supplies, and the close military control over travel, transport, and storage. The possibility of the continued enforcement of these price controls in the longer run (under the more complex conditons of reviving economic activity), therefore, has not been proved.

6. Price control over the longer period (as the volume and variety of commodities and transactions to be controlled begins to expand) will be an extremely difficult task. The enforcement difficulties of Nazi authorities prior to the

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economy and which will continue steadily and unavoidably to increase if government financing of reconstruction and rehabilitation is permitted, will add to the difficulties. The failure of Nazi war finance to mop up excess consumer purchasing power through either adequate bonds sales or high taxes is well known. The resulting hangover for the occupation period is, first, a large volume of loose cash (currency circulation increased five-fold in the six years prior to December 1944) and, second, an enormous sum of savings deposits.

7. Current payments of relief funds, pensions, and occupation expenses, and allpayrolls of governmental employees and overhead, standby, and repair personnel--none of which is counterbalanced by a corresponding production of consumers' goods upon which such income might be spent--continues to add to the existing inflationary potential. Even if the budgets of all governmental agencies are balanced by collection of taxes and even if their expenditures are thus "soundly" provided for, there will remain substantial and cumulative inflationary factors such as the maintenance, repair, and investment expenditures of German consumer goods industry which must necessarily precede any significant revival of consumers' goods production, the maintenance, repair and investment expenditures of German capital goods industry which only over a longer period of time could contribute to an increase in consumer goods, andindustrial production which may be carried on for allied use.

8. Information on tax receipts throughout western Germany is not yet available. The information from Frankfurt is remarkably--but perhaps non-typically--good. City tax collections for the six weeks ending 2 June totaled RM 5,764,800.93, an average slightly over RM 144 thousand per calendar day compared with the RM 125 t ousand estimated average daily requirement of the new city budget. Collections of former Reich taxes over the same period (now used to defray local services formerly financed by the Reich) totaled RM 13,357,439.38 compared with actual expenses formerly chargeable to the Reich totaling RM 19,213,598.60. Actually, on 22 May a small surplus had been attained on former Reich account, but end-of-the month payments again brought deficits amounting to RM 5,856,159.22 on 2 June. These deficits have been met by borrowing from the city treasury, which began the period with RM 5.6 million cash on hand and RM 24.4 million on current account with local banks.

9. The immediate currency situation in Germany remains somewhat obscure. The unequal distribution of currency between places at the moment of occupation and the lack of facilities for easy pooling of the available supply, and particularly the breakdown of check and giro clearing upon which German business was heavily dependent for cashless payment of its debts may have brought in many places, at least for the short period, an actual shortage of cash--even with the greatly reduced volume of business to be done. Such shortage would account for some net withdrawal of cash from banks and even for the issue of unauthorized local and private currencies --some instances of which have been reported. This deflationary situation must be very temporary, however, and cannot explain any continued net cash withdrawals from the banks, or justify the issue of unauthorized currencies.

10. Restrictive measures of various sorts on withdrawals of, and payments in, cash--apparently on the initiative of the local bankers--are continually reported. These are merely

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10. Restrictive measures of various sorts on withdrawals, of, and payments in, cash--apparently on the initiative of the local bankers--are continually reported. These are merely measures used in situations where acute currency shortage suggests restrictive regulations. It seems likely, however, that local bankers have been over cautious in emphasizing the need for such measures, and have introduced a new factor in the monetary situation by suggesting the continuance of these restrictions. Although the effect of such measures would be deflationary at a given place and time, the possible stimulation of cash withdrawals and cash hoarding must not be ignored.

11. General withdrawal and hoarding of cash without any clear and present need therefor on the part of the German public has been a fairly general feature of recent months. This tendency was greatest and most general immediately prior to the Allied occupation, reflecting the general uncertainty and the anticipated need for money in case of evacuation or of prolonged closing of the banks. It was common for business firms and some governmental offices to pay wages and salaries some months in advance for much the same reasons. As might be expected, however, the first reaction reported from many places when the banks were reopened was the immediate redeposit of much of this cash.

12. Frankfurt, prior to our occupation, was a city of currency outgo just as other cities are cities where currency flows in. This situation has continued since the occupation and there has been a continuous and substantial net withdrawal of cash since the banks reopened. Total net withdrawals by weeks for all banks in the city are presented in the tables at the end of the chapter. Total cash resources of RM 73,060,701, with which the banks opened, were reduced by these withdrawals to RM 37,782,712 on 2 June--and have since fallen further, to RM 34,960,712 on 6 June.

13. Beyond any special and particular explanations, the general implication of such withdrawals--wherever they may now occur--is one of fear of the banks, blended of course with a complete shattering of public confidence in general and what appears to be the desire of a mass of atomized individuals to grab and hoard personally anything at all from the general economic wreckage. In so far as there is any specific fear of the banking system, it appears to stem from two thoughts: one, the possibility of further blocking or withdrawal restrictions (such as have been locally imposed in many cases); the other, a possible doubt as to the solvency of the banking system in view of its heavy investments in Reich securities which possess uncertain present value and future status. Any growth of black market activities in Germany as in other countries will undoubtedly be accompanied by a preference for the use of currency as a means of payment over the use of giro or bank accounts.

14. It is not believed that Allied Military currency, under present policies, is or will be an important inflationary factor. It has been pointed out above that the expenses of occupation or of production in Germany for Allied use create an inflationary flow of income without corresponding increase of commodities on which it might be spent. If the policy is continued of paying for requisitioned and centrally purchased goods and for civilian labor in Marks of German issue furnished to the occupying authorities by the Germans, this factor will be included in the statistics of German banking and public finance rather than in those of the Allied Military Marks issued.

15. Troop spending, of course, will be in Allied Military

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Marks, but it is not now and is not expected for some time to be a factor of much significance in the German economy. The shortage and rationing of civilian supplies, plus the non-fraternization rule, plus the increasingly better facilities which should be offered by "GI" agencies all tend to reduce troop spending to a minimum and to give Allied Military Marks a separate circulation of their own without relation to and without significance for the civilian economy. Such trading as occurs with civilians is likely to use PX rations as a main medium of exchange--which certainly is not inflationary--and will probably be concerned chiefly with special commodities such as "loot", liquor, "love", and useless souvenirs--for which the general civilian population will not be effectively in the market at all.

16. Recent reports of an inflationary danger from Russian use of Allied Military Marks appear both to exaggerate the facts so far as known and to ignore the other factors, of more importance than currency issue at the present time, which have been pointed out above. The Russians are printing Allied Military Marks from the plates furnished them by the U.S. Government; the sole differentiating feature is a dash in front of the serial number. Reports from field agents of Financial Branch, G-5, indicate:

a. That the Russians issue Allied Military Marks only as pay to troops, at the agreed relationship of 2 Marks equal 1 Rouble, and with the strictest accounting procedure.

b. That the volume of Russian issued Marks so far found in the American zone of occupation is small and traceable to legitimate sources.

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SAMPLE FINANCIAL STATISTICS FROM FRANKFURT AM MAIN

Table I

Week ending	Net Cash Movement, All Banks		Total Cash at Week End, All Banks
28 April*	RM 1,651,981	(net loss)	RM 71,408,720
5 May	21,357,465	" "	50,051,255
12 May	157,543	" "	49,893,712
19 May	2,584,000	" "	47,309,712
26 May	3,203,000	" "	44,106,712
2 June	6,324,000	" "	37,782,712
TOTAL	RM 35,277,989	(net loss)	

* No figures available before 27 April. Total cash then was RM 73,060,701.

Table II

Week ending	City Taxes Collected	Former Reich* Taxes Collected	Total City* Collections
28 April	RM 48,843.90	RM 230,176.38@	Rm 279,020.28@
5 May	103,390.02	388,139.79@	491,529.81@
12 May	283,622.88	4,006,617.91	4,290,240.79
19 May	1.036,958.47	2,802,864.67	3,839,823.14
26 May	818,494.82	2,214,184.08	3,032,678.90
2 June	3,473,490.84	3,715,456.55	7,188,947.39
TOTALS	RM 5,764,800.93	RM 13,357,439.38	RM 19,122,240.31

* Former Reich taxes now collected (but separately administered) by the city treasury.

@ Figures through 4 May available in lump-sum only, distribution between the two weeks is arbitrary.

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VIII. FURTHER EVIDENCE ON DISPOSITION OF S.S. LOOT BY REICHSBANK

A. SUMMARY.

1. The story of the SS loot given in the April Monthly Report has been supplemented in important details by Reichsbank records received from Magdeburg and by further interrogation of the Chief of the Reichsbank Precious Metals Department.

2. The Reichsbank received some 76 deliveries of SS loot between August 1942 and February 1945. Sale of about half the loot realized RM 24,000,000 suggesting a total value approaching RM 50,000,000. Over half the value of sales was accounted for by foreign notes, gold and securities bought directly by the Reichsbank.

3. The participation of Vice-President PUHL and other Reichsbank officials is further attested by the records and the interrogation.

B. MAGDEBURG RECORDS.

1. Sixteen sacks of records of the Reichsbank Precious Metals Department were found at Magdeburg. Two, labelled "MELMER", contained the records of the SS transactions.

2. These records showed that the first of the 76 deliveries of loot by the SS, was made on 26 August 1942 and the last on 27 January 1945. Cashiers were instructed to transfer sales proceeds to the account "MAX HEILIGER."

3. Nine interim reports on sale of the loot had been sent to the SS, the first dated 19 September 1942 and the last dated 24 November 1944. Worksheets for a tenth report showed that various securities ranging back to the 5th delivery (1942) were still in process of liquidation. Participation of Degussa and the Mint in smelting personal ornaments is shown by numerous receipts.

4. Total value of sales shown bythe nine reports is RM 23,900,940, (i.e., $9,560,000 converted from gold RM), which is confirmed by Albert Thoms, chief of the Precious Metals Department. If Thoms' estimate that only about half the loot had been sold is correct, the total value approaches RM 50,000,000. It is likely that the unsold loot found at Merkers includes a greater share of the less readily convertible items--jewelry, gold teeth, etc.--and a smaller share of bars, coins, and paper money.

5. Over half these sales, according to Thoms, is accounted for by direct purchase of foreign notes, gold, and securities by the Reichsbank itself. The main items of loot in order of importance and the the office through which they were sold are:

a.	Foreign notes and coin	- Sorten Department
b.	Jewelry	- Berlin Pawnshop
c.	Gold	- Precious Metals Dept.
d.	Securities	- Wertpapier Dept.
e.	Other	
	Silver and) Old coins)	- Precious Metals Dept.

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Rings over 90% gold content) - Prussian Mint (poorer rings sold to Degussa through the Pawnshop)

C. OFFICIALS IMPLICATED.

1. Thoms named the following Reichsbank officials as "in the know" concerning the SS loot:

a. Direktorium: PUHL
KRETZSCHMANN

b. Kassendeserent: FROMMKNECHT

c. Hauptkasse:
PEPLAU	1st director
KROPP	2nd director
EGGERT	alternate
LENBACH	"
KRISTER	"
REISSNER	"
RUTTS	"

d. Precious Metals Dept: (cashiers)

BAUTZ	KULICK
BECKER	MUCK
KRAUSE	THIMM
VORMELCHER	

2. The cashier of the Berlin Pawnshop was KIESEWETTER

3. SS men involved were Brigade-Fuhrer FRANK and Obergruppenfuhrer WOLFF, who made the arrangements; MELMER, SCHULZE, FURCH, and SCHULZ, who made the deliveries. FURCH replaced MELMER as deliveryman beginning with Delivery No. 53, August 1944.

4. PUHL is clearly implicated by a memo in the files of the Precious Metals Department, written by KROPP, 2nd director of the Hauptkasse, 31 March 1944: "On the basis of a confidential verbal agreement between Vice-President PUHL and the head of a Berlin government bureau, the Reichsbank has undertaken to sell the domestic and foreign money, gold and silver coins, precious metals, securities, jewelry, watches, precious stones and other valuables acquired by this bureau. These articles will be handled under the code-word "MELMER".

D. OPINION CONCERNING NAZI PARTY INFLUENCE ON REICHSBANK

1. The Bank was always reluctant to handle a business it considered out of its line, according to Thoms. The Bank accepted the SS business in 1942 on SS Brigade-Fuhrer FRANK'S assurance to PUHL that there would be only a few small deliveries. The deliveries however went on and on.

2. If PUHL had refused to handle the loot for the SS, Thoms believed the SS would have asked GORING, as director of the Four-Year Plan, to force him. The Four-Year Plan directed the disposition of all gold and foreign exchange. It was interested in the SS loot as a means of realizing additional gold and foreign exchange for war economy needs.

3. When in the spring of 1944 GORING sought to have the Bank handle the "considerable" loot of the Trustee Office for the Occupied East, the Bank, according to Thoms, successfully begged off on grounds of insufficient personnel. Thoms believes this loot was sold to GORING's satisfaction through

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a commission of German jewelers.

4. Five deliveries of loot from Warsaw SS chief GEIBEL in December 1944 and January 1945, totalling over 30,000 RM, were accepted by the Bank and handled on the same basis as the MEIMER deliveries.

5. Thoms spoke of LANGE as the political leader in the Bank. He knew of no dismissals by LANGE but said that of course people had to join the Party to keep their jobs.

E. SIGNED STATEMENT BY ALBERT THOMS.

To complete the record, Thoms was asked to write in his own words an account of the SS affair and the personalities concerned. His signed account follows:

"In autumn (?) 1942 I heard from Reichsbankdirektor PEPLAU--first director of the Hauptkasse in Berlin--that Reichsbankdirektor FROMMKECHT wished to talk with me about gold business. Herr Frommknecht told me that after an arrangement between Vice-President PUHL, Obergruppenführer SS WOLFF and Brigadeführer SS FRANK, the Reichsbank had to take care of the sale of booty-goods from the Reichsführer SS-Wirtschaftsabteilung (Economic Department). He added that there were expected only some deliverings.

"The amounts for the delivered valuables had to be transferred according to the order of the Reichsführer SS to the Reichshauptkasse (Treasury) for the account of the Reichsminister of Finance --"MAX HEILIGER". The whole affair should be treated confidential so that only the leading persons of the Hauptkasse (Reichsbankdirektor PEPLAU, Direktor KROPP and the other substitute directors) and those people who worked in the Precious Metals Office were informed about it.

"The valuables werebrought by Obersturmführer MEIMER and later on by Sturmführer FURCH who wore always civilian clothes.

"As it was known in the Bank that the amounts for the bootygoods from the Wehrmacht, who had to send the valuables directly to the Reichshauptkasse (Treasury), were also put to the credit of the Reichsminister of Finance, it was evident that the Reichsbank only had to take upon itself the character of a trustee and that the Reichsführer SS wished the work of counting and assorting to be made by the Reichsbank.

"All jewelry, gold and silver ornaments and damaged gold (Bruchgold) were delivered to the Städtisches-Leihant (Pawnshop) in Berlin. Gold wedding rings were sent for smelting to the Preussische Staatsmünze (Mint) in Berlin. Foreign notes and currency, gold coins and gold bars, German notes were directly bought by the Reichsbank.

"The Reichsbank acted as intermediary in the unusual business in jewelry. When at later times the Haupttreuhandstelle Ost (Trustee Administration for Occupied East) intended to give such material to the Bank to handle, the Bank refused, although the Four-Year Plan had consented beforehand to this plan.

"In all important gold transactions the Four-Year Plan had the leading and decisive role. Without the consent of the Four-Year Plan, the Reichsbank Direktorium could not dispose of gold or--as far as I know--foreign currency notes in

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larger amounts.

"The management of Banking business was in the hands of Vice-President PUHL and Reichsbankdirektors WILHELM, KRETZSCHMANN and BAYRHOFFER as members of the Reichsbank-direktorium.

"The special managers for transactions in gold and foreign currency notes were--after Puhl and Wilhelm--Reichsbankdirektor REINEL and Direktor JAHNKE.

"The leading man in cash-affairs--after Reichsbank-direktor Bayrhoffer--was Reichsbankdirektor FROMKNECHT.

"The political and social management was under Vice-President LANGE assisted by Direktor JAENE.

"The representatives of the employees of the Bank in political and social affairs were Herr HELMBOLDT and Herr KATSCH; the officials of the bank were similarly represented by Reichsbankdirektor ROSENBERG-LIPINSKY and Direktor OBERKAMPF. "

---/s/ Thoms----------
Head, Precious Metals Dept.,
Reichsbank, Berlin

Frankfurt/Main
29 May 1945

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IX. BANKING.

1. A British/US financial "Goldcup" team, assigned to targets in the Hamburg area during the month, interviewed important personnel of the Deutsche Bank, Dresdner Bank, Commerz Bank and Deutsche Südamerikanische Bank who had come to Hamburg from their Berlin offices. These interviews indicate the following:

a. In general the big German Banks which had branches throughout western Germany had anticipated the boundaries of the occupational zones with considerable accuracy and had taken steps to protect their interests accordingly. The Reichskreditgesellschaft and the Berliner Handelsgesellschaft which had no branch activities, remained in Berlin. The Bank der Deutschen Arbeit seems to have realized its doom and made no alternativeplans for its public other than providing a high state of liquidity in its branches. Its Hamburg branch has been regarded as a Nazi institution and a vetted custodian has been put in charge by Property Control, although deposits and payments continue to be made in so far as accounts are not blocked by Military Government Laws. Of other Berlin private banks, Merck, Fink and Sponholz are considered the most likely to have been trafficking with Nazi individuals and institutions.

b. Interviews with H. A. Abs, Foreign Manager of the Deutsche Bank, Berlin, revealed that:

(1) At the time of the Russian offensive in April, Abs and Borchtof were sent to Hamburg with certain files. The Reichsbank also transferred funds westward so that its total assets in the area west of the Russian Zone are now more than enough to allow the Bank to function normally when communications are reestablished.

(2) In regard to wartime foreign interests of the Deutsche Bank, there was a cross-credit arrangement maintained through the Deutsche Bank für Ostasien with Japanese banks in order to assist in financing commercial transactions. The Deutsche Bank controls the Deutsche Überseeische Bank which, in turn, owns the Banco Aleman Transatlantico in Madrid and Barcelona, with branches in South America. Abs said that HAERTER of the Deutsche Überseeische Bank is at Mühlhausen, (Thur.) with the records and that he would know all details of its wartime business. The Deutsche Bank used its 51 o/o interest in the Kreditanstalt, Wien, to open branches in Hungary, Jugoslavia, and Slovakia. The Deutsche Bank has its own branches in Roumania, Bulgaria, Prague and Turkey. It had a 60 o/o interest in the Banque Generale de Luxembourg of which Abs is Chairman.

c. Interviews with A. Hübbe, Betriebsführer of the Deutsche Südamerikanische Bank, Berlin, revealed that wartime commerce between Spain and Germany was handled by a German firm called HOWAG (Manager Bethge, and a Spanish firm called HISMA, through the Banco Germanico in Madrid and the Bank der Deutschen Arbeit in Germany.

d. Interviews with Paul MARX, Chairman of the Vorstand, Commerzbank, Berlin, revealed that in February and March, the Berlin office of this bank moved to Hamburg with files and records and that part of their portfolio which was not in the Sammeldepot. They own the Rheinische Handelsbank in Amsterdam and the Banque Hanseatique in Brussels. Of the board of management, DEUSS and HAMPF are in Hamburg, HETTLAGE had been lent to the Speer Organization and had not been operating for the bank.

2. There are in Hamburg the head offices of a number of very large insurance companies which carried out transactions with all parts of Germany. Some of the largest of those were known as the Volksfürsorge-Ring-Sachversicherungs group of companies, the direction and management of which is in the hands of relatively a small number of top personnel. Most of these persons were connected with or controlled by the Nazi Party in such a way that under Military Government Laws they have been either removed or suspended. In fact these insurance compa-

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nies at present have virtually no directors or managers and there is some doubt if they can continue to conduct their business with existing personnel.

3. The functions of the Deutsche Golddiskontbank were described as follows by the Ministerialdirigent, Main Department IV, Reich Ministry of Economics (Dr. Martini):

"The Deutsche Golddiskontbank, Berlin (Abbreviation: Dego) was founded in 1924 with a capital of ℳ 10,000,000 - which is now RM. 600,000,000. The bank had its seat in the building of the Deutsche Reichsbank in Berlin. All the directors are former directors of the Reichsbank. The president of the board of control is the president of the Reichsbank. The board of control except for one member is composed only of directors of the Reichsbank. This fact is an indication of the real character of the Dego which is an accessory institution of the Reichsbank.

"The purpose of the Dego at the time of its foundation was to advance the German export trade by giving credits. In the meantime the Dego was charged with several new functions of considerable importance. In recent years the tasks which the Dego had to accomplish are the following:

"Now, as before, the Dego had to promote the German export trade by giving credits to exporters of the different branches of trade and industry. Besides, the Dego secured the exporters by guarantooing the rate of exchange for the amount of the selling-price. In this connection the Dego had to administer the sums raised by German business for additional payments in cases of difficult exports.

"Since 1935 the Dego has become an important instrument of money-market policy. When the money-market is overstocked the Dego issued promissory notes (sola bills) which are brought by the banks for investment. This method represents relief in case of too great an abundance of money. By this means an opportunity is given to the banks of having their superfluous money invested at profitable terms. This was introduced by Dr. Schacht in application of the model set by the Federal Reserve System. These promissory notes of the Dego were always in great demand by the banks as they were first-rate investments. Especially at the end of the year the banks bought large amounts of these bills to embellish their balance sheets. For this reason, there are thousands of millions of these bills circulating. In the balance of the Dego, "bills" is by far the biggest item.

"After the suspension of foreign payments undertaken by Germany in 1931 the Dego cooperated in the standstill settlement negotiated with Germany's foreign creditors. The Dego finally had to take certain guarantees upon itself and took part in the accomplishment of the settlement.

"Since then the Reichsbank charged the Dego with the sale of these foreign securities which it was announced had to be delivered by the owners when called up.

"Profits, by reason of the devaluation of foreign currency, had to be delivered to the Dego which administered this fund and used it for the advancement of German export.

"Since 1934 the dividends of the German shares are limited. The amounts beyond the limit have to be paid to the Dego which invests these amounts in treasury bills for account of the companies and the shareholders.

"At the time of the great collapse of the banks, the Dego was charged with helping these banks. The Dego acquired many millions of new shares issued by distressed banks in order to furnish them with capital. This was in 1931/32. In the following years the Dego sold these shares to the public. The activity of the Dego in this respect ended several years ago.

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"This summary shows that the Reichsbank charges the Dego with all functions which do not belong to the real tasks of an issuing bank. However, theReichsbank takes a particular interest in these matters.

"A considerable quota ofthe shares of the Dego are owned by various foreigners who are not known. The whole of the 125 millions preferred shares which are not entitled to vote belong to foreigners.

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X. FINANCIAL ACTIVITIES OF MILITARY GOVERNMENT IN THE 12TH ARMY GROUP AREA.

A. GENERAL SUMMARY.

1. Currency:

a. The RM 3,000,000,000 so far uncovered and available to Reichsbank offices in the territory appear to be adequate to meet most urgent requirements for the present. Large stocks of currency were located at Magdeburg, Erfurt, Leipzig, Halle, Kassel, Nordhausen, Nurnburg, Frankfurt and Paulen. The major problem remains that of maldistribution.

(1) In practically all cities which had been occupied earlier, some currency had been found in the vaults of the banks, but there had not been sufficient money available to meet current bank and industrial needs.

(2) This lack of currency forced banks to reopen under a policy of restricted withdrawals, prevented industries from meeting past due payrolls and forced municipalities to curtail relief and pension payments.

(3) The over-all result of a lack of currency was insufficient confidence in the banks themselves with a slight tendency toward hoarding of large sums of money by civilians thus disrupting the normal flow of currency.

b. In order to bring about more equal distribution of currency to meet essential needs in the various parts of the army areas, provisions were worked out which enabled the transfer of large sums of currency. Thus from the RM 707,000,000 at the Reichsbank at Magdeburg, RM 200,000,000 were transferred to the Reichsbank at Hannover, the latter to act as a reserve bank for the area. RM 100,000,000 were transferred to the Reichsbank Brunswick. RM 100,000,000 were transferred to the Reichsbank Munster and RM 70,000,000 to the Reichsbank Leipzig. These transfers left a balance in the Reichsbank Magdeburg of RM 200,000,000. As this bank normally holds reserves of this amount and as there are demands at the present time from banks within its area for RM 100,000,000, little more can be counted on from this source.

c. There have been similar transfers of smaller sums made from other cities. It is expected that further problems in maldistribution of currency will arise and, in particular, marked shortages in small denominations, as has been previously reported.

d. Preference for Allied Military Marks over German Reichsmarks is generally reported throughout the territory. A few isolated instances have been reported to the contrary and in many of the newly taken areas the public reaction is one only of curiosity since there are no Allied Military Marks in circulation as yet.

e. The refusal of Army Post Exchange stores, officers sales stores, the APO and disbursing offices to accept Reichsmarks has caused soldiers to refuse to take Reichsmarks in change from the Germans for whatever small purchases they make. This appears to be the basis for the German reaction and the

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idea is spreading that Allied Military Marks are to be preferred.

f. There have been recent reports of the widely spreading rumor that all German currency marked with the Swastika will be declared invalid.

2. Foreign Exchange:

a. Large amounts of foreign exchange and precious metals have been transported from Nordhausen, Halle, Leipzig, Coburg, Erfurt, and Merkers mine to the currency section central depository in Frankfurt where detailed reports are on file.

b. At Nürnberg, it was ascertained that the director of the Reichsbank had burned 750,000,000 French Francs prior to the entry of American troops. These Francs had been sent from Wurzburg where they had in turn been received from the Reichsbank in Frankfurt. At Frankfurt, approximately a similar account of Francs was also burned by the Reichsbank.

3. Banking:

a. Sufficient banks are now open throughout the Reich to care for the more pressing needs. Others will be opened as demands may indicate and the location of personnel and records may permit. Many of the banks now operating are open only two or three hours per day, many only several days per week and with only 10% of the former personnel.

4. Public Finance:

a. In general, it has been felt that the more pressing problem in the financial field was that of the banks and that public finance held a secondary position. Until recent weeks little had been done in the latter field except in the Aachen area. However, during the past month, many offices have been opened and some taxes are actually being collected.

b. In many communities there is sufficient in the treasuries to cover necessary expenditures for the next two or three months. In others there was an insufficient amount and loans were made by banks to cover the need of local authorities.

c. In general, it is not an exaggeration to say the public finance situation in most municipalities is sound, with the exception of the Ruhr and in a few areas in which serious destruction of property bodes ill for the future collection of taxes.

d. Smaller communities have used Reich funds collected by the Finanzämter. A Reich account has been credited on the books in each instance where these funds have been utilized.

e. All are now drafting budgets to reduce expenditures and to readjust the tax and revenue system to fit the new standards in which they now find themselves.

f. In various areas plans for the establishment of a provincial financial organization are under way.

5. Property Control:

Although numerous Nazi-owned properties have been taken into custody along with Allied-owned properties this field had not attained the prominence nor magnitude antici-

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pated. In many cases property was leased and not owned by the Nazi party. There have been only few instances discovered of cloaked ownership and in some cases Nazi party property has been requisitioned by Allied military units. In still further instances records have been destroyed so that ownership cannot be ascertained.

B. DETAILED REPORTS ON SELECTED CITIES.

1. Rheydt:

a. Four banks opened during the month and all reported more deposits than withdrawals. After the removal of four bank employees and one former official because of previous affiliations with NSDAP, the banks have been anxious to cooperate fully with the Military Government. The banks report that few Allied Military Marks have been deposited. They have, however, been immediately recirculated and accepted without difficulty. The supply of small denominational notes is low.

b. The Office of Finance and Taxation has not started to function as yet.

c. The Stadt Rheydt Financial Status Report on 30 April 1945, indicates RM 14,000,000 cash on hand; civilian funds in Sparkasse RM 118,000,000; the city funds in Sparkasse RM 458,000; city debt RM 16,000,000; banking credit at Girozentral at Dusseldorf RM 37,000,000. A survey of the Spinning and Weaving Industries has been completed and discussion for reopening are under way.

2. Coblenz:

a. Banks: Most banks in the Regierungsbezirk Coblenz reopened in April. A few smaller branches have not reopened. Banks in the city of Coblenz opened 20 April 1945 with RM 5,034,122 cash on hand. During the first 10 days the deposits increased by RM 110,000. Due to unsettled conditions, temporary restrictions were placed on withdrawals from old accounts, permitting conservation of cash for use of local governmental authorities under jurisdiction of Military Government. Deposits have shown increases at all banks. Restrictions imposed by Military Government have been lifted with exception of the requirements of official laws and ordinances. Local bankers have on their own authority in some instances imposed restrictions on old accounts. The Director of the Reichsbankstelle plans to assume responsibility, with the mutual agreement of the other banks, for all banks in the Regierungsbezirk. Control of operation, reports, transfer of cash and consummation of local check and Giro Clearances is to be maintained thereby only until such time as channels of communication to Berlin are open. If this plan matures it will greatly facilitate the operations of banks in the Regierungsbezirk, placing them all on a uniform basis and allowing cash transfers to be effected as needed.

b. In the city of Coblenz all bank buildings are severely damaged or destroyed. The Deutschebank has been performing Military Government dunctions of the Reichsbank. Its building is shared with the Kreissparkasse. The Dresdner Bank building is being used by the Dresdner Bank and the Post Office, the latter's building being completely destroyed. Temporary repairs are being made to the Reichsbank building and when completed, the premises will be used by the Reichsbank and the Faiffeisen-Zentralkasse. The Reichsbank is expected to reopen early in May.

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c. The vetting of officials has been initiated in the Kreise but the process has been delayed due to lack of CIC teams. Local and National Tax Agencies are functioning in all the Kreise. It is reported that due to the very nature of the work Zollämter are highly Nazified. In Coblenz for example, no office force has been uncovered for the Hauptzollamt. Oberregierungsrat - Doktor Stupp, director of the Finanzamt, has assumed responsibility for reopening and reorganizing the Hauptzollamt. In isolated cases there are reports that local offices are interpreting tax laws as they were prior to 1932 and not according to Nazi interpretation.

d. Foreign Exchange is being delivered to the Reichsbank or, in some Kreise, to the institutions designated in lieu thereof. Reports have been received that some Germans are giving foreign exchange currency to displaced persons at a large discount with the understanding that the difference will be paid at a later date. No specific instances or names are available.

e. Reports have also been received, in some cases from German banking officials, that Germans are refusing to accept certain issues of the Reichsmark bearing the Nazi Swastika and that merchants are withholding goods in the expectation of being able to sell them for American currency at a later date.

f. All prices had been stabilized before occupation and there has been no change. For unrationed articles, chiefly works of art, four to five times the normal value is being paid. There have been specific and definite instances in a few cases of a flight away from the Mark and into tangible possessions of permenent value. The Kreissparkasse in the area has not noticed any reaction toward loss of confidence in the Reichsmark and they have had little experience with Allied Military Marks. The Hunsrücker Kredit-Verein at Simmern sees no loss of confidence in the Mark but has noticed a tendency toward people acquiring goods, indicating a trend toward inflation.

g. Considerable progress has been made in the resumption of financial services. Lack of transportation and communications has localized bank and credit transactions to Kreis area. Sufficient information is not yet available to be able to analyze the sufficiency of cash for circulation purposes or the nominal credit needs of the population. The bankers have been cooperative and no reports had been received of violation of laws 51, 52, or 53, by banks. Difficulty is being experienced in carrying out the provision of law 52, due to lack of forms MGAF (2) Series A.

3. Neustadt:

a. The city's cash position is RM 34,000,000 deposited in the Stadtsparkasse and the Bayerische Stadtsbank. The budget for the year ending 31 March 1945 shows aggregate expenditures of RM 65,000,000. This amount is covered in part by Departmental receipts such as public works, and the net amount dependent on taxes and general revenue was RM 33,000,000. It should be noted that the expenditures include an amount of RM 14,000,000 as War Contributions by the Reich from the City's share of the Gewerbesteuer (Trade Tax). This tax is collected during the past two years through the Finanzamt and, according to the city treasurer's office, was distributed on an insurance basis to the municipalities. The other principle source of revenue (the Grundsteuer) will decrease as the Reich has been paying rentals to owners of war destroyed property and the rental is the basis for tax evaluation.

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b. The city is not operating under a budget due to the dislocations. Taxes have only lately begun to come in. Receipts in April were RM 29,700 from the Grundsteuer and RM 2,600 from the beverage tax. Expenditures were RM 677,000 including RM 222,000 for relief expenditures. The city was advanced RM 3,000,000 for payrolls for the Reichsbahn by the Stadtssparkasse. In the Landkreis the situation is similar, it having a cash balance of RM 1,500,000 which the treasurer states is sufficient for the next six months. The expenditures are largely for relief and road maintenance. Payments to dependents of military personnel, made by the city, have been forbidden. 90% of such payments by the city were formerly reimbursed by the Reich. This restriction will be reflected by increased relief payments in the future. The city was also paying 80% of salaries of employees who left for the army.

c. The Finanzamt is ready to function. Tax collections of RM 205,000 were made through bank depositors by the Finanzamt during the month. The Zollamt office collected RM 102,000 during the month, RM 93,000 of this being from the beer tax. The main office of the Devisenstelle moved here from Saarbrücken and on 1 May moved to Spier. The records were burned and only minor current records with some personnel were taken to Spier. Social Security Benefit Payments, normally made through the Post Office, are in the process of being resumed. Before the Post Office fled, payments for April were met. The city plans to advance funds for the resumption of these payments.

d. Fragebogen and personnel data received from all public financial offices resulted in 14 automatic removals.

e. Banks: Eleven city and seventeen Rural Cooperative banks not moved before occupation are now functioning. Primitive cellar conditions persist and there are continuing difficulties in personnel shortages. Four of the six offices of the Stadtsparkasse were removed and the Dresden Bank acts as the central bank in the area. All inquiries and reports from all banks are channelled through the Dresden Bank and conferences are held three times a week with its director. Required reports are generally behind schedule. Personnel reports are largely completed.

f. Four of the city's banks have not submitted balance sheets. Only recently have two of them gained access to their funds. One has not obtained its records which were placed in Mannheim for security. The Stadtsparkasse has been handicapped by the removal effected. The local Reichsbankstelle which had previously been reported as moved to Mannheim had again moved to Masbach. Arrangements are being made to return the bank to this city.

g. The City's banks began the month of April with RM 34,000,000, which is slightly more than the normal amount, but fear of a currency shortage was expressed due to the absence of the Reichsbank, clearing facilities, interrupted economy and hoarding. This fear had somewhat abated at the month's expiration. In ten city banks deposits for the month of April were RM 12,244,000 and withdrawals RM 12,334,000.

h. Industries are continuing payrolls in part even though not operating. Estimates of the city treasurer are that payrolls and pensions of agencies together with payrolls of I.G. Farben should approximate RM 9,000,000 monthly. Retail stores are planning to resume operations the first week in May. There is practically no circulation of Allied Military Marks in the area.

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i. The Postal Banking System is not functioning. The Postscheckamt moved to Spier and the local post office and branches with all the records fled across the Rhine. The Postamt at Mutterstadt and several other subsidiary Poststellen remained in the Landkreis. The city is calling for recent statements from all postal account holders with a view toward rebuilding records and re-establishing the Postal Banking functions. The de-Nazification program has resulted in twenty-one removals in city banks and eleven in small rural banks - nine city removals and eight rural removals all were members of Boards of Directors or Advisory Boards. The Atlas Versicherung is the only Insurance Company having its central office here. Its records and officers were moved to Heidelberg before occupation.

4. Trier:

a. The Reichsbank officials, cash and records were evacuated. The Deutsche Bank reopened and is functioning well. Half its deposits are from other banks. The assistant manager (provisionally appointed manager) is not a party member but his fragebogen is not too good and he is being replaced by the former manager. The former manager had evacuated to Berncastle and is also not a party member but most acceptable otherwise. The Stadtischesparkasse has opened, the premises being partly occupied, by troops. There is plenty of cash and the manager is satisfactory. The Kreissparkasse in whose premises the detachment has its offices will open shortly in a new location. The ledger records have been inspected. They verify the blocking of accounts.

b. The principal assistant to the Regierungsbezirk will supervise all Finanzamter in the Regierungsbezirk. The Steueramt and Finanzamt records had been evacuated but expect to be unearthed at nearby points. The city treasury has brought back RM 225,000 from evacuated reserves and will recover another RM 100,000 from the originally evacuated amount of RM 500,000 which had been used in the past for relief payments to refugees. 9,000 people out of its original 88,000, being mostly women and children have returned to Trier. Many were later employed by Third Army Engineers.

c. Oberregierungspräsident Dr. Steinlein has established central control for the Regierungsbezirk finances in the person of Dr. Bohr, as Oberregierungsrat. There formerly were six Finanzämter in the Regierungsbezirk under direction of the Oberfinanzpräsident at Köln. Due to the shortage of acceptable man-power and to effect an economy, the new government is handling Finanzamt functions through two offices at Trier, under Oberregierungsrat von Bertrab and at Bernkastel, under Oberregierungsrat Dr. Vogt. On 25 April, the Regierungspräsident published, by circulation through Landrate, two orders relating to finance as follows: (1) An order that all delinquent taxes must be paid, together with current installments due, by 10 May 1945. (2) A detailed instruction for partial payment of all wages due public employees for the month of May, and for the elimination of certain pensions and allotments to German families. Nevertheless, provision is made for the "social" deductions from the full schedule of wages. (3) In Landkreis Trier 10 Amtskasse have been opened, each under the direction of an Amterrentenmeister. The 10 offices employ 76 people.

d. Banking facilities are available throughout Regierungsbezirk Trier through the operations of the Kreissparkasse banks in seven of the eight Landkreise. In addition

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each of these banks has several Nebenstelle in operation as well as numerous small deposit agencies whose books are kept at the Hauptstellen.

e. Military Government Detachment officers throughout the Regierungsbezirk have been warned against taking any action in connection with banks, which would lead to the conclusion that Military Government is responsible for German financial institutions.

5. Aachen:

a. Tentative plans have been formulated looking toward a restoration of more normal banking facilities in the Aachen-München Gladbach - Köln areas. Conferences have been held by the civilian bankers. Sufficient currency for any reasonably anticipated requirements appears to be available in each area. One of the most pressing problems in the Aachen area is the financing of mine payrolls from indigenous sources. The EBV coal mines had over RM 10,000,000 credit with German banks. Over RM 9,000,000 of this being in the Deutsche Bank and Dresdner Bank. Banking transfers were made between the Köln-Aachen branches of these banks. Similar arrangements are contemplated in the case of the Carolus-Magnus and Karl Alexander mines. This will necessitate the Kreissparkasse Aachen paying between RM 800,000 and RM 1,000,000 per month for the mine payrolls alone. The plan can continue to function only if the currency is returned by the miners through trade channels and into the banking system. Local officials believe that the plan will be successful. The branches of the Kreissparkasse Aachen and of Alsdorf, Kohlscheid, Kornelimunster and Stolberg function well and continue to gain deposits and currency. In other places in Landkreis Aachen smaller banks Sparund Darlehenskassen and Volksbanken are similarly operated. The excess currency flows into Kreissparkasse Aachen. In Kreissparkasse Monchau the coordination is not yet complete but has improved. Arrangements are being completed to open the Durener bank in Durener and there is some demand for the Kreissparkasse Aachen branch in Eschweiler. The Kreissparkasse Aachen continues its progress, increasing its deposits by RM 1,540,000. RM 613,000 were deposits of other banks. Savings deposits accounted for RM 125,000 of the increase. Loans increased RM 124,316 to a total of RM 793,535. The Kreissparkasse Aachen, acting in lieu of the Reichsbank, has employed a former Oberinspektor of the Reichsbank who is helping with supervision and administration.

b. Public Finance: Tax collections show a gradual increase and expenditures some slight reduction. With the introduction of the Regierungsbezirk tax collections, it is expected that Stadt Aachen revenues will decline considerably. As more Displaced Persons Centers are established in this Regierungsbezirk its expenses will be substantially increased and the possibility of reducing the city deficit seems remote. The difficulty of the Regierungspräsident to establish a tax collecting standard for the Regierungsbezirk is handicapped by lack of experienced personnel. The work in the city's treasurers office is retarded by the same reason.

6. Bonn:

a. In the Stadtkreissparkasse Bonn the following banks opened 1 April 1945: the Stadtsparkasse, Kreissparkasse, Deutsche Bank, Commerz Bank and Volksbank. By the end of April all banks in the Stadtkreis and Landkreis had reopened except the Reichsbank and several small branches.

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b. The Reichsbank Bonn had agencies at Remagen, Euskirchen, Sieburg and Gemmerbach. The bank was under the charge of Alfred Hager, a Reichsbankdirektor. Dr. Hurbert Schulte was second in charge for the last five years. Schulte had an office in Brussels where he said to have been the head of the Reichsbank-Kreditkasse, a foreign subsidiary of the Reichsbank in Belgium, Holland and France. He is a party and SA member and appears to have been a very active Nazi. He is now being investigated.

c. On 5 January 1945 on orders from Hager the Reichsbank Bonn was moved to Wurzburg. Just prior to the move from Bonn the Reichsbank had approximately RM 10,000,000 on hand. Ernst Bliefurt, cashier, states that the Reichsbank on leaving Bonn paid out this sum to local banks who had accounts in excess of RM 10,000,000. At the time of the removal the Reichsbank owed approximately RM 10,000,000 to the City. It was paid nothing. Only RM 100,000 was moved with the Reichsbank to Wurzburg. On 11 January 1945 the Reichsbank Bonn moved from Wurzburg to Gemmerbach. Building was later destroyed by bombing but the bank continued to operate in the building of the Deutsche Bank until Gemmerbach was occupied on 11 April 1945. The Gemmerbach and Remagen agencies have been reopened, but bankers in Bonn feel that until the Reichsbank can open in a large number of cities and have contact with its branches, it does not serve any important function. It is believed that the Reichsbank was more permeated with Nazis than either the Stadtsparkasse or Kreissparkasse.

d. The Rhinebach branch of the Kreissparkasse will open in early May. A report of all City of Bonn banks including the Bad Godesberg Deutsche Bank branch shows that the percentage increase of deposits over withdrawals in the city during April was 142%. The Post Office Savings Bank in Bonn opened the last week of March. For the first four weeks withdrawals exceeded deposits but in the fifth week deposits were twice the withdrawals. Opening of the Post Office Savings banks in the Landkreis is under consideration.

e. There is no evidence of hoarding. In fact the great excess of deposits over withdrawals indicates the opposite is the case. Again the fraudulent damage claims to the Kriegschadenamt has put much money in the pockets of the people. Practically no foreign currency has been in evidence. The Reichsmark is preferred to the Allied Military Mark but no difficulty has been encountered in passing the latter.

f. There have been no changes in prices and very little black market activity. Salaries of city officials and some private concerns have been reduced by some 20%. It is reported that German Nationals expect a depreciation of their currency.

g. Local offices of Köln and Dusseldorf insurance companies are continuing to receive premiums. Insurance rates are about the same as they were prior to American occupation. There are no Fire or Life insurance companies with head offices in the Stadt or Landkreis. There are 17 "Sick Funds" operating in the area.

7. Köln:

a. The principal banks opened during the first week of April. Several small banks are not yet open due to the lack of officers, personnel and records. Thirteen banks, including two of the mortgage type are now operating. The Postal Savings System is not yet open. In Köln and its immediate

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area (Bonn Stadt and Landkreis, Köln Landkreis, Bergheim Landkreis and Euskirchen Landkreis) 36 banks or branches are now open. Total currency is RM 63,000,000 showing an increase in deposits during the month of RM 7,000,000.

b. There is no hoarding or disappearance of any German currency. There is a fair supply of small denomination currency. There is no black market known in foreign currency. There is no disparity between Allied Marks and local currency. During the month steps were taken to investigate the leading officials in each financial institution and by early May the following officials had been removed:

Eduard Fahlbusch	Director Kreissparkasse
Johann H. Stein Jr	Partner-Bankhaus J.H. Stein (Firm closed until further notice)
Ernst Leyden	Personnel Director Pferdmenges and Co.
Johann B. Rath	Director-Deutschebank
Eduard Christ	Director-Westdeutsche Boden-Kredit Anstalt

c. A survey and check has been made of reports filed by banks to the Reichsbank as required by "Instructions to Financial Institutions." Due to the heavy damage to banking premises and records, and removal of records from Köln, it has been impossible for many banks to submit reports. The principal reasons given are: (1) bookkeeping departments and records still outside Köln and west of Rhine. (2) lack of personnel - only 10% working to date. (3) bank books not posted to date - in some cases not posted for last six months.

d. No information has been noticed or received of violations of financial laws. The Director of the Kriegsschadenamt (War Damage Office) states that approximately RM 14,000,000,000 in claims were paid with in 60 to 90 days after damage occurred. The existing deposits in banks are partially explained by the payment of these exaggerated claims and duplicate claims.

e. During the month only absolutely necessary and essential economic development has taken place. The repair of railroads for the coal mining project and power and water projects took place. Withdrawals of RM 2,000,000 were made from banks accounts for this purpose. No loans of any consequence have been granted or called.

f. Excess cash is being deposited in the banks.

g. Municipal Finances: No attempt to date has been made to prepare a budget. The city finance and tax system is being built up. The tax office has approximately 100 employees. Notice is being published by the city that all past due taxes, both Reich and city, must be paid by 15 May and bills are being submitted as far as possible from records which are available. The city administration was instructed by Military Government to assume all responsibility for Reich taxes and expenditures until further notice. Cash expenditures have been submitted for March and April as following:

March:	RM	RM
Cash on Hand Upon Occupation		
Currency found in Welfare Office	16,556,80	
Borrowed from Stadtsparkasse	15,000.00	31,556,80
Salaries and Wages paid for Military Govt Employees.		13,265.00
Cash Balance 31 March		18,291.80

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April:	RM	RM
Cash on Hand------1 April	18,291,80	
Borrowed from Stadtsparkasse	310,000.00	
Recovered from city offices	110,448.70	
Sales of abandoned goods	32,947.78	
Rents for city property	2,219.00	473,907.28
Wages and salaries	276,916.74	
Food, Welfare, Hospitals Etc.	114,217.20	391,133.94
Cash Balance 30 April 1945		82,773.34

h. There is no important change in price scales. Nothing except food is for sale. Wages are retained at former levels. There is practically no black market.

i. Representatives of the following Insurance Companies have talked with Military Government:

Agrippina Insurance Company
Serling Insurance Company
Colonia Insurance Company
Kölnishce Insurance Company (Life)
Vereinigte Kranken-Versicherung (United Illness Insurance)

The first three above named companies are international in character. All records and personnel had been evacuated from Köln. No action by 1 May. The Kölnische Insurance Comapny wrote small policies up to RM 2,000. The local manager, Herbert Roleff, is present and had been permitted to continue necessary operations. The Vereinigte Kranken-Versicherung is a health insurance company. It has RM 50,000 on hand and has been permitted to continue operations.

j. Due to incomplete knowledge by the local bankers the banks are protecting themselves under Law 52, Order No. 1, by taking statements from persons to the effect that the individual belongs to no class that should be blocked. Because of incomplete posting of records, it is difficult in many cases to complete properly blocked account Form MGAF. (Series A) and MGAF-(1). In such cases the banks are reporting the names of the persons whose accounts are to be blocked to the Reichsbank. All details will be submitted later. Delivery of foreign exchange will no doubt continue over a long period of time because of absence of people from their banking location, where the foreign exchange may be held in safe deposit boxes.

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XI. THE NATIONAL BANK OF HUNGARY

A. MOVEMENT OF THE BANK

1. An examination of the files and personnel of the National Bank of Hungary was undertaken at Spital am Pyhrn (south of Linz), Austria, from 2 June 1945 to 5 June 1945. Four officials of the bank and 2 truckloads of records were brought to Frankfurt a/Main for further examination at the Reichsbank.

2. Most of the records and valuables of the National Bank of Hungary and 230 members of the staff, together with their families, moved to Spital from Hungary in January 1945. Under an agreement concluded on 15 January 1945 between Reinhyi-Schneller, Hungarian Finance Minister, and Bolen of the German Economic Mission to Hungary, the German Reich agreed to this movement and promised its assistance to the Bank in moving and in conducting its business. The Bank occupied a monastery in Spital. When Finance representatives arrived in Spital, practically all of the records were in packing cases and the staff was engaged in routine and somewhat optmistic functions, such as recounting the pengoe in the Bank's possession, and planning to move to Switzerland. Dr. Gottely, Head of the Studies Department, was writing a detailed study of the Bretton Woods Agreements.

3. The Bank had attempted to send letters through military channels, to the International Red Cross, Geneva, and to Dr. Fabinyi, President of the Hungarian General Credit Bank, now residing in Switzerland, seeking assistance in moving the Bank, its movable assets, and employees to Switzerland. The Bank proposed to support itself in Switzerland by drawing on the foreign exchange it controlled. In the first of these letters, the Bank pointed out that it "was and is still bound to the financial spheres of the Allied Western Powers" and that it was forced "to flee the Bolshevism". The Bank therefore fled into Germany. The officials of the Bank were apprised of the fact, not evident in the letters, that Hungary had been at war with the "Allied Western Powers".

4. In October 1944 when, as the Bank stated, "with German assistance" Szalazi and his government came to power in Hungary, the President, Mr. Leopold Baronyai, the General Manager, Mr. Richard Guandt, the Board of Directors and the Board of Management of the Bank were all removed, and a new Bank president, Tomosvary, was appointed. When American troops reached Spital am Pyhrn, Tomosvary was eliminated from the bank. According to Bank officials, Baronyai, who was said to be in the concentration camp at Dachau, and Guandt, who became an officer in the Hungarian Army, are the persons who know best the details of the Bank's foreign exchange transactions.

5. The Bank's gold holdings and foreign currency were moved to Frankfurt a/M on 14 May 1945. On 5 June 1945, 32 packing cases containing the important gold and foreign exchange records and the few apparent valuable foreign securities in the bank's possession were loaded on trucks and shipped to Frankfurt a/M , where, on 6 June 1945, they were stored in the Reichsbank building. In addition, the following items were discovered and brought to Frankfurt a/M:

(1) a letter in Hungarian, written by Count Teleki, Hungarian Premier, shortly before he committed suicide in April 1941. The letter, of which a rough translation has been made prior to onward transmission, is a statement by Teleki on events prior to the annexation of parts of Transylvania by Hungary in 1940.

(2) files of the League of Nations advisor to the National Bank of Hungary from 1931 to 1939. These files were listed as packages deposited by the Swiss Legation. According to the Bank officials, this was a device to keep the Germans from prying into these documents.

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(3) A package of confidential papers deposited by Bolatinyi, General Manager from April to October 1944. These are being translated.

6. Four officials of the Bank, two of whom spoke English, were also brought to Frankfurt. They are:

György Vajkóczy	József Kolemen
István Cottoly	Frigyes Tarnay

B. DOMESTIC POSITION OF THE BANK

1. A list of shareholders was obtained from the Bank. This list indicates a wide ownership of the Bank's 300,000 shares. The list indicates that no individual owner holds more than 2500 shares.

2. According to Mr. Cottoly, Director of the Studies Department, the shareholders always voted with unanimity. Real control lay with the President, who was appointed by the Head of the State with the approval of the Minister of Finance. Members of the Board of Management, theoretically chosen by the Board of Directors, in actuality were chosen by the President with the approval of the Minister of Finance. Cottoly also stated that, whoever they happened to be, the President and the Minister of Finance always carried on a feud.

3. After 1939, the Bank holdings of Government Securities and of German Marks increased rapidly. In total assets of 16 billion pengoe on 31 December 1944, State Securities represented over 12 billion pengoe and an additional 1 billion pengoe represented holdings of RM. The growth of both of these items was concealed in the balance sheet statements. The Reichsbank holdings largely represent clearing claims against Germany. This does not represent the total Hungarian credits to the Reich since the State took over directly a large share of the clearing debt from the Bank to enable the latter to improve the appearance of its balance sheets. Banknotes in circulation increased from 974 million pengoe on 31 December 1939 to 12 billion pengoe on 31 December 1944 (See Appendix E Tables I - III.)

4. Torzay-Biber, present Manager of the Bank, insisted that, to his knowledge, the Bank had no connection either with Hungarian or foreign military units, espionage agents, fascist organizations or political parties. Payments by the Bank for government purposes abroad were made exclusively to the Royal Hungarian Legation of Militar Attachés. No payments in gold were made. After the German occupation of Hungary in March 1944, some German military units had checking accounts with the Bank.

C. FOREIGN ASSETS

1. In the monastery at Spital, the Bank had 130 cases containing both Hungarian and foreign securities. There was no composite record of the contents of the individual cases. Consequently it was necessary to open each case in order to find and extract the foreign securities. The following were found and delivered to Frankfurt:

7% European Mortgage Series C corp. income bonds	3 pieces	$ 3,000
6½% Electric Power Corp. gold bonds	2 "	$ 2,000
Shares of Anglo International Bank Ltd. London	3 "	3/-/-
Shares of Banque des Pays de l'Europe Centrale	2 "	Fr. frs. 200
Shares of Bauxit Trust A.G. Zürich	4 "	Sw.frs. 1,000
Shares Union des Usines et des Explo. Forest de Nésic	2 "	Sw.frs. 200
Shares of OEW. Woodindustry Company Ltd.	2 "	Sw.frs. 350
Shares Compagnie Europeenne de Participation Industrielle	2 "	Sw.frs. 2,000
"Tarbouche" Trust Soc. A, Zürich	18 "	Sw.frs. 1,800
State sola-bills (drawn by the Hungarian State)	1 "	Sw.frs. 7,598,07,09
" " " " " " "	1 "	£ 37,685/15/10
Bills of Exchange	5 "	$ 85,699.77
	45 pieces	

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2. Table IV of Appendix F is a statement prepared by the Bank in order to show its holdings of foreign exchange and currency as of 28 February 1945. All foreign currency found at Spital is now stored at the Reichsbank, Frankfurt a/M.

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XII ACCOUNTS AND AUDITS

1. The major activity in Accounts and Audits in the Finance Division, US Group CC consisted of planning for the assumption of responsibilities consequent upon the coming dissolution of SHAEF.

2. The major problems to be faced will be Military Government Cash and Supply Accounting, accounting for currency used by the US forces, accounting in connection with occupation costs and other matters for ultimate intergovernmental settlement. An illustration of the complexities of supply accounting and the type of problem to be handled is the reported importation of 630,000 tons of flour from the United States. This flour is to be used during June, July and August for the feeding of Germans in the event of an emergency in the British and American zones.

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XIII. ORGANIZATION

A. FINANCE DIVISION, US GROUP CC

1. Attendance of A/Director at Washington Conference:

a. The A/Director of the Finance Division was in Washington during the latter part of May and first part of June. During this period, he was able to discuss with the President and senior officials of the War, Treasury, Justice and State Departments and with the FEC and SPC, the problem of the investigations of the international asset position of Germany currently being undertaken by the Finance Division. The greatest interest was manifested in the investigations and instructions given that such investigations by the Finance Division be carried forward as fully and promptly as possible.

b. Civilian agencies in Washington were requested to make available immediately, additional trained personnel and the Treasury Department, in particular, is sending forward a considerable number of experts as well as secretarial personnel. It is hoped that some civilian personnel will come forward from the Department of Justice. In addition, it is anticipated that a number of people formerly with the Anti-Trust Division of the Department of Justice who are now in the Army and Navy will be obtained for the investigations.

c. The necessity was also recognized that such investigations must be conducted on a single integrated basis. At the same time, the interests of our Government agencies as well as the Congress must be covered in the obtaining of such information.

d. The flow of personnel during May and the anticipated arrival in June and July will make possible the expansion of the investigations into areas and with respect to enterprises that heretofore the Finance Division has been unable to cover.

2. During May the following new acting Chiefs of Branches of the Finance Division were appointed:

Foreign Exchange and Blocking Control	Mr. Orvis A. Schmidt
Accounts and Audits	Col. Martin Hudtloff

3. The staff of the Division was augmented during May by the addition of the following personnel:

Name	Rank	Assignment
HUDTLOFF, Martin J.	Col. FED	Accts & Aud
WITTING, Aileen M.	Capt. WAC	Admin
*DAHL, Robert A.	1st Lt. Inf	Int & L
LAW, Annie M.	1st Lt. WAC	Admin
*TRUMBULL, Wendell P.	1st Lt. Sig C	Pub Fin
*ROSE, Samuel M.	(Civ)	FE&B
*HOLLANDER, Shepard J.	"	FE&B
*DREW, Henry K.	"	FE&B
*DAVIS, Norman P.	"	FE&B
*ZIEGLER, Murray A.	"	FE&B
*BEARS, Wilson C.	"	Pub Fin
*BERMAN, Herbert A.	"	FE&B
*JOHNSON, Holmer R.	"	FE&B
*WEISS, Gerard A.	"	FE&B
*ALLEN, Robert R.	"	FE&B
*SCHLAGER, Charles (NMI)	"	FE&B
*CLARK, John J.	"	Fin Inst
*DAVIS, Nathaniel A.	"	FE&B

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Name	Rank	Assignment
*MINSKOFF, Emanuel E.	(Civ)	FE&B
*SCHMIDT, Orvis A.	"	FE&B
*BEHUNCIK, Edward J.	"	FE&B
BERLIN, Murray	"	FE&B
*KAMMELL, Willy A.	S/Sgt	Admin
*SALKIND, Isadore	S/Sgt	Int & L
*KALARCK, Edward L.	Sgt	Int & L
*TARNER, Donald	Tec 4	Admin
*FERGUSON, Allan C.	Tec 5	FE&B
*FAGEN, David H.	Pfc	FE&B
*SPENCE, Edwin C.	Pvt	Admin

4. The personnel marked with an asterisk (*) in paragraph 3 above were assigned TD with SHAEF to function in Frankfurt a/Main and other localities within Germany.

5. Departure from the Division during May were as follows:

BOGDAN, Norbert A. Capt GSC

Sp Dy with Pol Div pending transfer to Pol Div

Bernard Bernstein
BERNARD BERNSTEIN
Colonel GSC
A/Director
Finance Division

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APPENDIX A.

A. PRELIMINARY ANALYSIS OF I.G. FARBEN DOCUMENTS.

1. An analysis of several of the many documents uncovered in Germany illustrating the attempts of I.G. Farben to conceal its international assets reveals the following patterns and techniques of concealment:

a. Profiting from the experiences of World War I, I.G. prepared elaborate plans to preserve its assets abroad. This was accomplished through various camouflage arrangements, trustee arrangements, nominees, neutral holding companies and fictitious credits.

b. I.G.'s conception of assets as revealed by papers filed with the appropriate German government agencies is much broader than that commonly accepted elsewhere, including not only bank balances and properties owned abroad but credits, royalties, licensing arrangements, cartel agreements, and other contractual arrangements calling for partial or exclusive sales rights in specified territories.

c. Despite the rigorous German foreign exchange controls I.G. not only used its foreign network to provide fronts for agents of German intelligence organizations but actually used funds obtained abroad for political purposes in consultation with the A.O. of the NSDAP (foreign organization of the Nazi party).

2. The methods by which I.G. Farben operates abroad are illustrated by the company's correspondence concerning its relationship with the General Aniline and Film Corp. of New York and I.G. Chemie, its Swiss holding company. As Hermann Schmitz and Wilfrid Greif wrote on April 24, 1929:

> "As a result of the development of its world wide activities, I.G. Dyes has found it expedient and desirable to cause a corporation to be organized in the U.S. under the name of the American I.G. Chemical Corp."

This letter addressed to the National City Company describes how the 30 million dollar bond issue to be subscribed by American investors would be used to acquire for I.G. "stocks of certain American chemical companies". It is clear from the correspondence and contracts on hand that the organization of the American I.G. Chemical corporation represented a consolidation of German interests in the United States. Prior to the organization of this concern conferences had been held with certain American companies in order to work out a division of fields, and define the areas in which each concern would operate. The arrangement worked out so well that I.G. through its American affiliates became an important factor in chemicals, dyestuffs, pharmaceuticals and film and photographic supplies in the United States.

3. As early as May 1939 a confidential document was prepared summarizing the "development and present state of U.S.A. connections of dyestuffs and pharmaceuticals and photographic supplies". This document discussed the situation caused by the vesting of German controlled companies during World War I and discussed the arrangements whereby the Germans regained their position in the U.S. and prepared the way for "the foundation of the American I.G. Chemical Corporation and the creation of the agreement between I.G. Frankfurt and I.G. Basel".

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4. Several months before the outbreak of World War II — on 8 June 1939 -- the Juristische Abteilung Farben, circulated a confidential memorandum for I.G. directors on measures for safeguarding I.G.'s international assets against possible confiscation. This Memo embodying excerpts from the minutes of the March 17 meeting of I.G.'s legal advisors, set forth the problem as follows:

> "The problem of safeguarding the I.G. assets in foreign countries comprises, as Kersten sets forth, two questions, namely:
>
> (1) The safeguarding against executive measures,
> (2) The safeguarding against seizure in time of war.
>
> "The I.G. assets in foreign countries consist essentially of:
>
> (a) the sales organizations,
> (b) inventories,
> (c) claims, and
> (d) patents
>
> "The protection of these values against eventual seizure in time of war requires essentially more far-reaching measures than the protection against actions under executive orders.
>
> "Therefore the following examination for single assets deals primarily with the protection against eventual seizure in time of war, since the results gained will, at the same time, be appropriate for the protection against actions under executive orders.
>
> "In this connection we should fall back upon the legislation developed in the enemy (allied) countries during the war, inasmuch as, in a new conflict we would certainly have to take into account that the legal regulations then in force will be newly reinstated."

5. The issues at stake were summarized as follows:

> " (a) If I.G. or German nationals are known as the owners of interest, seizure will result in case of war.
>
> " (b) If the interest is held for I.G. by non-German trustees living in enemy territory, a reporting requirement will exist, which again will lead to seizure.
>
> " (c) If the interest is held for I.G. by non-German trustees, not living in enemy territory the danger of seizure exists in case the actual ownership becomes known for some reason.
>
> " (d) <u>If the interest is effectively in the possession of a national of an enemy country, the possession itself will not be endangered through the economic warfare measures of the enemy, unless the owner comes under suspicion of having relations with the enemy</u>. In this case the seizure and liquidation of the interest may follow. Any option in favor of I.G. is annulled since, according to English jurisdiction, any contracts which may strengthen the economic position of the enemy after the war, are considered, voided by the outbreak of the war. If the option exists in favor of a neutral, the liquidation of such an option -- as well as any other

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capital asset -- may be directed, if the neutral is under suspicion of contacts with the enemy.

"(e) If the interest is effectively in the possession of a neutral, living in a neutral country, enemy economic warfare measures have no significance, even an option in favor of I.G. will remain untouched. An exception only exists in the case where the neutral is placed on the "black-list", since then the liquidation of the interest can be ordered. The English practice during the war has made very sparing use of the possibility to liquidate the capital assets of a "black-listed" neutral living in England, inasmuch as such procedure invariably resulted in respective negotiations with the government of the neutral affected, which frequently were out of all proportion with the result reached by the liquidation.

"This review shows that the least risk of seizure in time of war exists for the selling organization if the interest owners are neutrals living in neutral countries. Such a distribution of business interests has the further advantage of forestalling any scruples which may arise in the conscience of an enemy national between his national sentiment and his faithfulness to I.G. A further advantage is that the Neutral, in case of war generally retains his freedom of movement, while enemy nationals are frequently called in the service, regardless in what form, and therefore cannot take care of business interests."

6. On August 29, 1939, another confidential circular was addressed to managers of the departments of I.G. Farben with regard to safeguarding company records at certain emergency sites throughout the country. By May 15, 1940, plans had already proceeded sufficiently with respect to I.G. Chemie of Basle, Switzerland, and the United States affiliates of I.G. Farben that I.G. was able to report to the Reichs Ministry of Economics (RWM):

"Through the Internationale Gesellschaft für Chemische Unternehmungen, Basel (I.G. Chemie), affiliated with us through the 1928 pooling agreement (Interessengemeinschaftsvertrag), we have, as you know, created points of support for our export through special arrangements in various countries, including the United States. Our U.S. points of support have been up to now the General Aniline Works and the Agfa Ansco corp.; these companies have recently been merged into the General Aniline and Film Corp. Based on the experience of the World War, we have constantly endeavored since the beginning of the war to protect as far as possible this American company, also in the event of war entanglement with the U.S., against the activities of our American competition.

"To enable the plants mentioned above to support materially our efforts at gaining exports, we had to keep their productive facilities up to date. To this end we have supplied them with very important results of our experience and manufacturing processes. We and our American friends are most anxious to avoid that forcible action on the part of the American authorities which would enable our American competition to gain possession of these companies and thereby, as it happened during the World War, obtain the results of our experiences.

"Since the beginning of this year several of our American friends have in turn been in Basel and have currently been in consultation with us concerning the best and most successful measures to be taken to avoid the danger described above. The difficulty of the present situation is that

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"1. The Genral Aniline and Film Corp. shall become somewhat more Americanized by its acquiring from the I.G. Chemie nom. 1,000,000.00 of its own B-shares (Previously, all 3,000,000.00 B shares have been in the possession of I.G. Chemie and/or its friends).

"2. The I.G. Chemie is to be freed from all links which may be interpreted as being under German influence by

"a. cancelling the dividend guarantee agreement between the I.G. and the I.G. Chemie and the option it granted us on the I.G. Chemie participations, which at the beginning of the war was changed into special purchasing rights (Vorkaufarecht).

"b. I.G. Chemie acquiring against foreign exchange payment at the Swiss current value I.G. Chemie shares from the German holdings (which amount to about 28% of the share capital of I.G. Chemie; the I.G. itself does not hold any I.G. Chemie shares) to such an extent that by no means more than 15% of the share capital of I.G. Chemie remains in the possession of German share holders.

"c. Geheimrat Schmitz' resignation from the chairmanship of I.G. Chemie Verwaltungerat (board of directors).

"As we told you recently, we have decided only after long deliberations to consider these measures, careful investigations having shown that the steps now contemplated provde the best possible safeguard of our interests. We know from previous experience that our American friends are handicapped in their work for us by the existing links and believe that we must help them in the defense of our interests by carrying out the measures described above which they have recommended to us.

"The matter is particularly urgent because the final expiration date of the statement on the partnership of the American company, which has been renewed several times, is 30 May, 1940. Mr. D.A. Schmitz, President of the American company who is staying at Basel at the moment and who has to embark for America at Genoa on 18 May at the latest, is prepared to take immediately in the U.S. all steps required on account of the measures described above regardless of the fact that the transactions between I.G. Chemie and I.G. cannot be finally completed by that date, provided we assure him before his departure that the execution of the measures discussed has been started and that permits possibly required from the authorities concerned have been promised to us in principle.

"We have always kept you informed of the development and nature of our American affiliations and would like to inform you of these decisive measures with the request

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that you approve of the planned measures and simultaneously

that you promise us in principle permits possibly required for transactions resulting from these measures.

"The urgency of the matter is moreover stressed by the fact that we have decided to safeguard further parts of our extensive patent holdings in the U.S. by selling these patent holdings to the General Aniline and Film Corp. The transfer, which we consider the only possible method of safeguarding, will involve considerable receipts of foreign exchange. In principle, the consideration is to take the form of the payment of a portion of future yields of the patents. The American company is prepared, however, to make a single, large payment of this portion which we estimate at $500,000. However, the General Aniline and Film Corp, has made this transaction contingent on a prior revamping (as described above) of the relationship between the General Aniline and Film Corp., the I.G. Chemie and the I.G.

"We trust you will be able to notify us of your approval in the course of today or on 16 May 1940 at the latest, so that we in turn can inform the President of the company before his departure."

7. On the 11th of June, I.G. was able to advise Dr. Trost of the Wirtschaftsgruppe as follows:

"With the approval of the Reichswirtschaftsministerium (Reich Economics Ministry) and the Reichsbank-Direktorium (Reichsbank Directorate), we are currently handling a sizeable transaction which, for the purpose of safeguarding our external interests, aims at stressing the Swiss Nature of the I.G. Chemie, Basel, previously linked with us through the dividend guarantee agreement; and Americanizing the late I.G. Chemical corporation, New York, in which we are also closely interested, which has adopted the name General Aniline and Film Corporation after merging with several previously independent establishments belonging to its circle. In the course of this transaction it is intended, inter alia, that the I.G. Chemie, Basel, acquire from German holdings for cancellation 50,000 of its own shares (50% paid in). With the exception of a small differential, the purchase price has been paid in free foreign exchange, which was immediately surrendered to the Reichsbank, so that apart from the general interest official agencies have in the safeguarding of German external assets a special interest in the handling of this transaction exists on the part of the Reichsbank and the Reichswirtschaftsministerium (Reich Economics Ministry). In order to place at the disposal of the I.G. Chemie, Basel, the shares mentioned above, we intend, in conformity with the provisions of the dividend guarantee agreement, to submit to all German holders of I.G. Chemie shares a conversion offer of I.G. Chemie shares of our company. This conversion offer, however, can be made only after the I.G. Chemie share-holders' meeting, scheduled for 28 or 29 June, has approved the acquisition of the shares for cancellation. Since the acquisition of I.G. Chemie shares for cancellation has been placed on the agenda of the I.G. Chemie shareholders' meeting, it is necessary already now to inform in a cautious manner the German holders of I.G. Chemie of the projected conversion offer, because this conversion offer

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will include the 1939 dividend warrant so that it will be appropriate that the latter be neither detached nor collected. In view of possible repercussions this conversion offer may cause among foreign holders of I.G. Chemie shares, the authorities and ourselves are vitally interested in avoiding the use of the press in handling the entire transaction. The Reichsbank and the Deutsche Golddiskontbank have suggested that we ask you to publish the enclosed notice in the next issue of your Confidential Circular and that you assist us in the same manner in conveying to Reich German holders of I.G. Chemie shares the conversion offer which will originate from the Deutsche Länderbank A.G., concerning which the Deutsche Länderbank A.G. will submit to you some proposals at a later date.

"We would like to point out that the following are informed concerning the transactions: Reichsbankdirektor Hartliebe of the Reichsbank, Direktor Erbstösser of the Golddiskontbank, and Regierungsrat Dr. Joerges of the Reichswirtschaftsministerium (Reich Economics Ministry). These men will, if approached, no doubt confirm that there is official interest in the handling of this transaction."

8. I.G. Farben's Central Finance Department in Berlin informed the Reichsbankdirektorium on June 11, 1940, that the High Command of the Wehrmacht had been contacted for the purpose of "taking up intermediate negotiations in connection with the rearrangement of I.G.'s relations with I.G. Chemie. The Reichsbankdirektorium was further informed:

"We confirm that after completion of the transaction in which we shall interpose the Deutsche Länderbank A.G., the I.G. Chemie shares remaining in Germany will be transferred to the Deutsche Länderbank A.G. at present value, i.e., at prices recently paid by the Golddiskontbank because for reasons explained to you verbally, we deem it of value to prove at anytime that we, ourselves, at no time have been owners of I.G. Chemie shares. The Deutsche Länderbank is naturally ready, as we are, to specifically confirm on any form you may desire, that they will dispose of the package only with your approval."

9. On the 7th of August the Deutsche Länderbank, a banking affiliate of the I.G. Farben addressed a "strictly confidential communication to the Reichsfinanzministerium stating:

"The American interests of the I.G. Farbenindustrie are mainly based on its American patents and on its relationship to the General Aniline and Film Corporation, the former American I.G. In view of a possible acute war entanglement between Germany and the U.S. these interests seemed threatened. It was necessary to provide the General Aniline and Film Corporation with the appearance of an unquestionably non-German company in order to be able, first, to transfer to it the most important American patents of the I.G. Farbenindustrie, and, second, to prevent the General Aniline and Film Corporation being considered a company mainly under influence from Germany and being treated accordingly. The latter could have completely destroyed the entire relationship of the I.G. Farbenindustrie to the General Aniline and Film Corporation (in particular the extensive technical collaboration with corresponding financial yields to the I.G. Farbenindustrie, and further the export) and could have led to the complete ousting of the American position of the I.G. Farbenindustrie by the competition.

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"For this purpose of 'Americanizing' the General Aniline and Film Corporation, the ties between the I.G. Farbenindustrie and the I.G. Chemie, Basel, the main shareholder of the General Aniline and Film Corporation, had to be loosened considerably.

"For this reason

1. the personnel link between I.G. Farbenindustrie and I.G. Chemie, Basel, was removed.

2. the dividend guarantee agreement entered into between I.G. Farbenindustrie and I.G. Chemie was cancelled.

3. German participation in I.G. Chemie, Basel, was reduced from about 28% to about 15% by sale to I.G. Chemie of 50,000 German held partially paid-in I.G. Chemie shares for cancellation by I.G. Chemie.

* * *

"In view of the great politico-economic importance of this transaction, the Deutsche Länderbank, on behalf of 'the shareholders who have accepted the conversion offer" urged a waiver of the tax on speculative profits. In case the Finance Ministry was unwilling to exempt the conversion shareholders from the tax on speculative profits, the Länderbank proposed that instead of the conversion date 'the date of the previous acquisition by the converting shareholder of the I.G. Chemie share endowed with the option right be considered".

"This consideration", it was argued, "would do justice to the nature of the I.G. Chemie shares which, by reason of the contractual conversion right must be regarded as virtual I.G. Farbenindustrie shares".

10. The Länderbank concluded its letter to the Finance Ministry as follows:

"We must emphasize that at the request of the authorities concerned this conversion must be treated as strictly confidential insofar as foreign countries are concerned and that no publicity must be given to it."

11. Some light on the purposes for which I.G. utilizes its foreign assets is suggested in the minutes of the Zentralausschuss for 7 January 1937 which include the following paragraphs:

a. "Upon the request of Herr Director Dr. Ilgner we request that a yearly contribution of $3,000 (about Rm 1800) be made, for the disposition of the Landesgruppenleiter of the NSDAP, to be used for German cultural institutions in Peru. Furthermore, we request that a single contribution in the amount of $10,000 (about RM 6000) should be made in favor of the German School Administration in order to equalize its present deficit.

"These two amounts would correspond approximately to the amounts which were paid in the last two years by the Deutsch-Uberseeische Bank...".

b. "The vice-president of the Deutsche Hause in Mexico informed the manager of the Pharma agency, that the Deutsche House in Mexico has debts to the amount of about $100,000, and has asked at the same time for a debt refunding contribution from the I.G. The debt was incurred because of very expensive construction charges and due Goldpeso-liabilities which became very pressing.

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"Upon the proposal, of the Pharmasparte, to which also belong Farben-and Photo Sparte, we make the request that a single debt refunding contribution of about Mex. $7,000 (about RM 5,175) be made."

12. Another service which I.G. Foreign agencies were able to perform is suggested by the following secret communication of November 9, 1943, from the Wirtschaftspolitische Abteilung:

> "Lt. Col. Bocker is shortly going to Spain on orders of the Abwehr (Wehrmacht Intelligence). However, it is not supposed to be known there that he is attached to this agency, he is to be camouflaged by becoming part of some firm. Since Bocker is a wool merchant by trade, it was first thought advisable to place him with a wool purchasing firm of the Sofindus. For special reasons this is not possible, and the RW is now enquiring whether the I.G. would be able to find a place for Mr. Bocker."

13. A report in the files of I.G. Farben's Latin American Division, dated Mexico City, February 7, 1945, indicates that I.G. Farben has by no means given up hope of preserving its assets abroad. Speaking of the Mexican subsidiary, most of the stock of which is held by D.A. Schmitz of New York City, it was recalled that the Junte de Vigilancis de Dienes de Estranjeros had made certain inquires into the Cia. Anilinas SA back in June 1942. It was explained further that:

> "The highest chief of the board is Lic Luis Carera, very sympathetic with Germans, but he must do what the Americans order."

14. Although we have hardly scratched the surface of the vast accumulation of I.G. Farben material that has thus far been assembled, enough has been seen to show the close relationship between the firm and the Nazi regime, extending back to pre-Nazi days. The management of the I.G. organization was an integral part of that group of Nazi sponsors deriving their power from industries based on steel, coal and coal by-products, closely connected not merely through business and social ties but even family relationships.

15. The members of the I.G. Farben management interviewed thus far have been uniformly disingenuous in their efforts to deny what their files show all too clearly - a continuous close relationship with the Nazi movements both in Germany and abroad.

16. Records of I.G. Farben show further the intimate relationship between I.G. and the German government and particularly the Wehrmacht.

17. In a report to the Reichswirtschaftministerium on June 11, 1940, I.G. reported as follows:

> "We are affiliated with the Internationale Gesellschafts fur Chemische Unternehmungen A.G. at Basel through a dividend agreement ..... . The I.G. Chemie has a controlling interest in the General Aniline and Film Corporation (GAF) New York, the former American I.G. In view of present conditions and particularly the political situation, it is definitely necessary in the interests of the GAF and for the safeguarding of our American interests that the GAF is fully recognized in America as an independent American enterprise, and in particular is not under German influence. Extensive deliberations with our American friends have shown that this will require a severance

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of German relations with the I.G. Chemie through the following three measures: discontinuance of the personnel links existing up to now, cancellation of the dividend guarantee agreement and the reduction to a maximum of 14% to 15% of German holdings.

.....

"The entire transaction has been worked out in agreement with the competent Reichsbank authorities and has in the manner described above been approved by them, as they are vitally interested in the safeguarding of our American assets, which is most important from a political or economic point of view, and also in the foreign exchange receipts which will accrue from the sale of I.G. Chemie shares to Switzerland. In this connection we refer to our conversation with Ministerialrat Schultze-Schlutius and Regierung Dr. Joerges of the Reichswirtschaftsministerium (Reich Economic Ministry), Reichsbankdirektor Hartlieb, of the Reichsbank and Direktor Erbstösser of the Deutsche Golddiskontbank

18. An example of I.G.'s activities is shown in the minutes of a meeting relative to the formation of a Franco-German Dyestuffs enterprise. The minutes dated 12 March, 1941, included the following:

"In communication with the declarations of the Secretary of State Pucheu, Dr. von Schnitzler explains the historical and economic elements on which the claim of leadership by the I.G. is based and which forms the base of the private economic understanding realized on 20/21st January, 1941. Dr. von Schnitzler underlines again especially the points of view which have found their expression already in the "comptes randus" relating to the Franco-German negotiations of the 20-21st Jan., i.e.:

" 1) In the main the plan of the I.G. does not signify anything else but the creation of a situation as it would have been if neither the world war nor the actual war would have broken out, because a collaboration on a like base would have come about eventually, partly because of the existence of German branch-establishments in France before the world war and their commercial and technical potentiality resulting from their liaison with the principal societies and partly the situation of the French inorganic chemistry. It is essential here that the participation of the German branch-establishments and their head societies in supplying the French market with the colors must be numbered with ca. 88% of the whole French consumption when the world war broke out.

" 2) The solutions based upon a private economic understanding, freely agreed to and realized by a reimbursement appropriate to the participation to be reached by the I.G. By the creation of the Societe Franco-Allemande it would have been done with the past."

19. I.G. Farben's own digests of its international as well as its domestic agreements are available in Frankfurt and the location of the original contracts and agreements is known. The records of the dyestuffs division of the company are organized on a geographical basis so that one interested in tracing I.G. assets in this field through any country, i.e., Holland, Sweden, Switzerland, Spain, etc., can readily do so. Other records, such as those of the chemical division are organized on a subject basis and require a somewhat different approach. Still other records are stored at company's plants at Bitterfeld and Wolfen, e.g., the Light Metals

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Electro Chemical, and Photographic Film divisions. Still other records of the finance department are located in Berlin. Despite the wide dispersion of I.G. records throughout Germany and Austria enough is known of the company's activities to identify I.G. Farben's principal international assets. It appears from documents already obtained from the company files that certain changes have been made in the procedures used in camouflaging its holdings abroad, ie, the aforementioned communication of June 8, 1939, includes the following paragraphs from the minutes of the meeting of the company's legal advisors:

> " The selling apparatus of I.G. in foreign countries is principally organized in such a manner that the I.G. or its subsidiaries do not openly possess any interest in the representations. This principle is broken only in a few instances, for example, the Agfa-Photo Rumania.
>
> " While earlier the business interest in the representations was mostly held by persons, nationals of the respective country, or by companies as trustees for I.G., this system has been more and more abandoned during the last few years in favor of an arrangement under which business interest is acquired by persons or firms with their own means (eventually under credit assistance by I.G.) with the condition that I.G. retains the option to acquire these interests directly or through third persons.
>
> " The central finance administration (Zentral-Finanzverwaltung) is endeavoring by special installation and constructions, to bridge existing difficulties in connection with credit terms. It has made a special effort, by the foundation of financing companies closely tied to our foreign banking friends, to creat organizations which through complete independence from Germany have proven themselves as a contact and intermediary posts. Inasmuch as the two financing companies founded so far, The Axe Trading Company in London and Mapro in Amsterdam are located in territory which, in case of war, are likely not to remain neutral, it appears expedient to create such a financing company also in Skandinavian countries. The ZEFI has already conducted preparatory discussions with Norwegian and Swedish posts. The creation of this company, which should have its domicile in Stockholm, is thought of in the manner that from our Skandinavian business friends the three most important Swedish banks and the Norwegian banks; besides the Hambros Bank and Norsk Hydro, and furthermore, two leading gentlemen each from our representatives in Sweden and Norway and finally, the Firm Greutert should participate. The participation of Norsk Hydro appears particularly expedient for the reason that Norsk Hydro has expressed the wish to participate in the safeguarding of foreign nitrogen inventories

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(Underscoring added)

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APPENDIX B

(Translation from Carbon Copy of a Letter Written in German)

From I.G. Farben file labelled as follows:

Privat
Dr. v Knieriem

I.G. Vertrag mit I.G. Chemie, Basel
Frankenabwertung

(This file was found on the von Knieriem farm near Heidelberg on May 11, 1945.)

To the Reich Economic Ministry
Behrenstrasse 43
Berlin W 8

Finance Secretariat 15 May 1940
2828 - K-Hz-Sm 1465

Revamping of our relationship with the Internationale Gesellschaft für chemische Unternehmungen, Basel (I.G. Chemie)

We refer today to the statements made by Herr Krüger in the conversation which took place on 6 May 1940 with Ministerialrat Dr. Schultze-Schlutius and his export consultant.

Through the Internationale Gesellschaft für chemische Unternehmungen, Basel (I.G. Chemie), affiliated with us through the 1928 pooling agreement (Interessengemeinschaftsvertrag), we have, as you know, created points of support for our export through special arrangements in various countries, including the United States. Our U.S. points of support have been up to now the General Aniline Works and the Agfa Ansco Corp., subsidiaries of the American I.G. Chemical Corp. These companies have recently been merged into the General Aniline and Film Corp. Based on the experience of the World War, we have constantly endeavored since the beginning of the war to protect as far as possible this American company, also in the event of war entanglements with the U.S., against the activities of our American competition. To enable the plants mentioned above to support materially our efforts at gaining exports, we had to keep their productive facilities up to date. To this end we have supplied them with very important results of our experience and manufacturing processes. We and our American friends are most anxious to prevent that forcible action on the part of the American authorities which would enable our American competition to gain possession of these companies and thereby, as it happened during the World War, obtain the results of our experience.

Since the beginning of this year several of our American friends have in turn been in Basel and have currently been in consultation with us concerning the best and most successful measures to be taken to avoid the danger described above. The difficulty of the present situation is that the American company is considered excessively dependent on Switzerland, with the inference that the Swiss company is too strongly obligated toward the I.G. so that the American company can be regarded as being under German influence. As a result of the numerous discussions, conferences and deliberations, the following measures have been agreed upon for revamping the relationship between the three companies in question:

1. The General Aniline and Film Corp. shall become somewhat more Americanized by its acquiring from the I.G. Chemie nom. 1,000,000.00 of its own B-shares. (previously all 3,000,000.00 B-shares have been in the possession of I.G. Chemie and/or its friends.)

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2. The I.G. Chemie is to be freed from all links which may be interpreted as being under German influence by

(a) cancelling the dividend guarantee agreement between the I.G. and the I.G. Chemie and the option it granted us on the I.G. Chemie participations, which at the beginning of the war was changed into special purchasing rights (Verkaufsrecht)

(b) I.G. Chemie acquiring against foreign exchange payment at the Swiss current value I.G. Chemie shares from the German holdings (which amount to about 28o/o of the share capital of I.G. Chemie; the I.G. itself does not hold any I.G. Chemie shares) to such an extent that by no means more than 15o/o of the share capital of I.G. Chemie remains in the possession of German share holders,

(c) Geheimrat Schmitz' resignation from the Chairmanship of the I.G. Chemie Verwaltungsrat (Board of Directors).

As we told you recently, we have decided only after long deliberations to consider these measures, careful investigations having shown that the steps now contemplated provide the best possible safeguard of our interests. We know from previous experience that our American friends are handicapped in their work for us by the existing links and believe that we must help them in the defense of our interests by carrying out the measures described above which they have recommended to us.

The matter is particularly urgent because the final expiration date of the statement on the parentship of the American company, which has been renewed several times, is 30 May 1940. Mr. D.A. Schmitz, President of the American company is staying at Basel at the moment and who has to embark for America at Genoa on 18 May at the latest, is prepared to take immediately in the U.S. all steps required on account of the measures described above regardless of the fact that the transactions between I.G. Chemie and I.G. cannot be finally completed by that date, provided we assure him before his departure that the execution of the measure discussed has been started and that permits possibly required from the authorities concerned have been promised to us in principle.

We have always kept you informed of the development and nature of our American affiliations and would like to inform you of these decisive measures with the request

that you approve of the planned measures and simultaneously

that you promise us in principle permits possibly required for transactions resulting from these measures.

The urgency of the matter is moreover stressed by the fact that we have decided to safeguard furtherparts of our extensive patent holdings in the U.S. by selling these patent holdings to the General Aniline and Film Corp. The transfer, which we consider the only possible method of safeguarding, will involve considerable receipts of foreign exchange. In principle, the consideration is to take the form of the payment for a portion of future yields of the patents. The American company is prepared, however, to make a single, large payment of this portion, which we estimate at $ 500,000. However, the General Aniline and Film Corp., has made this transaction contingent on a prior revamping (as described above) of the relationship between the General Aniline and Film Corp., the I.G. Chemie and the I.G.

We trust you will be able to notify us of your approval in the course of today or on 16 May 1940 at the latest, so that we in turn can inform the President of the company before his departure.

Heil Hitler

I.G. FARBENINDUSTRIE AKTIENGESELLSCHAFT
signed Krüger and I.V. Henze

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APPENDIX C

(Translation of a Carbon Copy of a Letter in German)

Strictly Confidential

Dr. Goo/a. 7 Aug 1940

Reichsfinanzministerium
Attn. Oberregierungsrat Gentzke
Kurfürstendamm 193/194
Berlin W 15

From I.G. Farben file:
Privat Dr. v Knierion
I.G. Vertrag mit I.G. Chemie, Basel
Frankenabwertung (This file was found on von Knierion farm)

Re: Speculation Profit Tax 1941

With reference to our telephone conversation of last week, we submit the following with a request for your decision.

We have offered the following conversion to the shareholders of the Internationale Gesellschaft für chemische Unternehmungen A.G. (I.G. Chemie), who from the point of German foreign exchange control laws live in Germany:

For each I.G. Chemie share of a face value of Swiss Francs 500 including dividend warrants starting in 1939, we have offered

RM 400 face value I.G. Farbenindustrie common stock, with dividend warrants starting 1940, plus a cash payment amounting to the 1939 I.G. Farben dividend less capital yield tax and additional war tax.

If I.G. Chemie shares were paid only 50%, there had to be paid in settlement RM 200 in cash plus 5% interest starting 1 January 1939 until date of payment.

The question is now raised as to whether a shareholder selling I.G. Farben shares in 1941 within 12 months after the conversion from which they resulted is subject to the speculation profit tax in accordance with Section 23, paral, No. 1b of the Income Tax Law, provided this type tax is not suspended also for the year 1941.

The reasons leading to the conversion may be of importance for the decision in this matter. In short, they were as follows:

The American interests of the I.G. Farbenindustrie are mainly based on its American patents and on its relationship to the General Aniline and Film Corp., the former American I.G. In view of a possible acute war entanglement between Germany and the U.S. these interests seemed threatened. It was necessary to provide the General Aniline and Film Corp. with the appearance of an unquestionably non-German company in order to be able, first, to transfer to it the most important American patents of the I.G. Farbenindustrie, and, second, to prevent the General Aniline and Film Corp. being considered a company mainly under influence from Germany and being treated accordingly. The latter could have completely destroyed the entire relationship of the I.G. Farbenindustrie to the General Aniline and Film Corporation (in particular the extensive technical collaboration with corresponding financial yields to the I.G. Farbenindustrie, and further the export) and could have led to the complete ousting of the American position of the I.G. Farbenindustrie by the competition.

For this purpose of "Americanizing" the General Aniline and Film Corporation, the ties between the I.G. Farbenindustrie and the I.G. Chemie, Basel, the main shareholder of the General Aniline and Film Corporation, had to be loosened considerably.

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For this reason:

1. The personnel link between I.G. Farbenindustrie and I.G. Chemie, Basel, was removed.

2. The dividend guarantee agreement entered into between I.G. Farbenindustrie and I.G. Chemie was cancelled.

3. German participation in I.G. Chemie, Basel, was reduced from about 28 to 15 % by sale to I.G. Chemie of 50,000 German-held partically paid-in I.G. Chemie shares for cancellation by I.G. Chemie.

In order to obtain those 50,000 shares from German holdings, the above conversion offer was made.

We enclose copies of applications submitted by the Finance Secretariat, I.G. Farbenindustrie AG, Berlin,

1. to the Reich Economics Ministry, Behrenstrasse 43, Berlin W 8, dated 15 May 1940

2. to the Reichsbank Directorate, Jägerstr. 34/36, Berlin C 111, plus enclosures, dated 11 June 1940,

on the basis of which the required foreign exchange permits were granted.

In view of the great politic-economic importance of this transaction as detailed in the applications it would be equitable to waive the speculation profit tax in the case of shareholders who have accepted the conversion offer if they dispose of the I.G. Farbenindustrie shares in 1941 within a year after conversion.

However, if you are not in a position to exempt from the speculation profit tax the conversion shareholders we ask that after reviewing the matter you confirm that in accordance with Section 23, para 1, No. 1b Income Tax Law not the date of the conversion but the date of the previous acquisition by the converting shareholder of the I.G. Chemie share endowed with the option right be considered.

This consideration would do justice to the nature of the I.G. Chemie shares which, by reason of the contractual conversion right must be regarded as virtual I.G. Farbenindustrie shares. Under the dividend guarantee agreement mentioned on page 3 item 2 (page 2 item 2 of the translation) I.G. Chemie shareholders were granted the right in certain cases to demand the conversion of Swiss francs 500 face value I.G.Chemie shares against RM 400 face value I.G. Farbenindustrie shares. However, a strict interpretation of the agreement does not provide for such a conversion in the case of a cancellation of the dividend guarantee agreement by mutual consent. However, in view of the spirit of the agreement and the circumstances under which the German shareholders of I.G. Chemie shares at the time took over the I.G. Chemie shares, the I.G. Farbenindustrie felt induced to submit to the German I.G.Chemie shareholders a conversion offer similar to the conversion provisions contained in the dividend guarantee agreement. The need herefore has also been recognized by the Reich Economics Ministry and the Reichsbank Directorate as a result of which they authorized issuance of the permits required.

Our view that the date of acquisition of I.G. Chemie shares by the converting shareholders should be considered as date of acquisition of I.G. Farbenindustrie shares in connection with the conversion right vested in I.G. Chemie shares in the event of speculation profit tax being payable is in accordance with the opinion rendered by the Reichsfinanzhof in its decision contained in Vol. 25, p. 264 regarding the question of company tax on shares issued in connection with conversion of boligations. On this occasion the Reichsfinanzhof ruled, on the basis that certain obligations are vested with a right of conversion into shares, that consideration for the issue of the shares was already given when payment for the obligations in question was made by the purchaser.

We should appreciate an early reply to this letter.

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We must emphasize that at the request of the authorities concerned this conversion must be treated as strictly confidential insofar as foreign countries are concerned and that no publicity must be given to it.

Heil Hitler

DEUTSCHE LANDERBANK AKTIENGESELLSCHAFT

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APPENDIX D

FINAL REPORT (NO. 5) OF "GOLDCUP" TEAM ON GERMAN MINISTRY OF ECONOMICS: MAIN DEPARTMENT III (FOREIGN EXCHANGE AND FOREIGN TRADE) --- Target No. 63

1. Introduction. This report is of an investigation of the records and key personnel of Main Department ("Hauptabteilung") III of the German Ministry of Economics, as found in the Hamburg and Munich areas between 22 May and 2 June 1945. It contains a resume of the facts previously reported in Reports Nos. 1 to 4, an evaluation of the facts available as of this date, and a series of specific appendices.

2. Main Department III prior to Evacuation from Berlin. A detailed table of organization and functions of this department is attached as Annex I. Its principal activities as part of the central German Ministry of Economics were: (a) to exercise general supervision of Germany's foreign trade through licensing of shipments, provision of exchange, and control of clearing balances, (b) to issue regulations affecting foreign exchange, (c) to ensure compliance through the "Devisenstellen", and (d) to compile pertinent statistics. According to the general testimony of the German officials, the foreign exchange and trade policies were not laid down by Main Department III, its functions being merely to see that the policies were carried out. Responsibility for laying down general policies rested principally with the Reichsbank, the Office of the Four-Years' Plan, and the Foreign Office, which are reported to have kept exclusively to themselves the most significant facts for policies in the field of foreign exchange and foreign trade.

3. Geographical Dispersal in March. During the latter part of March the Germans decided to split Main Department III into a northern and a southern working staff ("Arbeitsstab Nord - Süd"), to be located in Hamburg and Munich respectively. These working staffs were intended to be largely self-sufficient and independent of one another, although there was a marked tendency for the most important personnel to be assigned to the northern staff. On 24 March 1945 the main body of the personnel moved to Bad Salzungen in Thuringia with all the records that they intended to take with them from Berlin. They then, for some unexplicable reasons, partially retraced their steps towards Berlin by proceeding to Deronburg bei Halberstadt in the Harz Mountains, leaving the bulk of the records in Bad Salzungen. Eventually one party reached Hamburg where it was quartered in the Hotel Atlantic and worked in the Standard Building. The southern party reached Attenhausen, a small village approximately 50 miles west of Munich, near Memmingen, while others established themselves at Bad Wiessee, a mountain lake resort approximately 35 miles south of Munich. Very little work was undertaken by any of these groups, with the partial exception of the Hamburg working staff, which continued for a short while to handle some current matters.

4. Present Character and Location of German Personnel. The key personnel of Main Department III of the German Ministry of Economics is presently under detention by order of Counter-Intelligence in Stadelheim Prison, Munich, and Blankenese Barracks, Hamburg. The greater part of the remaining personnel is at large in the Hamburg and Munich areas. Few of the persons interrogated impressed the investigators as better than second-raters. Most were quite willing to discuss their activities and to supply factual answers to questions, provided they were generally confined to their own compartments. The leaders were either unusually ignorant of matters presumably within their responsibility or chose to conceal or misrepresent the facts. A full interrogation was not practicable in view of the wide dispersion of the personnel. See Annex II for a complete list of the present personnel and their location and short summaries of their interrogation.

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5. Records. No substantial body of records pertaining to Germany's foreign exchange and foreign trade has yet been found. Apparently most of the records of Main Department III were destroyed as a result of an air-raid in November 1943. It does not appear to have been the general practice to keep copies of important documents in safe places, on contrast to the German commercial practice (on microfilm or otherwise). There is some evidence, however, that some such records were kept in Vienna, Spremberg, Naumburg, and Potsdam, but no investigation has yet been made of these sources. At the time of the March evacuation from Berlin, some records were destroyed in accordance with superior instructions. Most of the records taken to Bad Salzungen appear to have been destroyed by American troops. The only records found to date were those carried as part of the personal luggage of the interviewed personnel and those deposited with the Deutsche-Südamerikanische Bank in Hamburg. It is probable that additional records may be found with the location of further personnel or as the result of the systematic interrogation of the key personnel as recommended below. See Annex III for a list of records.

6. Germany's Foreign Exchange Position. The leading personalities state that they are not able to give information regarding amounts or location of foreign exchange owned by or available to Germany, beyond making intelligent guesses. This was true, they insisted, in spite of the fact that they had a representative on the "Devisenzuteilungskommission." This apportionment committee met regularly to allocate foreign exchange in respect to demands or requests submitted through the Ministry of Economics. It consisted of representatives from the Ministry of Economics, the Reichsbank, the Office of the Four-Year Plan, and various interested ministries. The Reichsbank provided the devison and if it could not provide the total required, the difference was made up by the Office of the Four-Years' Plan. The following is a summary of the foreign exchange and trade relations of Germany vis a vis selected countries:

a. Sweden.

In 1944, Sweden stopped all exports to Germany on credit and stipulated that payment must take place against documents in Sweden. As a result, by 1945 the balance of trade between the two countries amounted to about 40,000,000 kronor in favor of Germany. Half this sum was credited to Germany and could be used for purchases in Sweden, the remainder being used to cover amortization and interest on pre-war German loans.

b. Switzerland.

Germany is believed to have had a revolving credit of Swiss francs 1,000,000,000 which was credited in the clearing. Apart from this, there was a small gold deposit which was chiefly used for providing the foreign exchange necessary for the maintenance of German diplomatic and consular offices abroad.

c. Spain.

The position is believed to be nearly balanced. All purchases for German account were passed through the Rowak Handelsgesellschaft.

d. Portugal.

The position is reported to be balanced. Small amounts of gold have been shipped and foreign exchange acquired by selling of ships.

e. Bulgaria and Roumania.

Regular shipments of gold have taken place to these countries during the last few years.

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7. Conclusions. To sum up, the position of Main Department III as a working unit for the control of foreign exchange and foreign trade, is completely disintegrated, its key personnel are under detention, and the remainder are widely scattered and not all available. Most of the official records are either destroyed or hidden away. It is considered, however, that the nucleus of a technically adequate staff of German personnel may be found to form a reconstituted agency to carry out approved policies for the control of foreign exchange and foreign trade, if so required by the Allied Control Council for Germany, provided that the key personnel can be released from prison by counter-intelligence and can further satisfactorily qualify under the applicable denazification standards. In any event the lack of records presents a serious problem. In view of this deficiency a great deal of necessary information will have to come from the recollections of the German personnel.

8. Recommendations. (1) That the key personnel of Main Department III as shown in Appendix D be assembled in Frankfurt a/M for further systematic interrogation. (2) That steps should be taken to locate and interrogate key personnel dealing with foreign exchange in the Reichsbank, Office of the Four-Years' Plan, and the Foreign Office. List of names is at Appendix D. Any records should also be safeguarded.

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ANNEX I TO FINAL REPORT (NO. 5)
OF "GOLDCUP" TEAM ON GERMAN MINISTRY OF ECONOMICS

Detailed Organization of Main Department III (Hauptabteilung III) of the German Ministry of Economics, as of October, 1944

Leiter:	Dr. Franz Kirchfeld
Persönl. Referent:	Kuhlemann, RR
Sonderreferat A Reichsstelle für den Aussenhandel	Dr. Imhoff, MinDirig. Dr. Bockmeyer, RR
Sonderreferat B Aussenwirtschaftliche Sonderaufgaben	Bethke, Abt.Lt. Niemann, Dir.Rbkn.
Sonderreferat C Allgemeine Fragen der besetzten Gebiete	Dr. Ter-Nedden, MR Dr. Posse Dr. Probandt, Ref.
Abwicklung besetzte Ostgebiete	Dr. Klapproth, MVOR
Dienststelle AO Zusammenarbeit zwischen RWiM und der AO der NSDAP	Schleicher

Abteilung 1

Leiter:	Dr. Reinhardt, MinDirig.
Vertreter:	Dr. Schultze-Schlutius, MinDirig
Ref.1 Grundsätzliche Fragen der Aussenwirtschaft, Mitzeichnung aller RE und aller grundsätzlichen Allgemeinen und Einzelerlasse der Hauptabt. III Deutsche Kammern im Ausland und ausländ. Kammern in Deutschland (zus. mit HAbt.II) Friedensverträge, Handelskriegsfragen Interministerieller Aussenwirtschaftsausschuss	Becker, OLGR Kuhlemann, RR
Ref.2 Internationale wirtschaftliche Zusammenarbeit der Völker Deutsche Unternehmungen im Ausland und ausländische Unternehmungen in Deutschland	Dr. Imhoff, MinDirig. Dr. Bockmeyer, RR

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	Verstärkung des deutschen Wirtschaftseinflusses durch Übernahme fremder Kapitalinteressen (grundsätzliche Fragen und in Verbindung mit den Länderreferaten [illegible] Gebieten)	Dr. van Hees, RA
Ref.3	Mitwirkung bei den Währungsfragen der europäischen Länder (Zus. mit HAbt. IV)	Dr. Storck, MRa.D. Dr. Bockmeyer, RR
Ref.4	Deutsches Zollrecht Ein-, Aus- und Durchfuhrverbote Ausländisches Zollrecht Deutsches Handelsarchiv Internationaler Anzeiger für Veröffentlichung der Zolltarife	Dr. Imhoff, MinDirig.
Ref.5	Zahlungs- und Handelsbilanz Statistik	Krüger, Ref.
Ref.6	Arbeits- und Verfahrenstechnik, Vereinfachungsmassnahmen	Dr.Schultheis, ORR

Abteilung 2

Ein- und Ausfuhr

Leiter:	Scharr, Dir.b.d.Rbk.
Vertreter:	Koppelmann, ORR

Ref.1	Allgemeine Fragen der Wareneinfuhr Einfuhrpreispolitik unter Beteiligung des jeweiligen Länderreferats und grundsätzlich des Referats II 3/3 Mitwirkung bei Grundsatzfragen des Preisausgleichs für Einfuhrwaren (II 3/3)	Scholz, ORR
Ref.2	Aufstellung von Ausfuhrplänen nach Warengruppen und Ländern Durchführung des Soll-Ist-Vergleiche	Roth, Dir.b.d.Rbk
Ref.3	a) Machinenbau, Luftfahrtindustrie Kriegsgerät und Wehrmachtsausrüstung (AGK)	Koppelmann, ORR Valerius, Ref. Koppelmann, ORR Pheiffer, RR

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b)	Elektroindustrie Fahrzeugindustrie Glasindustrie Steine und Erden Holzverarbeitende Industrie Sägeindustrie	Weber, OKR
	Feinmechanik und Optik	Valerius, Ref.
	Keramische Industrie Kraftstoffindustrie	Dr.Hansolmann, Rbk
	Chemische Industrie Papierindustrie Druck und Papierverarbeitung	Jungingen, RbkR.
	Lederindustrie	Dr. Voy, RbkR.
	Textilindustrie Bekleidungsindustrie	Klausing, Ref.
c)	Metallindustrie Eisen-, Stahl- u. Blechwarenind-ustrie Metallwaren u. verw.Ind.Zweige	Falck, Dir.o.Rbkn.
	~~Eisen schaffende Industrie~~ Werkstoffveredelung u. verw. Eisenindustriezweige Schiffbau Stahl- und Eisenbau Bauindustrie Gießerei-Industrie	
	Ernährungswirtschaft	Dr. Voy, RbkR.
d)	Kohle, Bergbau	Geiselhart, Dir.b.d RbkR. Dr.Hansolmann, RbkR
Ref. 4	Allgemeine Fragen der Warenausfuhr Ausfuhrpreispolitik Ausfuhrförderungsverfahren Mehrerlösabführung Selbstkostenfragen Auslandsvertretervesen und Auslandswerbung Aufsicht über die Prüfungsstellen einschl. Prüfungsstelle Frachten	Scharr, Dir.b.d.Rbk. Dr. Voy, RbkR.
	Eisen- und Metallzuteilung Transportfragen	Falck, Dir.o.Rbkn.
	Arbeitseinsatz und Dringlichkeitseinstufung	Roth, Dir.b.d.Rbk.
	Rohstoffeinsparung im Ausland	Herrlich, Dipl.Ing.
	Industrieverschleppung	Luuk, Ref.
	Interministerieller Ausschuß für Nachbaurechte Japan	Scharr, Dir.b.d.Rbk.

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Ref. 5 Finanzielle Abwicklung der durch Kriegsereignisse notleidend gewordenen deutschen Forderungen, Beteiligungen und sonstigen Rechte im Ausland — Dr. Krebs, ORR

Angegliedert:

Reichskommissar für Aus- und Einfuhr bewilligung

Scharr, Dir.b.d.Rbk.

Vertreter: Pfeiffer, RR

Ref. 6 Dienststelle des Reichskommissars für Aus- und Einfuhrbewilligung

a) Grundsatzfragen sowie alle Sonderfragen über Aus-, Ein- und Durchfuhrverbote, soweit der Reichskommissar für Aus- und Einfuhrbewilligung zuständig ist. Arbeiten gemäß § 6 der Durchführungsverordnung zum Gesetz über Aus- und Einfuhrverbote — Pfeiffer, RR

Leitung der Dienststelle

b) Kriegsgerät (Aus- und Einfuhr)
Schrott (Ausfuhr)
Torfstreu, Torfmull (Ausfuhr)
Uhren- und Lagerstein (Ausfuhr) — Dümcke, AR

c) Kassengeschäfte

Abteilung 3 (Länder I)

Leiter: Dr. Schultze-Schlutius, MinDirig.
Vertreter: Dr. Reinhardt, MinDirig.

Ref. 1	Schweden, Dänemark, Norwegen/Island	Ludwig, MR Hinz, RbkR.
Ref. 2	Schweiz	Seyboth, MR Dr. Hoffmann, ORR
Ref. 3	Italien Generalgouvernement	Poehlmann, MR Dr. Erdmann, RR Dr. Beckmeyer, RR
Ref. 4	Spanien, Portugal Mittel- u. Süd-Amerika	Bothke, Abt.Lt. Niemann, Dir.o.Rbkn.
Ref. 5	Grossostasien	Koppelmann, ORR
Ref. 6	Frankreich, Belgien, Holland	Dr. Schöne, MR Dr. Eichhorn, RR
Ref. 7	U.S.A. Großbritannien und Besitzungen Irland	Dr. Imhoff, MinDirig. Dr. Beckmeyer
Ref. 8	UdSSR, Randstaaten	Dr. Tor-Neddon, MR

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Ref. 8	UdSSR, Rankstaaten	Dr.Ter-Nedden, MR

Abteilung 4 (Länder II)

Leiter:		Dr. Reinhardt, MinDirig.
Vertreter:		Dr.Schultze-Schlutius,MinDirig.
Ref. 1	Ungarn	Dr. Schomaker, ORR
Ref. 2	Slowakei Protektorat Böhmen u. Mähren	Roth, MR Peters, RR
Ref. 3	Kroatien, Griechenland Albanien, Serbien	Tüngeler, RbkR. Schellpeper, RR
Ref. 4	Rumänien Bulgarien	Dr. Krebs, ORR Schellpeper, RR
Ref. 5	Türkei Arabien, Irak, Ägypten Iran, Afghanistan	Roth, MR

Abteilung 5
Devisenbewirtschaftung

Leiter:		Dr.Schultze-Schlutius,MinDirig.
Vertreter:		Dr. Muhs, MR
Ref. 1	Devisenfragen des Warenverkehrs (Ein-,Aus-und Durchfuhr-Transithandel) Exportvalutakontrolle	Dr. Muhs, MR
Ref. 2	Verteilung der Bardevisen einschl. der Sonderzuteilungen, Rembourse, Tredefing Zahlungs- und Devisenbilanz Politische, volkstumspolitische und kulturelle Zahlungen	Dr.Schöne, MR
Ref. 3	Internationaler Verkehr (zusammen mit Hauptabt. II) Nebenkosten des zwischenstaatlichen Warenverkehrs Verbindung zum Reichskommissar für die Seeschiffahrt Einfuhr von Schiffen Internat.Speditionswesen Zusatzfrachtenverfahren	Dr. Schubert, ORR Swoboda, RR
Ref. 4	Grundsatzfragen des Kapitalverkehrs Deutsches Vermögen im Ausland Internat.Kapitalverflechtung Ausland.Vermögen in Deutschland Transferpolitik Wertpapierverkehr Auslandsanleihen Lohnüberweisungen für ausl. Arbeiter Gewerbliche Schutzrechte Kriegsgefangene und Internierte Sperrguthaben Filmwirtschaftliche Devisenfragen	Dr. Muhs, MR Maiwald, RbkR. Dummann, Ref.
Ref. 5	Versicherungsverkehr Sozialversicherung Versorgungsbezüge und Renten Ein- und Auswanderung	Dr. Storck, MR a.D. Dummann, Ref.

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Ref. 6	Reiseverkehr Lenkung des Geschäftsreiseverkehrs in das Ausland für das gesamte Ministerium Grenzverkehr Truppenzahlungsverkehr Reichskreditkassen Ein- und Ausfuhr von Zahlungsmitteln	Dr. Stedtfeld, RR
Ref. 77	Allgemeines Devisenrecht Mitzeichnung der RE, AE und grundsätzlichen Einzelerlasse in Devisenstrafverfahren einschl. Zuwiderhandlungen gegen die Bestimmungen des Zusatzfrachtenverfahrens Devisensicherungssachen Devisenprüfungswesen Durchführung des Gesetzes über Abwertungsgewinne	Grolman, ORR

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ANNEX II TO FINAL REPORT (NO. 5)
OF "GOLDCUP" TEAM ON GERMAN MINISTRY OF ECONOMICS

I. Organization of Main Department III, Ministry of Economics as of March 1945.

Chief Dr. Kirchfeld

Personal Referent Kuhlemann

Six Departments dealing with the following:

1. "Grundsatz" under Schlotterer who was called into the Army March 1945
2. All Countries except S.E. Europe under Schultze-Schlutius
3. S.E. Europe under Reinhardt
4. Import and Export under Scharr
5. Eastern Territories under Tor-Noddon. This department was closed in 1944
6. Devison under
   a. Landwehr, arrested July 1944 and since appointed Leiter der Wirtschaftbteilung der Reichshauptstadt Berlin by the Russians
   b. Since arrest of above Schultze-Schlutius

II. South Working Party, Munich Area

1.	Dr. Reinhardt	MinDirig.	Stadelheim Prison, Munich
2.	Scharr	Dir.b.d.Rbk.	bei Specht, Attenhausen
3.	Haack	AR	Goldenes Kreuz, Attenhausen
4.	Dr. Muhs	Min. R.	Pfarrhaus, Attenhausen
5.	Poehlmann	Min. R.	bei Pfister, Attenhausen
6.	Schollpeper	RR.	Goldenes Kreuz, Attenhausen
7.	Swoboda	RR.	Pfarrhaus, Attenhausen
8.	Kaehlitz	RR.	bei Braumueller, Attenhausen
9.	Niemann	Dir.b.d.Rbk.	bei Pfister, Attenhausen
10.	Hinz	RbkR.	bei Thoma, Attenhausen
11.	Rodel	RbkI.	bei Thoma, Attenhausen
12.	Marwitz	ROI	bei Bantel, Attenhausen
13.	Tuengeler	RbkR.	bei Furtwangler, Haus Tanneck, Bad Wiessee

In addition, 4 typists and a telephonist, all in Attenhausen

III. North Working Party, Hamburg Area

1.	Dr. Kirchfeld		Blankenese Prison
2.	Kuhlemann	RR.	Blankenese Prison
3.	Dr. Schultze-Schlutius	MinDirig.	Blankenese Prison
4.	Ludwig	MinRat.	Denmark (?)(Copenhagen)
5.	Bethke	Dir.	Blankenese Prison
6.	Dr. Storck	MinRat.	Blankenese Prison
7.	Soltau	MinRat.	Blankenese Prison
8.	Pauso	AR	bei Wittenburg Kanzleistr. 29, Nienstedten, Hamburg
9.	Krebs	ORR	Blankenese Prison
10.	Maiwald	RbkR.	bei Wilke Giestr, 44, Kl. Flottbeck Hamburg

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11.	Meyer	ROI	
12.	Jappe	ROI	bei Brummer, Parkstr. 21, Kl. Flottbeck, Hamburg
13.	Falck	DirRdkNbst.	
14.	Schomaker		Address not known
15.	Kippelmann	ORR	Winsen a Luhe
16.	Meissner	BA	Haddorf bei Stade
17.	Vollert	AR	Oldesloe or Travemünde
18.	Luk	Rof.	Address not known
19.	Stolpe	AR	Address not known
20.	Klausing		Liechtenstein (?)
21.	Schubert	ORR	Reinbek, Buchtallee 4

and about 5 typists, Fr. Seegebart, Frls, Volger, Paaschen, Fischer, Glogner.

IV. Last known to be in Derenburg, bei Halberstadt

1.	Seyboth	Min.R.
2.	Pheiffer	RR
3.	Junginger	RdkR
4.	Lehmann	RAmt.
5.	Weber	RAmt.
6.	Miertzsch	RAmt.
7.	Ereno	ROI
8.	Rieger	MinRog
9.	Knopke	BA

and in addition Frls, Trogant, Wolf, Sioms, Grandisch, Landgrebe, Spiess, Wiessner, and Frau Wesenberg

V. Last known to be in Rössnock, and dealing with ministerial publications

1.	Beckmeyer	RR
2.	Rohlfing	AR
3.	Becker-Burks	ROI
4.	Imhoff	MinD.

and Frl. v. Reiswitz and Fr. Stache

VI. Believed to have remained in Berlin

1.	Schultheiss	ORR

with 3 officials, 2 male and 4 female employees

11.	Thalecke	AR
12.	Lindenaun	RAmt.
13.	Weber	AR
14.	Mattenklott	AR

In addition remained 29 officials and 22 male employees there

VII. Summary Interrogation Reports on Officials of German Ministry of Economics, Main Department III (Foreign Exchange and Foreign Trade)

1. Dr. Kirchfeld. He has been Head of Hauptabteilung III since January 1944 and is also managing director of Forrestahl AG, Essen. He stated that he was brought into the ministry to succeed von Jagwitz owing to his (Kirchfeld's) criticism of the way in which the control of exports was handled. He was not paid by the ministry but received full salary (amounting to approximately RM 280,000 in 1944) from Forrestahl.

Approximately 50 to 75% of his time was spent in Berlin working for the ministry, the remainder in Essen for his firm. He asserts that no records or documents relating to the ministry were ever taken by him to Essen. Now that the war is over, he considers that his forced appointment at the ministry is terminated and he wishes to return to Forrestahl.

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He has been a member of the NSDAP since 1932 but states he was never active nor a convinced Nazi.

2. Schultze-Schlutius. He was both head of the devison section and supervisor of the trade relations with all countries except southeastern Europe. He has worked on foreign exchange matters for the Ministry since 1934. He was chairman of the administration board of German Clearing Bank. He admitted wide and detailed knowledge of German foreign exchange and trade policies and practices. He seldom attended sessions of the "Devisenzutoilungskommission", delegating such matters to Schöne (an elderly official remaining in Berlin). The major policies on the apportionment of devisen, however, were not decided by this commission but were handled primarily by Wilhelm of the Reichsbank and Gramsch of the Office of the Four-Years' Plan. Duplicate records of the more important files were maintained in Vienna and Bromburg (on the Oder). He estimated that the volume of foreign exchange available to Germany during the last year was in excess of RM 100,000,000. In the month of March 1945, the amount of free devison amounted to approximately RM 3,000,000 in Berlin, and RM 1,000,000 in Egor. In addition there were RM 30 to 40,000,000 in restricted devison. The subject gave the impression of considerable willingness to talk of his activities and other subjects known to him or subject to intelligent guessing.

3. Bethke. Came to Europe from Chile in 1936. Has been a member of the NSDAP since 1932 (having joined in Chile) and was in April 1945 Gauhauptstellenleiters der Auslandsorganisation der NSDAP. Dealt with Spain and Portugal, but appears to have concentrated largely on the former country. He is head of the ROWAK Handelsgesellschaft, Berlin, which company had a monopoly of all imports from Spain into Germany. He appears to be willing to talk but in view of his party associations is probably not fully trustworthy.

4. Dr. Reinhardt. He was in charge of trade relations with southeastern Europe since 1943. At the time of the exodus from Berlin, he was travelling in Croatia (with Tüngeller), and accordingly could not report of his own knowledge the evacuation of the Ministry. He was informed that all documents taken from Berlin were sent to Bad Salzungen, with copies being sent to Potsdam. The fire in 1943 had destroyed many ministerial records, while other records were destroyed by the "Registratur" at the time of the evacuation from Berlin. No microfilm copies were made of important records. The distribution of devison by the Ministry was handled through a "Devisenzutoilungskommission", consisting of representatives of the Ministry of Economics (Landswehr and later Schultze-Schlutius), the Reichsbank, the Foreign Office, and the Office of the Four-Years' Plan. He knew of the shipment of gold required for purposes of stabilizing the currency to Rumania (apparently decided at the Führer's Headquarters at the request of Antonescu) and of foreign exchange to Bulgaria (needed to pay for imports which Bulgaria could not secure from Germany). Dr. Reinhardt has supplied written statements of the organization of the foreign exchange department of the Ministry and the classification of secret documents.

5. Thongelor. He has been a Reichsbankrat since 1931, but assigned to the Ministry of Economics since 1939 where he worked under Reinhardt on trade matters affecting southeastern Europe. He was also in charge of security matters (Abwehr representative), including supervision of the custody of secret documents and arrangement of foreign telephone calls and trips. All secret documents were entered in a registry kept in Berlin, called the Tagebuch für Abwehrreferat. A list of persons entitled to have access to secret documents was also maintained. Both the registry and list were last known to be in Berlin. He could recall secret documents affecting Main Department III only in the case of the financing of the Wehrmacht in foreign countries and the Rumanian gold transactions. His testimony was forced and his temporary detention was requested of the MG Detachment in order to secure further information on secret documents.

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ANNEX III TO FINAL REPORT (NO. 5)
OF "GOLDCUP" TEAM ON GERMAN MINISTRY OF ECONOMICS

Documents Found Relating to Main Department III

1. A typewritten essay on Foreign Trade ("Aussenwirtschaft")

2. A typewritten list of Trade Agreements of the Reich with Foreign Countries ("Wirtschaftsabkommen des Reiches mit anderen Lündern") dated February 24, 1944, including lists of persons (German and others) participating in these agreements.

3. Business Report of the Conversion Bank for German Foreign Debts for Fiscal Year 1944 ("Geschaftsbericht der Konversionskasse für deutsche Auslandsschulden für das Geschaftsjahr 1944")

4. Various Circulars ("Runderlassen") relating to specific countries.

5. Correspondence of ROWAK Handelsgesellschaft (an import monopoly with Spain)

6. Various file classifications of the devisen section

7. Part of the personal correspondence of Kirchfeld

8. A file pertaining to Japanese trade

9. Supplementary Agreement of German-Spanish Trade Agreement, dated August 18, 1943

10. Miscellaneous files required for current action at the time of evacuation, including budgetary plans

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ANNEX IV TO FINAL REPORT (NO. 5)
OF "GOLDCUP" TEAM ON GERMAN MINISTRY OF ECONOMICS

Personnel for Interrogation

Recommendation A - To be brought to Frankfurt a/M

1. From Hamburg:
   - Dr. Kirchfeld
   - Dr. Schultze-Schlutius
   - Bethke
   - Kuhlemann
   - Dr. Storck
   - Soltau
   - Pause

2. From Attenhausen:
   - Scharr
   - Hinz
   - Dr. Muhs
   - Kälitz

3. From Munich:
   - Dr. Reinhardt

4. From Bad Wiessee:
   - Tüngeler

5. From Copenhagen (?):
   - Ludwig

Recommendation B - To be Located and Interrogated

1. Ministry of Economics:
   - Dr. Franz Hayler or Heyler
   - Dr. Wilhelm
   - Reinel
   - Jost

2. Reichsbank:
   - Funk
   - Puhl
   - Jaenicke
   - Worps
   - Rex

3. Office of the Four-Years' Plan:
   - Körner
   - Gramsch
   - Kadgein

4. Foreign Office:
   - Wiehl (dismissed in 1944)
   - Claudius
   - Schnurre
   - Ripken

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APPENDIX E

STATISTICAL DATA RELATIVE TO THE NATIONAL BANK OF HUNRARY

TABLE I BALANCE SHEET OF THE NATIONAL BANK OF HUNGARY

as on December 31st, 1939

ASSETS	PENGOE Single	PENGOE Total
1. Motal reserve		
a/ gold coins, gold bars, foreign and commercials coins / 1 kilogram fine gold - 5,700 Pengoe /	124,058.353.20	
b/ foreign exchange assets and foreign currency included under Art.85. of the Statutes	77,297.904.15	201,356.257.35
2. Reserves of token money		8,826.508.51
3. Inland Bills, warrants and securities		585.301.621.51
4. Advances on collateral security		42,562.300.—
5. Advances to the Treasury		312,454.684.50
6. Buildings and equipments		6,095.510.07
7. Other assets		320,231.082.72
		1,476.827.964.66

LIABILITIES	PENGOE Single	PENGOE Total
1. Share capital / gold Kr.30,000.000.-/		34,756.095.-
2. Reserve Fund		10,074.529.88
3. Bank notes in circulation		974,793.210.-
4. Current accounts and other sight liabilities		
a/ public	99,848.464.05	
b/ others	86,026.626.36	185,875.090.41
5. Cash certificates issued under Art.73. of the Statues		93,543.805.38
6. Other liabilities		170,359,563.97
7. Transitory receipts owing to the year 1940		2,288.156.97
8. Transitory net receipts from the past year and net receipts in 1939		5,137.513.65
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ASSETS	PENGOE		LIABILITIES	PENGOE	
	Single	Total		Single	Total
ad 3./ out of which: commercial bills		521,469.621.51	ad 6.1 out of which gold		973.023.72
state securities		63,832.000.-	foreign exchange assets and foreign currency		51;828.590.59
ad 7./ out of which: gold		105,074.983.10-	others		117,557.949.66
foreign exchange assets and foreign currency		72,911,300.38			
others		142,244.799.24			

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TABLE II BALANCE SHEET OF THE NATIONAL BANK OF HUNGARY
as on December 31st, 1943.

ASSETS			LIABILITIES		
PENGOE			PENGOE		
	Single	Total		Single	Total
1. Metal reserve			1. Share capital /gold Kr. 30,000.000/		34,756.095.—
a/ gold coins, gold bars, foreign and commercial coins / 1 kilogram fine gold = 4,598 Pengoe/.....	100,073,738.25		2. Reserve fund.....		11,067.148.61
b/ foreign exchange assets and foreign currency incl under Art.85. of the Statutes.....	3,615,050,16	103,688.788.41	3. Bank notes in circulation.....		4,391,710.258.—
2. Reserves of token money		18,029.581.45	4. Current accounts and other sight liabilities.....		
3. Inland Bills, warrants and securities.....		3,585,573.285.10	a/ public.....	737,509.897.34	911,792.143.67
4. Advances on collateral security		8,445.100.—	b/ others.....	174,282,246.33	
5. Advances for settlements with foreign countries under Point / Article 57. of the Statutes...		1,035,108.771.64	5. Consolidated foreign credits of 1931.		15,099.284.12
6. Advances to the Treasury.....		575,368.047.78	6. Other liabilities		1,344,422.967.24
7. Buildings and equipments.....		5,189.800.01	7. Transitory receipts owing to the year 1944.....		12,833.676.57
8. Other assets.....		1,398.777.626.60	8. Transitory net receipts from the past year and net receipts in 1943.....		8,500.027.78
		6,730.180.800.99			6,730.180.800.99

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ad 3.) out of which commercial bills 1,275,571.985.10
state securities 2,310.001.300.-

ad 5.) total countervalue of RM

ad 8.) out of which gold 56,320.482.52
foreign exchange assets and foreign currencies including countervalue of RM 1,136,298.251.99 1,202.808.959.52
others 139,648.184.56

ad.6.) out of which gold. 2,623.700.81
foreign exchange assets and foreign currency including countervalue of RM 1,123,158.067.44. . . . . 1,141,667.622.30
others 200,130.844.13

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TABLE III PROVISIONAL BALANCE SHEET OF THE NATIONAL BANK OF HUNGARY
as on December 31st 1944.
(Prepared 2 June 1945)

ASSETS	PENGOE Single	PENGOE Total
1. Metal reserve		
a./ gold coins, gold bars, foreign and commercial coins /1 kilogram fine gold- 4.598 Pengoe/	100,073.738.25	
b./ foreign exchange assets and foreign currency incl under Art.85. of the Statutes	3,179.898.35	103,253.636.60
2. Reserves of token money		3,452,931.90
3. Inland Bills, warrants and securities		13,494,184.346.94
4. Advances on collateral security . .		16.700.-
5. Advances for settlements with foreign countries under Point g/ Article 57. of the Statutes		1.094,538.118.33
6. Advances to the Treasury.		505,387.584.51
7. Buildings and equipments.		4,798.740.03
8. Other assets		1.104,616,941.46
		16.310,248.999.77

LIABILITIES	PENGOE Single	PENGOE Total
1. Share capital /gold Kr. 30,000.000/		34,756.095.-
2. Reserve Fund		11,492.150.-
3. Bank notes in circulation.		12,180,346.265.-
4. Current accounts and other sight liabilities		
a./public	1,877,663.894.19	
b./others	822,641,300.22	2,700,305.194.41
5. Consolidated foreign credits of 1931.		9,761.222.45
6. Other liabilities		1,373,588.072.91
		16.310,248.999.77

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ad 3./ out of which: commercial bills 1.118,520.046.94
state securities . . . 12.375,664,300.-

ad 5./ countervalue of RM. 1.096,089.946.89
Lit 1,551,828.56

ad 6./ out of which: gold 57,464,170.30
foreign exchange assets and foreign currency. 860,370.771.62
including countervalue of RM 806,663.960.26
others 186,781.999.54

Note I: Decrease in Marks held due to the State taking over Marks and giving securities in exchange. Difference in figuring gold - 1943, 1 kilo at 5,700 pengoes and 1944 at 4,598 pengoes - is due to a reduction of the premia paid on convertible foreign currencies from around 50% to around 21% - to bring these in line with the premium on RM.

ad 6./ out of which: gold 3,568.150.37
foreign exchange assets and foreign currency including countervalue of RM 823,807,437.63 841,024.515.29
others 528.975.407.25

Note 2: The gold item in No. 6 is gold held for the account of others. Same is true of the other foreign exchange & foreign currency items.

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TABLE IV NET FOREIGN EXCHANGE POSITION OF HUNGARIAN NATIONAL BANK — NET BALANCES HELD MINUS "LORO" OR OBLIGATIONS TO HUNGARIANS AND FOREIGNERS

	Net Balance Due From Foreign Banks	Net Balance Owed to Foreign Banks	Currency in Vaults	Net Foreign Exchange Assets	Net Foreign Exchange Liabilities
English Pounds	115852/13/10		[illegible]/4	116775/14/2	
American Dollars	594515.422		166[illegible].91	761353.332	
Dutch Florino	2590525.38		[illegible].00	259069238	
Swedish Kronor	521136.79		1[illegible].00	522175.79	
Swiss Francs	29022047.70		348[illegible].53	29370291.23	
German Reichsmarks		57962883.39	202[illegible].39		57760033.00
Belgian Belgas	92533.66			92533.66	
Slovakian Kroner(occupied Slovakia)	520158.30		334[illegible].00	854178.30	
Italian Lira	6971387.28		9[illegible].00	6972289.28	
French Francs	9277798.65		20[illegible].00	9279868.65	
Czech Kroner(Prot. of Bohemia & Moravia)	13132069.14		[illegible]	13132415.14	
Danish Kroner		126788.29	[illegible]		126503.29
Norwegian Kroner	1369113.68		[illegible].25	1374424.93	
Roumanian Leis	4500791.37		940700.00	13907791.37	
Bulgarian Levas	49261284.11			49261284.11	
Serbian Dinars		1982833.30	269603[illegible].00	713196.70	
Greek Drachmas	182093.84			182093.84	
Spanish Pesetas	170.49			170.49	
Turkish Pounds		1019955.12	1.00		1019954.12
Finnish Marks		4556622.99			4556622.99
Croatian Kunas		404277.00	(Liability re 1145770.00)*		1559047.00
Argentine Pesos	1906.00			1906.00	
Portugese Escudos	110612.93			110612.93	
Canadian Dollars	—	—	729[illegible].45	7298.45	
Egyptian Pounds	—	—	[illegible].00	2.00	
Palestinian Pounds	—	—	[illegible].00	4.00	
Brazilian Millreis	—	—	1[illegible].00	10.00	

* Bank is liable for 1,154,770.00 Kunas in currency belonging to Hungarian State and wrongfully disposed of by Bank

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APPENDIX F

Blocked Accounts in Frankfurt a/M
(as of 31 May 1945)

Bank	No. Blocked Accounts	Amount Blocked Accounts RM	Total No. Accounts (Unblocked)	Total Deposits (Unblicked) RM	Comments
Frankfurter Handelsbank	11	64,048.29	-	249,951.58	No figures available at this time on total accounts.
Heinrich Gontard & Co.	3	2,522.17	-	-	No figures available at this time on total accounts with the total amount.
Rodelheimer Gewerbebank	11 (giro)	33,496.29	292 (giro)		
	10 (deposit)	47,441.30	1044 (deposit)	3,089,555.37	
B. Meltzer Sool Sohn & Co.	167 (konten)	1,874,563.16	333 (konten)	6,328,316.03	
	4 (savings)	2,934.18	120 (savings)	171,194.66	
Bankhaus Koch Lautern	-	44,173.05	-	719,882.92	No figures available at this time for total accounts.
Edekabank e.G.mbH.	3	28,765.59	1042	3,937,727.25	
Cuppers & Co.	5	61,357.72	285	4,218,765.24	
George Hank & Sohn	153	2,032,000.00	600	3,145,000.00	
Bockenheimer Volksbank	13	34,972.00	2143	5,416,933.00	The majority of these accounts were held by men in NSDAP, SS, DAF, SA

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Bank	No. Blocked Accounts	Amount Blocked Accounts (RM)	Total Number Accounts (Unblocked)	Total Deposits (Unblocked)	Comments
August W. Michel	73	314,319.49	237	1,287,479.68	
Zentral Kasse Suden-est deutscher Volksbank	20	68,942.21	504	264,458,087.85	
Degussa-Deutsche Gold und Silber	51	-	1418	-	No figures available at this time for total amount of blocked accounts or total deposits.
Deutsche Bau-und-Boden-bank	50	7,201,281.85	193	28,888,663.80	The blocked accounts include assets of the former Gov. of the Western District, Saarbrücken (ehemaliger Reichsstatthalter der Westmark) amounting to RM 4,019,880. representing the Imperial loan directed thru the intermediance of this Bank, serving for Public Works (Lodgings) at Metz and vicinity. This bank acted in the transaction as trustee for the Reich (Treuhänder.)
Deutsche Effecten Bank	908		8191		
	(812)	RM 5,560,515.63	(7422)	RM 41,754,163.58	Debtors (free Accounts)
	(7)	S 340,187.52	(7)	S 340,187.52	RM 16,722,113.30
	(6)	£ 4468.17.9	(11)	£ 4692.10.6	(725 accounts)
	(3)	Sfr 488.98	(4)	Sfr. 682.4	£ 41571.8.7
			(1)	Zloty 41,728.	(12 accounts)
			(1)	Pesetas 36.	Sfr 27,386.46
			(1)	Turqu 162.22	(1 account)
					Guarantee Accounts:
					RM 1,626,434.66
					Belgas 275,000
					Ffrs 2,000

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Bank	No. Blocked Accounts	Amount Blocked Accounts RM	Total Number Accounts (Unblocked)	Total Deposits (Unblocked) RM	Comments
Deutschen Effecten Bank, cont'd					Debtors (Blocked Accounts): RM 5,633,439.39 (76 accounts) ~~L~~ 17145.1.7(5 accounts) Sfr 27,396.46(1 account) Guarantee Accounts: RM 321,600 Belgas 275,000 Ffrs. 2,000,000
Volksbank Niederrad	29	84,461.10	1774	1,605,449.99	
	(konto Korrent) (11)	35,994.84	(266)	696,340.21	(konto korrent)
	(sparkonto) (16)	25,127.21	(86)	105,284.82	(gehaltskonto)
	(einlage) (2)	23,339.05	(1384)	1,634,979.81	(sparkonto)
			(38)	168,845.15	(einlagenkonto)
Gebruder Bethmann	60	52,035.60	1102	698,984.10	
				10,099,399.69	(Other credit accounts)
Bornheimer Volksbank	17	75,579.28	1336	5,062,939.39	
Nassauische Landesbank	341	8,764,467.88	5194	46,342,003.55	There are 61,000 savings accounts in the savings bank department in Diez-Lahn totaling RM 99,489,885.25. These accounts were moved to this location from safety and as yet have not been returned to the Frankfurt bank. Therefore, none have been examined in the light of MG Law 52.

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AUTH: CG, US Gr CC
INIT: mab
DATE: 10 May 1945

HEADQUARTERS
US GROUP CC
FINANCE DIVISION
APO 742

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OCT 30 1972

MONTHLY REPORT ON FINANCIAL ASPECTS

OF

THE ALLIED OCCUPATION

OF

GERMANY

APRIL 1945

By Colonel Bernard Bernstein, GSC
A/Director, Finance Division, U. S. Group CC

10 May 1945

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HEADQUARTERS
US GROUP CC
FINANCE DIVISION

10 May 1945

MEMORANDUM:

SUBJECT : Report on Financial Aspects of the Allied Occupation of Germany, for April 1945.

TO : Lt. General Lucius D. Clay, Deputy Military Governor, US Group CC.

1. There is transmitted herewith the April monthly report on "Financial Aspects of the Allied Occupation of Germany".

2. This report is designed to give a picture of recent financial trends in occupied Germany and of the current work being carried on by the Finance Division of US Group CC and by the Financial Branch, G-5 SHAEF.

3. The report also serves both as a technique and as an example of the coordination of the activities of related organizations in the Control Council and in SHAEF.

B. Bernstein

B. BERNSTEIN
Colonel GSC
A/Director
Finance Division

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APPENDICES

A Report on Treasure Located at Merkers

B Report on Reconnaissance to Locate Further German Gold

C Contents of Mines in the Merkers Area

D The Devisenstelle, Frankfurt, a/M

E Interrogation of Reichsbank Economist

F Interrogation of Wintershall Officials

G Sample Survey of Blocking

H Relationship of Deputy Military Governor to Theater Staff

~~I Financial Annex to Basic Preliminary Plan~~

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I. GERMAN GOLD, OTHER PRECIOUS METALS AND FOREIGN CURRENCY RESERVES

A. GENERAL.

1. Work in the field of German foreign exchange assets located within Germany is supplemented by the investigative project, reported on in the following sections, to locate German foreign exchange assets located outside of Germany.

2. To date, the main concentration of effort in the first field has been to find, seize and transport to a safe depository, all the German Gold, other precious metals and foreign currency reserves. With the limited personnel available and with the necessity for speed to prevent further secretion by the Germans, the main effort has been one of gathering in the treasure. There has been time and personnel for only a very rough inventory up to now.

3. At present, the study of the records which have been located at various places is in process. The initial purpose is to track down treasure which may have still escaped. At the same time, the work of preparing an inventory is going forward.

4. In the paragraphs below of this section a summary is presented of the results of the work in this field to date. (A more detailed report on the Treasure found at Merkers and of the results of the reconnaissance trips are attached as Appendices A & B.) It is to be realized that a large part of the story must of necessity be omitted. The Reichsbank officials did their best to keep information from us by evasion, subterfuge and downright lying. The necessary information had to be extracted from them by intensive interrogations.

B. MOVEMENT OF THE GOLD, FOREIGN EXCHANGE RESERVES AND LOOT FROM BERLIN TO MERKERS.

1. The Reichsbank gold as well as the gold held by the Reichsbank for the account of others was moved to Merkers in the Regierungsbezirk of Misonach in several shipments, the first one leaving Berlin on 9 February 1945. The shipments included all of the gold held by the Reichsbank except for small amounts, approximately 1 million grams each, distributed for protection against Air Raids to 18 of the Reichsbank branches in central and northern Germany.

2. Included in the movement were the holdings of the Reichsbank of foreign currencies as well as 207 boxes, sacks and other parcels belonging to the SS (including among other items , chests of gold and silver teeth and inlays, watch cases, etc.).

C. DISCOVERY OF THE GOLD.

1. On 4 April 1945 at 1100 hours, the 90th Division took the town of Merkers. Several displaced persons who were questioned by CIC reported rumors that Reichsbank gold was hidden in the Kaiseroda mine. As these were rumors, no action was taken.

2. On the morning of 6 April, two MPs guarding a road entering Keiselbach, 3 kilometers from Merkers, stopped two French women. One of the women was pregnant and was being accompanied by the other to a midwife in Keiselbach. As civilians were prohibited from circulating in the area, an MP, Pvt Mootz, decided to take the women back to Merkers. Upon entering Merkers , Pvt. Mootz saw Kaiseroda

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salt mine and asked the woman what it was. They told him that it was the salt mine to which the Germans had brought the gold reserve from Berlin several weeks before.

3. The information was reported through channels to the Military Government Officer, Lt. Col. Russell, of the 90th Division who investigated and checked the report at 1300 hours the same day through interrogations of mine officials and displaced persons. Arrangements were made to guard all entrances to the mine and on 7 and 8 April, with power restored, an inspection was made in the mine to verify the reports.

4. Engineers blew open an entrance to the vault in the mine. Upon entering the vault, the floor was found covered with bags containing gold bars, coins, and currency.

D. MOVEMENT OF THE TREASURE TO FRANKFURT.

1. When the news of the discovery of treasure at Merkers was announced on 8 April, Colonel Bernstein, Deputy Chief, Financial Branch, G-5, acting on instructions of the Supreme Commander, left immediately for the Mine in order to handle the problem of inventory and to arrange for transportation of the treasure from the area. It was decided that the Reichsbank building at Frankfurt a/M, staffed and guarded by military personnel, would be the storage place for this and other treasures which might be uncovered in the future.

2. The following is a tentative general inventory of the precious metals, foreign currencies and German loot recovered from the mine -

	Estimated Value
a. Gold bars and coin plus small amount silver bars and coin	over $200,000,000.00
b. Foreign currencies	
French	98,000,000.00 francs
Belgian	3,500,000.00 francs
Norwegian	4,460,000.00 kroner
Slovakian	100,000.00 Korun
Croatian	500,000.00 Kuna
Italian	2,000,000,00 lire
Hungarian	1,000,000,00 pengoes

c. 2590 cases and boxes art treasures from the National Art Galleries, Berlin. (45 cases of which were removed from the Ransbach Mine in the Merkers area).

d. Miscellaneous items including 207 boxes, sacks and other parcels containing jewelry, silverware, coins and gold or silver bars, reported to be SS loot.

3. The treasure was moved from Merkers to Frankfurt in two huge truck convoys a day apart. On loading, a detailed and thorough check was made of the loading of each item which received a specific number. Every step of the process was under immediate supervision of an officer. The convoy was well guarded en route with armored and air cover. The unloading of the treasure at Frankfurt was carried out under similar safeguards with an officer checking and responsible for each phase of the movement of the treasure from the trucks into the vault.

4. The operation was carried out with the active participation of members of Financial Branch, G-5, and of the Finance Division, US Group CC. Without the assistance of members of both organizations as well as members of the Currency Sections of France, Germany, and

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Belgium the move could not have been made as smoothly nor in as short a time as it was accomplished. The task required continuous work without rest for a period of 20 hours in loading the gold alone. The same operation of handling the gold at the mines had taken the Germans over 6 days to carry through.

5. The work of loading was expedited by lowering a fleet of jeeps and trailers into the mine. One shaft was used to lift loaded trailers to the surface, while another shaft used mine carts.

6. The unloading of the gold at Frankfurt of the 30 10-ton trucks used required 26 hours of continuous work including checking the individual items shipped and moving them to the appropriate place in the vaults.

7. Likewise, found in the mine was an estimated one-quarter of all the art formerly in Berlin. These art objects from the National Galleries had been stored in flak towers in Berlin. These towers gave adequate protection against bombs but proved to be insecure against artillery fire. When the Russians began to approach to within artillery range, the art objects were hurriedly shipped to the Merkers mines.

8. The art was moved in the second convoy from Merkers and likewise stored in the Frankfurt Reichsbank building.

E. DISCOVERY OF ADDITIONAL TREASURES.

1. Immediately, upon arrival at the mine in Merkers, Colonel Bernstein began a series of intensive interrogations of Reichsbank officials and mine officials found in the area with a view toward learning where other deposits might be found in Germany. As a result of these interrogations, plus the study of certain records of the Reichsbank's Precious Metals Department found at the mine, leads to other targets were obtained. These targets included the gold which had been earlier dispersed to the Reichsbank branches as protection against air raids. Accordingly, a reconnaissance trip of 1900 miles was initiated by Col. Bernstein, Commander Fisher and Lt. DuBois. The purpose of the reconnaissance, conducted by Col. Bernstein for one week and then continued by the remaining two officers for a further week, was to locate other caches, and arrange for their security and transport to Frankfurt.

2. As a result of this reconnaissance the following treasures were located:-

a. Halle Branch of Reichsbank.

16 boxes containing 64 gold bars, 7 bags and 2 boxes containing individual deposits of gold and foreign exchange assets appearing to have been taken from safe deposit boxes. Reichsbank records indicate that gold was delivered by the Devisenschutzkommando, and had been moved to Halle from Eisenach where it had been taken in September 1944.

b. Nurnberg Branch of Reichsbank.

34 bags and 2 chests containing gold bars.

c. Plauen Branch of Reichsbank.

35 bags of gold containing 250,000 U.S. gold dollars, 1,000,000 Swiss gold francs, 98,000 Dutch gold guilders, and 151,000 Norwegian gold Kroner. All of of this gold, according to the records of the Reichsbank at Plauen, was deposited by the Sicherheitsdienst (SD) of the Wehrmacht for the account of the SS

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Reichsfuhrer (Himmler). 18,000 RM value dinar and pongo currency was also found here.

d. Coburg.

41 bags of gold containing two bars each which had been buried under chicken coops and in hills by the director of the Coburg branch of the Reichsbank. Also, 1,000,000 French francs and 16,000 lire, said to have been deposited by a Wehrmacht paymaster, for account of Wehrmacht.

e. Eschwege branch of Reichsbank.

41 bags containing two gold bars each.

f. Magdeburg branch of Reichsbank.

About 6000 silver bars, 500 cases of silver bars. Also found were 12 bags records of Precious Metals department of Reichsbank in Berlin; 94 bags of records of Bond Office Berlin; and 11 bags of printing plates, all of which had been taken to Magdeburg from Merkers Mine several days before entrance of U.S. troops, and two envelopes said to contain foreign securities from Holland, Spain and Switzerland deposited with the bank by Magdeburg Customs Office.

g. Wurtingen.

297 large and 645 small silver bars, said to be property of Deutsche Gold and Silver Scheideanstalt, (Degussa), were found in the woods.

h. Nordhausen branch of Reichsbank.

3 bags of 10 wooden boxes marked as containing 12 bars of platinum, 6 packages of platinum scrap, 5 platinum plates, 2 palladium plates, 1 bottle palladium, 2 bottles rhodium, 3 bottles iridium, 2 blocks of gold and 4 packages of gold scrap. Also 242 bags foreign notes including about 2½ billion French francs but not including any dollars or pounds.

i. Hof.

As a result of interrogation of local Reichsbank officials there was discovered at the local Sparkasse 2 chests said to have been deposited by SS Captain for the account of Richard Wendler, German governor of Lublin and head of Lublin Concentration Camp. Also found in a spinning mill in Hof were 23 crates of boxes containing gold and silverware and also valuable linen and rugs deposited by Wendler.

j. Wurzburg branch of Reichsbank.

132 bags of foreign notes including 128 bags Belgas, one bag foreign silver coin (miscellaneous) and 8 bags German silver coin. Also found 3 cases marked Dutch art which were to have been ultimately assigned to Munich via Nurnberg.

k. Leipzig branch of Reichsbank.

143 bags zlotys, 30 bags other foreign notes (no dollars or sterling).

l. Saalfeld branch of Reichsbank.

1 bag foreign notes (no dollars or sterling).

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m. Borntorodö.

3 boxes of art objects under the name of the Hohenzollern Museum, Berlin, including swords and scabbards, sceptor, 2 crowns (without jewels), 1 Reichsapfel, 1 seal in gold and silver box, and 1 death helmet.

n. Dessau branch of Reichsbank.

17 bags silver coins and a small amount of foreign notes (no dollars or sterling).

o. Gera branch of Reichsbank.

One bag foreign notes (no dollars or sterling) and coins and one bag German silver coin.

p. Erfurt branch of Reichsbank.

One bag foreign notes including some dollars.

q. Eisenach branch of Reichsbank.

One bag containing small amount of foreign notes and German silver coins.

r. From other branches of Reichsbank small amounts of foreign currencies and foreign German silver coins were found.

3. In addition to the treasures uncovered and transported to Frankfurt, the reconnaissance revealed that a total of 487 bags of gold had been presumably sent to Berlin. The reconnaissance party found andinterrogated Reichsbank officials who insisted that they had taken to Berlin 246 bags of gold bars and coins from Magdeburg (125 bags deposited with the Magdeburg Reichsbank; 80 bags originally deposited with the Erfurt Reichsbank and 41 bags originally deposited with the Goslar Reichsbank). Another Reichsbank official took 80 bags of gold to Berlin from Dessau branch (40 bags of gold from Weissenfels Reichsbank and 40 bags from Wittenburg Reichsbank). Further reconnaissance indicates that 40 bags of gold originally deposited at Weimar and 40 bags deposited at Apoldawere said to have been taken to Berlin. The 41 bags held at Stendal and the 40 bags held at Stargard are also said to have been taken to Berlin.

4. The following table presents a rough picture of the movements of the German gold, foreign currencies, and precious metals.

MOVEMENTS OF GERMAN GOLD, FOREIGN CURRENCIES AND PRECIOUS METALS

SOURCE	NO. BAGS	KNOWN MOVEMENTS To	To	To	To	DEPOSITORY UNDER OUR CONTROL
a. Berlin	2474 bags 6198 gold bars etc.	Merkers Mine				Frankfurt Reichsbank Building
b. Devisen-schutz-kommando	25	Eisenach	Naumburg	Halle		Frankfurt Reichsbank Building
c. Amsterdam	34 bags 2 chests	Würzburg	Nürnberg			Frankfurt Reichsbank Building
d. SS Reichs-führer, Himmler	35	Plauen				Frankfurt Reichsbank Building

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SOURCE	NO BAGS	KNOWN MOVEMENTS				DEPOSITORY UNDER OUR CONTROL
		To	To	To	To	
e. Berlin	41	Coburg.....				Frankfurt Reichsbank Bldg.
f. Berlin	41	Eschwege.....				Frankfurt Reichsbank Bldg.
g. Hungary	6047 silver bars 536 cases of silver bars	Magdeburg.....				Frankfurt Reichsbank Bldg.
h. Berlin	41	Saalfeld	Gera	Zwickau	Aue..	
i. Berlin	15	Weimar	Naumberg	*Berlin?.....		
j. Berlin	25	Weimar	Berlin?.....			
k. Berlin	40	Apolda	Berlin?.....			
l. Berlin	40	Weissenfels	Dessau	Berlin.....		
m. Berlin	40	Wittenburg	Dessau	Berlin.....		
n. Berlin	80	Erfurt	Magdeburg	Berlin.....		
o. Berlin	41	Stendal	Berlin.....			
p. Berlin	40	Stargard	Berlin.....			
q. Berlin	125	Magdeburg	Berlin.....			
r. Berlin	41	Goslar	Magdeburg	Berlin.....		

* Director Fisher of Naumburg Reichsbank thought these 15 bags were taken to Hof. The Hof Reichsbank denied receipt of said bags.

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II. INVESTIGATION OF GERMAN FOREIGN ASSETS -- I.G. FARBEN.

A. GENERAL.

In the course of the month, the first major target, I.G. Farben, in the investigation of German foreign assets became accessible. The first task proved to be that of preserving the existing records. After this task was well in hand, the first group of investigators arrived in Frankfurt toward the close of the month to begin work after having completed a preliminary task of reconnaissance in Luxembourg, Cologne and Bonn.

B. PRESERVATION OF I.G. FARBEN RECORDS.

1. On the entrance into Frankfurt A/M of American troops on 29 March 1945, T-force took over control of the main offices of I.G. Farben while artillery was still shelling the vicinity. T-force, apparently, had some of the safes and cabinets opened while it blew or forced others. The key to the main vault was seized by T-force and the safes and other protective boxes within the vault were either opened or forced. A certain amount of records and files appear to have been taken by T-force, or teams working immediately with T-force, at this point. The exact amount or nature of these documents were not known to us. The bulk of the records in the vault remained intact. These, protected by T-force, were almost the only records still untouched when we came on the scene.

2. Immediatly, thereafter, we were told that around 10,000 displaced personswere billeted in the building. Considerable damage was done from the field expedients which were spontaneously developed, such as building fires out of files to produce heat.

3. After a number of days, the building was requisitioned by "Liberty"." Around April 6 - 9, the I.G. Farben employees under the direction of Dr. Köhler, a Director of the company, began to move all intact files in haste to the west wing. It is possible that at the same time some records may have been spirited away and buried or destroyed, although as rigid a control as was possible for a tactical unit was maintained by "Liberty" at this time. There were several other movements of these record from one spot to another in the building as the office plans of "Liberty" were developed. These moves were carried through by German prisoners of war and German civilan employees. The result was that the records were churned over and over.

4. On 16 April when the situation was first surveyed by finance personnel of US Group CC (who had been attached to G-5, SHAEF, to assist in handling the gold shipment) the main impression was one of utter chaos in the records. There were six floors of the west wing which were piled high with a miscellaneous assortment of bound records, personal correspondence folders and office equipment from various I.G. Farben administrative departments. The floors of the rooms and the halls were knee-deep in loose sheets of correspondence and files. The stair-wells were waist deep in materials that came out of filing cabinets and drawers and was now being dumped as trash. For example, in one heap of rubbish, was found the index to the foreign exchange system maintained by the Industry.

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5. Everywhere POWs were carrying arm loads of valuable materials, picked up as debris, to dump trucks, waiting to haul paper to a bomb crater to be burned.

6. The extensive grounds around the building were completely covered with paper of every description, paper that had once been part of files which were being swept down the stairs and thrown from the windows.

7. It was obvious that any attempt to secure any important information from the chaos would be completely futile. The objective was equally obvious; some attempt would have to be made to preserve the I.G. Farben records left and, secondly, to try to bring some order out of the confusion of files and documents. Only in this way could the records of interest to finance be preserved and segregated.

8. No action could be taken until the 18 April 1945 as on 17 April all hands had to turn out to assist in checking in the shipment of the works of art from the Merkers mine. As soon as this was completed, on 18 April 1945, General McSherry and Colonel Bernstein conferred with Colonel Brown, "Liberty" Hqs Commandant. As a result of the conferences Col. Bernstein was given the responsibility for securing, preserving and controlling the records of I.G. Farben.

9. In the next few days, the following steps were taken:

a. Several buildings were surveyed for suitability for housing the I.G. Farben records. A building at 6 Taunus Anlage, next to the Reichsbank building, was chosen and requisitioned through "Liberty".

b. The key to the Farben vault was received from the T-force commander. The combination of the vault was secured from Dr. Marx, I.G. farben employee.

c. The use of a number of civilian trucks was arranged through the assistant Hqs commandant of "Liberty", the "Liberty" Dispatcher, the local MG Detachment, and the local civilian transport office.

d. The assignment of 30 POWs to the job at "Liberty" and 40 POWs at the new building (to clean it out and to unload records) was secured.

e. A director of I.G. Farben, Dr. Köhler, was located in jail where he had been placed by the CIOS team in Frankfurt to encourage him to develop a cooperative attitude. The CIOS team graciouly put him at our disposal after this process was completed. Köhler was requested to furnish, initially, 100 I.G. Farben employees to help load and unload the records and to classify them as they were loaded and unloaded. Later, this number was doubled and tripled.

10. On 26 April the movement of records started with all of the usual difficulties of an improvised and heterogeneous organization operating in a newly-occupied war-torn city.

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11. In the Farben building the 100-150 civilians formed a long human conveyor chain from the upper stories of the building to the truck and passed the material hand to hand. The prisoners formed a second line but with each actually carrying records the whole distance. This arrangement made the task of keeping the civilian from contact with the prisoners easier (i.e. to avoid passing of weapons to the prisoners). At the same time, a similar organization operated at the other end of the line.

12. The task of clearing out the new building was complicated by various factors. For example, two hand-grenades and several dozen clips of ammunition were discovered among the debris in the house. Incidentally, the POWs used were under extremely light guard. Another slight disturbance resulted when the sandpile in the back of the house was being cleared away and decomposed miscellaneous parts of a human body were discovered under it.

13. By the end of April, the main task of moving the files in Frankfurt was completed. Over 200 tons of records had been moved. These included the following divisions:

a. Confidential correspondence of the Directors
b. Banking
c. Personnel
d. Propaganda
e. Central Committee
f. "S" (Chemical side)
g. Insurance
h. Forwarding
i. Legal
j. Bookkeeping
k. Detergence Department
l. Central Price Department
m. House administration
n. International Agreements
o. The Archives
p. Technical Office
q. Bookkeeping
r. Selling Department (Dye Stuffs and Chemicals)
s. Central Bookkeeping
t. Central Sales.

14. The material was moved by groups or departments and was shelved accordingly in the new location. The extensive legal and technical library was set up in the basement of the new location.

15. The technical records and the patent files still remain at the I.G. Farben factory.

C. I.G. FARBEN CONCEALMENT OF RECORDS.

In ferreting out the important records of I.G. Farben located outsideof the main office building, the following types of concealment and evasion have been discovered:

1. Haefliger, a Swiss citizen and one of the members of the Central Committee of the Board of Directors, buried a large suitcase full of important documents (on international agreements) in his garden. This suitcase has been dug out of his garden. Von Snitzler, another member of the Central Committee, has given up, after due pressure, a list of 60 addresses where material has been concealed around Frankfurt.

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Documents were dug out of a coal bin in the home of one of the Farben officials.

2. Some of the Directors of I.G. Farben, when entrance of the Americans into the city was imminent, took their important files and distributed them among their subordinates to hide in their homes. Kugler, who participated in this type of concealment, has ordered his subordinates to return the documents to us.

3. Köhler, another official, used another method of concealing his important documents. As mentioned above all the I.G. Farben files were moved into rooms in the west wing of the Farben building and all the files were completely churned so as to give an impression of utter chaos. Köhler had his most important files placed on the floor in one corner of a room and masses of books, file cases, miscellaneous documents, etc., piled on top of and around his records. When he was persuaded to show where his most important documents were it took 12 PWs two hours to dig through the mass of overlying matter to get at his documents.

4. I.G. Farben also hid some of their files by renting rooms at inns in the country or in country villas or religious institutions. 289 boxes, cases and trunks of I.G. Farben officials have been located in a religious institution 40 miles from Frankfurt. The patent files of the Metallgesellschaft, affiliate of Farben, were hidden in the Schloss of the Duchess of Hess, ten miles out in the country.

5. The papers of one of the directors, Dr. Ter Meer werefound intact in the Farben building. He has been in Milan for some months. He trusted nob dy: Nobody knew the combination to his safe or had keys to the strong box next to the safe except himself. As a result his papers were not moved and were found untouched after a crew of safe crackers opened his safe and strong box.

6. The CIOS team in Frankfurt had a little difficulty with Haefliger at first. Haefliger is a Swiss citizen who has been associated with I.G. Farben for many years and is the only foreigner on I.G. Farben's board. He has been the man Farben has used as a front for much of their international business. He had been Swiss Consul in Frankfurt until 1938, when his Farben connections make his holding the consulship somewhat embarrassing. His assistant thereupon became consul. On our entering Frankfurt the "Administrator" of the Swiss Consulate wrote a very official appearing letter dated 1 April 1945, stating that Haefliger was an "Official Advisor" to the Swiss Consulate. On the strength of this letter Haefliger has attempted to secure all the privileges of being a diplomatic representative of the Swiss, without claiming such privileges in so many words. Haefliger was caught lying, was imprisoned, and after a few days changed his tactics and showed where he had buried important Farben records.

7. Another method of concealment thatthe Farben officials used was the personal property camoflauge. Köhler is likewise a good example. There was one box that he requested should be released to him on the ground that it contained nothing but personal property. The response was "righto....let's take a look." In this box was found a two inch layer of silver knives, spoons, etc., and a ten inch layer of copies of international dyestuffs agreements.

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8. A great number of important records were effectively concealed by the utter chaos into which the records of I.G. Farben were thrown prior to our arrival. As mentioned in the preceding section the records were moved to a building requisitioned for the purpose. On completion of the moving, 150 I.G. Farben specialists, under rigid control, were put to work, separating, sorting, classifying and indexing the records.

9. I.G. Farben used code or roundabout measures to conceal particularly important or reprehensible activities,

a. I. G. Farben subsidized a Frankfurt Nazi Deutsche Volks Partei paper from 1931 to 1935 for a total of 500,000 RM, covered by an I.G. Farben subsidiary.

b. The code name "Casela" was used to disguise Nazi contributions from 1933 to 1937. After that, "special loss" classification were used.

D. LIAISON WITH CIOS.

1. The assistance and cooperation given to finance personnel by CIOS Team 108 headed by Col K. Gordon (Br.) in the I.G. Farben work to date has been invaluable. The aid given has considerably speeded up the development of the Finance investigation of I.G. Farben. The team developed a list of sources of hidden Farben documents, some examples of which are given in the preceding section, which provide the basis for our gathering in of valuable data. The CIOS team had familiarized itself with the personnel and basic organization of the I.G. Farben by actual experience in Frankfurt and all this information was made available to Finance representatives. The CIOS evaluation of key I.G. Farben personnel as well as the results of their inquiry were transmitted through a conference held at the Reichsbank on 1 May 1945 and through the Finance liaison representative with the team. This information, which was ably developed by the CIOS team, has made it possible for us to save weeks of fundamental preliminary work and has given us a substantial basis of data for handling I.G. Farben personnel in our inquiry.

2. Finance aided the CIOS in varied ways. Sources of material coming to the attention of Finance which were pertinent to the CIOS inquiry were immediately made available. Assistance to the CIOS was arranged in opening safes and in the photostating of key documents. The CIOS team was introduced to the Metallgesellschaft records thru the Finance group. Some translating and secretrarial assistance was given CIOS. The problem of residual I.G. Farben records from the CIOS inquiry was entirely taken over by the Finance group.

3. This cooperative arrangement operated without a single hitch to the considerable advantage of finance and it is believed of the CIOS.

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III. INVESTIGATION OF GERMAN FOREIGN ASSETS - OTHER COMPANIES

A. GENERAL

1. One team was dispatched on 7 April 1945 to Luxembourg, Bonn, Cologne and Frankfurt to conduct exploratory searches of the files of certain key companies. These Companies were considered to have been important channels for the transmission of assets in foreign countries. Companies selected included those which linked the major steel combines with one another and with the I.G. Farben chemical combine, as well as the I.G. Farben concern itself. At the completion of exploratory searches, the team was established at Frankfurt on 29 April 1945, to organize a major investigation of the foreign assets and inter-connections of I.G. Farbenindustrie.

2. On the basis of preliminary findings of the investigative teams now working, as well as on the strength of previous conversations and planning, the U.S. Treasury is now dispatching some 20 civilian experts to assist in the investigative program now in progress. The British Control Commission has likewise secured approval of the assignment of 20 officers and 35 enlisted ranks to its Finance Division for detail to SHAEF for these investigations to be conducted on a combined basis with the personnel already in the field from other sources. These activities are being coordinated closely with the existing programs of the G-2 Division of SHAEF, including CIOS and the Counter Intelligence Branch. The British Control Commission has designated one officer to coordinate the British participation with the American civilian experts who have had charge of the preliminary investigations.

B. BANQUE INTERNATIONALE, ARBED, STEEL CARTEL.

1. At Luxembourg, searches were conducted in the files of the Banque Internationale a Luxembourg and the steel firm, ARBED (Acieries Reunies de Burbach Eich Dudelange), in both of which Aloyse Meyer is a dominant figure as director and officer. Meyer is also head of the International Rohstahlgemeinschaft (International Steel Cartel) which during the period between wars is supposed to have served as an instrument for carrying out dominant German policies. Later research in the files of the Otto Wolff Steel export firm at Cologne showed deposits as late as January 1945, to the account of M. Aloyse Meyer of ARBED, while he was supposedly being held in Germany as a hostage. Meyer returned to Luxembourg on 4 April 1945, stating that he had been carried off against his will but had later been released by the retreating Germans.

2. A search of the files of the Steel Cartel indicated some of the plans of German steel firms for resumption of their international activities at the conclusion of the war. These were later given further substantiation in documents discovered in the files of Otto Wolff K.G. at Cologne, which showed German plans for reviving the dominant position of the German Stahlwerks Verband. These documents are now being studied in connection with a list of agencies of the Wolff firm in other parts of the world. It should be noted that while the Wolff firm is less well known than some others in the industry, it has a long record in the successful use of its foreign exchange to finance German espionage, propaganda and economic penetration, especially in Latin America. Copies of international agreements indicating the nature of existing finan-

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cial and economic controls in the steel industry were secured, and photographic copies were made of some 1,400 documents for further study by analysts.

C. J.H. STEIN.

1. At Bonn, a search was made of the house formerly occupied by Baron Kurt von Schroder, eminent Nazi party leader and member of the private banking firm of J.H. STEIN. Some remaining records were removed under receipt given to the Chief Financial Officer of the Military Government of Bonn. It was ascertained, however, that the Stein firm's bookkeeper had previously been able to visit the house and remove an undetermined number of records and that a considerable number had been removed to Elberfeld. Some records remained, however, indicating that von Schroder had been in touch with the German foreign espionage service as late as August 1944 for undetermined purposes.

2. A search was made of the files of the Bankhaus J.H. Stein at Cologne, located in a vault of the Commerzbank which had not previously been opened. The team sent a man across the Rhine to secure the keys and combination of the vault and had the vault opened and inventoried in the presence of J.H. Stein. A copy of the inventory was turned over to the local Military Government Financial Officer. In the course of the search of the Stein files, leads were found to the foreign connections of the large cable works, Felten & Guilleaume Carlswerk, A.G. in Köln-Mulheim. Searchers also found documents showing relations between the Stein firm and two subsidiaries of prominent American companies. Preliminary examination also indicated that another firm had a large account with the Stein bank, to which credits had been entered in recent months. These are being checked in the light of German legal procedures with respect to alien accounts. The team pursued leads to further files supposed to be located in von Schroder's summer home at Rollenseck, near Cologne, but found nothing there. The home was being used as a billet for a U.S. Army unit. The officer in charge stated that the house had been "knee deep" in records in some of the rooms, but that all these had been swept out and burned when the house was being prepared for occupancy.

D. OTTO WOLFF.

The files of Otto Wolff, A.G. were located in three sub-basements at Zeughausstrasse 2, Cologne. The files were largely intact and in comparatively good order, although some records had previously been removed. Large security holdings of the company, represented by bearer shares, were located and turned over to the Military Government Financial Officer. Records examined indicated the close relation of the firm to the Nazi party and to the Stein bank, as well as the extensive use made of the firms' funds to finance Nazi activities in Latin America. On the basis of leads found in the Stein and Wolff files the team interviewed Baron von Oppenheim of Pferdmenges & Co., who spoke highly of Baron von Schroder. No attempt was made to explore the Pferdmenges files, since the bank had already been cleared by Military Government and permitted to reopen. It was felt that the members of the firm had been in possession for a sufficient time to have stripped their files of any open irregularities, if any, and that an extensive investigation would be justified only if other evidence appeared later.

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E. I.G. FARBEN.

The exploratory team, consisting of three civilian specialists, one officer, and four enlisted men, was merged on 29 April 1945 at Frankfurt with additional personnel forming part of the Special Finance Detachment of G-5 SHAEF, which had been working for some time to preserve the records of I.G. Farbenindustrie from destruction. The investigative team assisted in finishing the removal of the records of the central office at Frankfurt to a place of safekeeping, and commenced to trace records which I.G. officials had removed to places of concealment.

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IV. "SAFE HAVEN" ACTIVITIES.

A. BACKGROUND OF SAFE HAVEN WORK.

1. In the early part of March, several meetings were held with representatives of Economic Warfare Division, US Embassy and the U.S. Treasury to consider the handling of Safehaven matters in London. These meetings covered the background of the Safehaven project, the flow of Safehaven information, and the functions of London vis-a-vis U.S. Group C.C. E.W.D. prepared two draft memoranda on the subject, one dated March 3, on "Operational Methods, Safehaven Unit E.W.D.", the other dated March 13, on "Analysis of Safehaven Work at London." These memoranda were submitted to U.S. Group C.C. and were commented upon and evaluated.

2. As a result of these meetings and memoranda, agreement was reached on the mechanics of handling Safehaven material and the type of servicing of U.S. Group C.C. to be expected of E.W.D. It was agreed that E.W.D. should be prepared:

a. To submit to U.S. Group C.C. schedules of names of persons known or suspected of possessing assets outside of Germany, with a very brief summary of pertinent information.

b. To check names referred to E.W.D. by U.S. Group C.C. for further investigation.

c. To process Foreign Exchange Declarations if U.S. Group C.C. requests this service.

d. To prepare analytical studies.

The above are listed in order of priority, and it was repeatedly stressed that, according to our present thinking, the first service in the list is the primary function E.W.D. should perform.

3. The actual processing of Safehaven material in accordance with the agreed procedure was started by E.W.D. on March 13, 1945. Three full-time girls were assigned to this task. Since the staff should be at least doubled if the backlog is to be processed properly and the files are to be in condition to service our requests at short notice, steps were taken to recruit additional clerical personnel from civilians released as additional Divisions of U.S. Group C.C. moved to the Continent.

4. Two meetings were held with O.S.S. representatives, on March 13 with Mr. Robert B. MacLeod and on March 20 with Mr. Theodore Acheson. The meetin with Mr. MacLeod was devoted to a consideration of how O.S.S. could assist in the Safehaven project. It resulted in a commitment to obtain for the Safehaven unit in the Embassy centralization of reports coming through O.S.S. outposts in the Balkans and elsewhere, to obtain more full reports on Safehaven, and an offer to assist in investigative and intelligence work, provided U.S. Group C.C. spells out rather particularly what is wanted of them. Mr. Acheson outlined the status of Safehaven work in France, Belgium and Holland.

5. While U.S. Group C.C. has not participated directly in negotiations with the neutrals concerning Safehaven objectives, the Finance Division has been kept informed of developments. The most important development of the month in this sphere was the signing of an agreement with Switzerland calling for a census of German-owned property and other Safehaven objectives.

6. On March 29, an office was established at 40 Berkeley Square, for the use of the Finance Division representative. The representative was given access to all Safehaven files, all incoming and outgoing Safehaven material, is consulted on questions of processing Safehaven material, and participates in all meetings dealing with Safehaven problems.

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B. ACTIVITIES IN APRIL.

1. During April a review was made of the files of the Enemy Assets Branch of EWD for the purpose of ascertaining what material would be of immediate use to U.S. Group C.C. Basic lists for each of the European neutrals were obtained, based upon reports from EWD and American Missions, as well as various supplements thereto. Some 200 pages of this material, which provides names and leads which can be used without further processing, were forwarded to Finance Division (Main). Other pertinent material, such as reports on Safehaven activities in various areas, has been forwarded, and current material is being checked with the same objective in view.

2. During the month efforts were continued to build up an adequate clerical staff at 40 Berkeley Square to process Safehaven material. As a result of these efforts the staff was increased from three to seven with two of the latter spending only part time on this work, so in effect the staff has been doubled. The present strength is the very minimum which could handle this work and it is estimated that it will take at least two months to catch up with the back-log, assuming there is no increase in the current flow of material.

3. Two analysts from Washington have arrived and a third one is expected shortly. These persons have not been here long enough to participate fully in the work but it would appear that sufficient staff will be available to handle the analytical work desired from EWD in London.

4. During April a number of meetings were held with the Ministry of Economic Warfare, Trading with the Enemy Department, and members of the British Element, CC. The following chief points were brought out in the course of the several meetings.

a. It appears that MEW has been given the responsibility for Safehaven work on the British side and will act as the coordinating agency for the British in London

b. Trading with the Enemy Department (TED) has prepared 28 studies of corporations domiciled in Britain, but in which there is a German interest. Some additional studies are contemplated, making a total of approximately 100.

c. Neither MEW nor TED has expressed any interest in persons as contrasted with assets. Presumably this information would be available only through the Foreign Office which would receive passport control reports and other data.

d. The Economic Advisory Board, composed of MEW and the Foreign Office, has prepared certain studies of German industrial complexes which primarily deal with technical and industrial information but also include information on subsidiaries and affiliates, foreign as well as domestic, with some indication of investments and foreign assets. These studies are still in draft form and have not yet been circulated.

e. Since TED is under the British Treasury and the Board of Trade, pertinent material in the possession of the British Treasury has presumably gone to TED and will thus be made available to us through MEW.

f. The British are concerned about the question of channels of communication between the Allied Control Groups and London and Washington. They are in favour of full interchange of information, both between the British and American Control Groups and between the respective agencies in London but they would like to see London made the

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coordinating center for all Safehaven information, whether it pertains to the Eastern or the Western Hemisphere. They are also concerned about the possible overlapping of investigative teams, i.e., CC teams, SHAEF teams and CIOS teams, in the field.

5. We have been informed, that at least two lists of Safehaven targets for CIOS use have been prepared. In one instance Washington forwarded five targets, to which IEW added 19, making a total of 24. FEA has prepared a separate list of 11 targets.

6. A meeting was attended to discuss the targets and activities of teams functioning under CIOS (Grey List Panel), particularly with reference to Business Institutions. The discussion was of an exploratory character which resulted in no final conclusions or agreements. Much of the time was devoted to discussions of desirability of including financial institutions in the broad definition of "Business institutions". It was agreed to postpone until a later meeting the final agreement on this point.

7. We have been kept informed of the progress of Safehaven negotiations, with the neutrals. Current negotiations are going on with Sweden and with Spain with the understanding that the Swiss agreement will constitute the minimum objective of such negotiations.

8. In the latter part of the month the question was raised as to how Safehaven material might be made available to all interested Divisions of U.S. Group C.C. A memorandum dated April 26, signed by Colonel Marsh, recommended that all current material and if possible the back-log be transcribed and forwarded for such distribution and that additional staff be provided for this purpose. Through the Intelligence Section arrangements are being made for two typists to work under Colonel MacKintosh (Army Ground Division) on this phase of the work.

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V. DISPOSITION OF S.S. LOOT BY REICHSBANK.

A. SUMMARY.

1. The Reichsbank appears to have acted as the personal agent of Himmler in converting SS loot into orthodox financial assets. The Bank concealed these activities by the use of cover names: The loot was received for the account of an individual called MELMER; its value after assessment was credited to the account of MAX HEILIGER. Only about a dozen persons knew these code names.

2. Also implicated in handling the loot are the Reich Finance Minister, the Mint, the Reichs Pawnshop, and the precious metals firm Deutsche Gold- und Silber Scheideanstalt, Degussa, (associated with I.G. Farben through certain agreements) and an important agency of the German "East Asia Consortium".

B. CONTENTS OF S.S. LOOT FOUND AT MERKERS.

1. At the mine.

a. When the Kaiseroda saltmine at Merkers, Germany, was found by US forces on 8 April 1945, it contained not only a gold hoard but a special pile indentified by Albert Thoms, chief of the Precious Metals Dept., Reichsbank, Berlin, as S.S. loot. This loot consisted of 189 containers, suitcases, boxes, etc., and 18 bags. The lot was carefully piled in a corner of the cave, separate from the other items, occupying an area about 20 ft. by 30 ft.

b. Each container bore a packing slip showing contents. Each bore a shipping tag of the sender: Deutsche Reichsbank, Hauptkasse, (1) Berlin C 111. Each tag bore the name "Melmer"; the number assigned to the suitcase, box, package or bag; and the weight.

c. Some suitcases and boxes were wired together. Some had sprung open.

2. Examination of contents in Reichsbank, Frankfurt.

a. About half the containers were opened on 17 April 1945 after removal from the mine and further examination was made on 7 May 1945. The containers held every conceivable kind of personal article of value and considerable currency.

b. A rough list is as follows:

Ornamental silver - trays, candlesticks, etc.
(231 lbs. of it in one suitcase alone)
Flat silver - knives, forks, spoons
Passover cups and candlestick holders, silver
Gold and silver dental work, some melted down
(full bags)
Watch chains and cases, gold and silver
Cigarette cases, gold and silver, some with engraved names, some with names scratched out
Powder puff cases
Silver thimbles
Opera glasses
Spectacle frames

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Rings, gold and silver and with precious stones - wedding, engagement, anniversary, etc, - strung on strings or wires.
Necklaces and strings of beads - apparently diamond, pearl, silver, gold
Earrings
Bracelets
Stickpins
Cufflings
Tiaras
Coins and currency of many nations and denominations - including 10 and 20 dollar gold pieces, silver pounds sterling, US and British paper money, great amounts of Polish zloty.
Silk stockings.

c. Case 71, for example, contained 1,536 bracelets of gold, silver and lacquer. There were 2,656 gold watch cases listed in one box. There were coins and currency totalling 850,300 Polish zloty in a suitcase. A box with a shipping tag dated 15 September 1944 listed 600 pieces of table silver. Silver dental work weighing nearly 22 lbs. were in one suitcase.

d. A suitcase of ornamental silver had the stamp of the Danzig Main RR station, 31 March 1944. A couple of suitcases actually had what looked like "SS" written in red pencil on an outside label; one of these contained the 251 lbs. of silver items noted before.

e. The 18 bags contained gold and silver bars.

C. FIRST STATEMENT BY ALBERT THOMS.

Albert Thoms, Reichsbankrat, chief of the Precious Metals Department of the Reichsbank, was in charge of storing the Reichsbank gold hoard and other valuables including this S.S. loot in the Kaiseroda salt mine at Merkers. He was found attempting to get away from the mine and taken into custody. In his first interrogation, 12 April 1945, he made the following reference to the S.S. loot:

"The first time we brought coins and gold which took four days to unload. The second shipment was unloaded in about two days. The silver and gold articles in the cases came from the S.S. Economic Department. We got orders to hold them here because they were in danger of being destroyed by bombing. All the cases in one corner came from the S.S. I think they came from the East. The Reichsbank was approached on the matter of keeping the articles in the mine."

D. SECOND STATEMENT BY ALBERT THOMS.

Thoms elaborated a little in his interrogation on 18 April 1945:

"The total of precious metals in Merkers was around RM 500,000,000 perhaps more, not including the S.S. holdings there. The deposit of S.S. was kept only for last year. This is an innovation. The stuff was turned over and the Reichsbank took only the weight of the contents from a scale. The contents were then put in bags and sent to the municipal pawnshop. This institution made an appreciation of the value to the Reichsbank which reported it to the Reichs Finance Minister."

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"The pawnshop already had paid about 7,000,000 to 10,000,000 RM through the Reichsbank to the Finance Minister. The stuff in Merkers was given to the Reichsbank but not yet pawned."

"Reichsbank notes and foreign currency notes turned over by the S.S. were bought directly by the Reichsbank at full value."

"The pawnshop sold the silver, gold tooth, etc., from the S.S. abroad."

E. THIRD STATEMENT BY ALBERT THOMS.

Arrangements to have Thoms stay in Frankfurt were made so he would be available for questioning in regard to gold control books covering the Merkers hoard. After a study of the available records, Thoms was interrogated again on 6 May 1945. The following information was obtained:

1. Arrangements to handle the loot.

Thoms retracted his statement of 18 April 1945 that the handling of S.S. loot by the Reichsbank was an "innovation" of last year. A reference to his gold books now in our hands, recalled to him that the account began in 1942. It started when S.S. Brigade Führer FRANK telephoned the Reichsbank Vice-President PUHL. S.S. Brigade Führer WOLF was also involved in the arrangements. Reichsbankdirektor FROMMKNECHT instructed Thoms to receive the deliveries. During the past two and a half years upwards of 60 deliveries were made. The deliveries varied in size.

2. How the Reichsbank disguised its participation.

The loot was received for the account of an individual called MELMER. The value of the loot after assessment was credited to the Account of an individual called MAX HEILIGER. These names were used as cover for the S.S. or S.S. Reichsführer Himmler. Thoms and his clerks were not allowed to write "S.S." in the books. The accounts are listed somewhat illegibly in the gold books we have; a rough compilation of MELMER entries which Thoms helped identify is shown below under the value of loot. Thoms said only five or six persons in his department knew the identity of these accounts.

3. How the Reichsbank received the loot.

Melmer came as a private individual with truckloads of suitcases, boxes, packages, bags, etc. He received a receipt from Thoms or a clerk for the itemized contents of each container. Once or twice Thoms noted a container stamped "Konzentrationslager". Once some Polish zloty came in wrappers of the Emissions Bank, Lublin. Thoms, however, claims to have regarded the stuff as ordinary "booty" or spoils of war from Jews and other peoples in the Occupied East. Of concentration camps he claimed to have known only of Dachau and Oranienburg until his recent trip with the A/Director, Finance Division, to Buchenwald.

4. How the Reichsbank "cashed in" the loot for the S.S.

a. Ordinary Wehrmacht booty went to the Reichshauptkasse, or Treasury; and coins and currency seized by the Wehrmacht were bought by the Reichsbank. In the case of S.S.

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loot, however, the Bank handled everything, coins and currency and personal booty. Gold and silver bars and currency were bought by the Bank at full value. Of the precious metals for re-smelting, some, usually small items like gold rings, went to the mint and were smelted. Larger items for re-smelting went mostly to the Reich pawnshop; the biggest share of these items was probably smelted by Degussa, which paid a higher price for precious metals for re-smelting than the Mint, and was the biggest firm in the precious metals business. Some of the better jewelry was sold abroad instead of being melted.

b. Melmer's deliveries thus went through the Precious Metals Dept., were bought by the Bank (bars and currency) or by the Mint (gold rings), or by the Pawnshop (personal booty) for resale (a) abroad (some jewelry) or (b) to Degussa (larger items). Credit from all these sales was transferred via Giro to the Minister of Finance for the Konto MAX HEILIGER, i.e. the account of the SS.

5. Value of SS loot handled by Reichsbank since 1942

a. The total value of Melmer's 60 or more deliveries should be accounted for by the total amount already "cashed in" and credited to the account of Heiliger, plus the value of the unsorted loot found in Merkers. Thoms estimates very cautiously that the Konto Heiliger ran up to around 7,000,000 to 10,000,000 RM. He estimates the Merkers loot at roughly half of all Melmer's deliveries. If this loot ran at about the same value as lots already cashed in, the total handled by the Bank would be between 14,000,000 and 20,000,000 RM. (i.e. $ 5 - 8 Million converted from Gold RM).

b. A compilation of "Melmer" entries in books now on hand shows only the equivalent of 1,400,000 dollars, broken down as follows:

	fine grams gold
Received direct from Melmer:	
On hand 1 March 1945	20,823.2
Previously released	390,864.8
Smelted by Degussa (all released)	866,730.2
	1,278,418.2

6. Degussa. (Deutsche Gold-und Silber- Scheideanstalt)

a. Degussa's Berlin premises were destroyed by bombing late in 1944. Thoms believes the vaults were not destroyed and important records would have been kept there. The Berlin transactions were recorded there and not at the headquarters in Frankfurt.

b. Normally, Degussa was allotted 200 kilograms of gold a month by the Reichsbank for industrial uses. In addition, the firm was allowed to maintain a large stock of gold--Thoms first said it might have been as high as 2,000 kilograms (6,000,000 RM), later said it was less. Any surplus over anticipated needs was to be returned to the Reichsbank. The stock was for dental, chemical, photographic uses, etc. Since August 1944 no gold has been allotted for industrial purposes, so that Degussa's stock may be low.

c. Degussa figures prominently in Metallgesellschaft records seized at the castle of the Duchess of Hesse.

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This firm was not only largest in precious metals but also had agreements with Farben and Metallgesellschaft for producing gas masks and other items. After the German attack on Russia, Degussa helped transmit German mail to Japan and USA; mail was flown in Italian planes to Rio de Janeiro for stamping and postmarking and thence dispatched. Degussa has an office in Shanghai which handles affairs of the German "East Asia Consortium".

7. Conclusion.

The sums estimated by Thoms appear an understatement for the loot handled by the Reichsbank since 1942. Certainly, they cannot begin to represent the total extent of the operations of the SS "economic department" which for 12 years has disposed of the personal and household valuables of millions of racial and political victims of the calculated Nazi policy of extermination.

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VI. REPORT OF RECONNAISSANCE ON PUBLIC FINANCE.

A. GENERAL.

1. This report covers reconnaissance and investigation activities undertaken in the field of public finance between April 12, 1945 and May 2, 1945. The first portion of these activities centered in Frankfurt-am-Main and include visits to the cities of Darmstadt and Wiesbaden. The second portion of the report covers the investigation of the records of the Ministry of Finance in Würzburg. Only information of interest in the field of public finance is included in this report.

2. Problems of public finance (tax collection, budgeting, auditing) have a secondary priority with most detachments. They are given attention only after the banks have been opened and the private financial institutions denazified. Fragebögen are generally distributed to the public officials after the distribution to officials of private financial agencies is completed and laws 52 and 53 are posted and distributed before the Instructions to German officials on Revenues and Expenditures. It is impossible for the detachment fiscal officer to handle all the problems of finance at once and the pressure to get the banks open is such as to give it a top priority. This delay will likely multiply the public finance problems which must be solved eventually by Military Government.

3. The detachment officers quite naturally undertake the solution of local problems first, leaving for subsequent consideration the problems of regional organization such as the establishment of a Regierungsbezirk or a Province. In two places visited (Wiesbaden and Wurzburg) steps were being taken to secure control of the Regierungsbezirk government at an early date. In Darmstadt, a provincial government was being set up for the Province of Starkenburg.

4. Before evacuating the area, the Nazis made systematic attempts to destroy important public finance records. The heads of each Finanzamt were instructed to remove or destroy: (a) all personnel files (b) tax files of important firms and individuals (c) cashiers' books (d) the tax cards on which payments had been entered. In many cases these orders were not fully carried out, and in each of the offices visited enough records remained to enable the office to function, at least on a restricted basis. No records of party affiliations of personnel were found in any of the local finance offices. Some of the finance offices had deposited copies of various financial records in other places to avoid their destruction by bombing, and the Oberfinanzpresidium at Darmstadt had removed all of its records to two villages: Hoppinghoim and Höchst (Odenwald). The location at Hoppinghoim was visited and the records were found to be in complete disarray due to the fact that the office had been occupied successively by various military and civilian agencies in the past few weeks. It may be sometime before the records that have been thus dispersed can be reassembled and organized for use. This will undoubtedly delay the effective functioning of the finance offices. Another group of records which the Germans had systematically destroyed, (as in Wiesbaden) or had left in the open for disintegration by the elements (as in Frankfurt) were those of Jewish property which had been confiscated. Recommendations have been made to the detachment in Frankfurt for the collection and storage of the records on Jewish property.

B. REVENUES.

1. Some taxes have been collected by the finance offices almost continuously except for the few days of actual fighting in an area. Even where the finance offices may have been moved due to bombing or other military operations, tax collections did not entirely cease. The amounts collected, however, have been, as one German official stated, "minimal". The total collections of the four Finanzämter in Frankfurt, which formerly amounted to over 300,000 RM a day, now average between 1,000 and 2,000 RM. In part, this may be due to the fact that the public lacks knowledge

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of the necessity of paying the old taxes under the new regime, or of the fact that the tax office is open or its present location. In part it may be due to the unwillingness of the public to part with cash for tax payments until the banks are open and additional money can be secured. With business and manufacturing at a standstill, it is natural that the taxes from these sources, which may make up a large portion of German tax revenues, should be nil.

2. There seems to have been no substantial tax delinquencies in the closing months of the Nazi regime. In general there was plenty of money in circulation, the supply of civilian commodities had been greatly reduced, and stocks of civilian goods have been destroyed by bombing. Since money could not be spent in other ways, the public liquidated their tax obligations. The only tax avoidance seems to have been by individuals who had been forced to move, either because of bombing, or through evacuation in the face of allied armies. The program of "tax simplification", which had been heralded by the Nazis as a great advance in public finance, was not highly regarded by the officials in the tax collecting offices. They feel that it merely caused further confusion. Both the public and the tax officials understood the old regulations and the old forms, and neither were familiar with the new ones. With the shortage of employees both in the tax offices and in business offices, the changes presented substantial administrative problems.

3. Monies which were collected by the local tax offices were paid promptly into the cashier's office at the Oberfinanzpresidium. This office in turn forwarded the funds to the Reichshauptkasse in Berlin. Certain of the funds were used to pay local expenditures of the tax finance office, but in the absence of specific individual authorization, funds were not paid directly by the finance offices, or even by the Oberfinanzkasse, to local governments. All funds were siphoned into Berlin and distributed from there. The single exception was the case of taxes collected by a municipality through its Steueramt. This office did not collect any Reich taxes and used all its revenues for local purposes.

4. In addition to the centralization of revenues in Berlin, centralization was further accomplished by the requirement that the tax rates be approved by the supervisory authority. In the case of the Provinzialverbände any increase in tax rates could only be made after approval by Berlin. Similar approval was necessary before money could be borrowed.

C. EXPENDITURE CONTROL.

1. The use of formal local government budgets has decreased somewhat since the war. The practice has long existed in the Provinces of substituting a direct authorization by higher authority on each item of expenditure for the preparation of a formal budget document. This practice has been extended to all local governments, including the Land, the Provincial Verband and the district offices of the financial administration. Some local governmental agencies have had no budget for several years. Thus the Bauamt at Darmstadt has made no budget since 1939, and the last budget from the Land Hessen was for the year 1941-1942. No budgets have been prepared by any agency in the areas visited for the fiscal year beginning April 1, 1945. In all of these cases, authorities were told to make use of the budget of the previous year, but to secure approval of expenditures of any considerable size from the supervising authorities. The supervising authorities were given instructions to hold the expenditures of local governments to the lowest possible levels.

2. When budgets were made, the request for estimates was generally sent out in July or August of the preceding year. These estimates were consolidated by the supervising authority (in the case of finance offices, the Oberfinanzpräsident) who then forwarded them to the Ministry of Interior or of Finance for approval. This approval was

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rarely returned before April 1st, and in many cases the budget was not approved until sometime in May or June.

3. Provisions for flexibility in the budget were very rudimentary. Certain items in the budget marked transferable, and only those items could be used for a purpose not specified in the budget. If an emergency or an extraordinary need arose, it was necessary to present a deficiency budget request. This request had to be approved by the supervising authority, or by the Ministry of Finance in Berlin, depending on the amount of money needed. Surplus money in any budgetary account at the end of the fiscal year could only be used to reduce the debt.

4. The approval of the budget was generally interpreted as permission to spend, not merely as authority for granting such permission. Expenditures for large items such as buildings could only be made with the subsequent approval of the supervising authority, and the amounts appropriated were frequently allotted in monthly installments to prevent over-expenditure in the early part of the year. In some cases budgetary appropriations had to be approved by more than one agency. Thus the expenditure for a building for the labor office required approval by both the Ministry of Finance and the Ministry of Labor before contracts could be let. But there was no evidence of any system for controlling the execution of the budget through a fiscal officer or comptroller.

5. The local finance offices made payments for a number of purposes including:

a. Expenses of office operation, supplies, mail, library, etc.;

b. Cost of repairs on the finance office building, and cost of street and sewer cleaning for the building;

c. Wages of employees (wages of officers were generally paid by the Oberfinanzkasse);

d. Travelling expenses of officers;

e. Pensions of retired civil servants residing in the district;

f. Marriage loans;

g. Subsidies for large families, including special educational subsidies;

h. Emergency building subsidies for bombed-out persons.

95% of the payments are made by check (Reichsbank, bank, or postal). It is evident that these paying functions cannot operate as formerly until postal services are available. At the present time creditors are required to come to the finance office personally for payment in cash, but with existing circulation restrictions that is frequently impossible. Some finance offices are paying pensions to retired officers who are temporarily located in their district because the pensioners could not reach their paying offices.

6. Not all the officers in charge of the various financial offices have received or read the Instructions to German officials on Revenues or Expenditures. Those who had read them had various questions with respect to their interpretation. The requirement that discrimination in taxes be removed was generally met by applying to Jews and Gypsies the same tax requirements as for other Germans. Some question however, was raised regarding the meaning of the phrase "military purposes." German public agencies have supplemented military pay of soldiers by subsidies of various kinds designed to enable their families to maintain the same standard of living as before the war. Some finance offices were continuing to pay these subsidies while others had cancelled them.

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7. In the Land Hessen alone there are some 1000 disbursing offices exclusive of those of the railroads, post offices and military pay offices. It is estimated that there are some 45 thousand disbursing offices in the Reich and some 10,000 in the U.S. Zone alone. No estimate is possible at this time on the number of railroad or post offices with disbursing functions or of the number of military pay offices. The problem of enforcing the regulations of military government on such a large number of disbursing offices is one which will require continued study.

D. REPORTING.

The local finance offices and even the Oberfinanzpräsidenten seem not to make general administrative reports. Such reports had been required in the period before the war but had been discontinued since 1933. Officials appointed in the past few years were totally unfamiliar with such reports. Statistical reports were made regularly up to the time of the occupation. These included not only the amount of taxes collected and the amount of expenditures but also a considerable quantity of information concerning industrial production and economic conditions. In addition to the statistical reports which were made to the Reich Statistical office, special reports to the Ministry of Finance or other supervising authority were frequently called for.

E. AUDITING.

1. There seemed to be widespread concern among the government officials on the subject of audits. The Gemeindeprüfungsamt had ceased to function. Municipal accounts now were generally audited by officers loaned from neighboring areas for that purpose. Thus the Regierungsbezirke exchanged fiscal officers for auditing purposes. The larger cities have their own office of Internal Audit. The accounts of the Finance Offices and the customs offices are audited by the Oberfinanzpräsidenten. Before the war the Reichsrechnungshof audited the accounts of all Reich agencies and from time to time those of the municipal agencies. Since the war there have been no Rechnungshof audits of municipal accounts but they still maintain a system of spot checking the accounts of the Regierungsbezirke.

2. Where an audit is made it involves a detailed examination of the accounts and a comparison of them with the supporting vouchers. Formerly auditors came to the local office for an inspection of the records, but the tendency now is to send the books to a central agency for audit. Sometimes this involves only a spot check at certain classes of accounts. Thus the Rechnungshof may demand the telephone bills one year and the electric bills the next. Where the Rechnungshof made a complete audit of the books of an agency a check of personnel was made to determine if salary payments were being made according to the correct personnel classification of the employees as well as a review of the supply accounts. A proposal had been made before the war to establish a Rechnungshof for the gemeinden but this had not been carried out.

3. There was general respect for the high technical competence of the auditors from the Rechnungshof. They were reported as being well-trained and intelligent though they were sometimes rather petty. Appointments to the high positions in the Rechnungshof required the concurrence of the Ministry of Finance. There was no agreement among those interviewed on the extent to which the Rechnungshof had been nazified. Some insisted that the agency was so technical in its work that there had been little or no party interest in it except for the highest offices. Others insisted that at least one-half of the personnel were party members. Records were found in Wurzburg of appointments and promotions in the Rechnungshof between 1935 and 1938. These records (summarized in the following table) show that the majority of appointments were members of the Nazi Party but that there were a fair number of non-party members who were appointed even to the higher positions. The proportion of party members appointed to supervisory positions was considerably greater than for the lower positions.

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APPOINTMENTS AND PROMOTIONS IN REICHSFINANZHOF
1935 - 1938

Rank	Party Members	Not Party Members	Unknown	Total
Direktor beim Rechnungshof	4	2	1	7
Ministerialdirektor		1		1
Ministerialrat	13	15	2	30
Oberregierungsrat	5	2	1	8
Regierungsrat	3	1		4
Amtsrat	1	1		2
Oberinspektor	3	5	1	9
Amtmann	1	1		2
Inspektor	3		2	5
Others	3		2	5
Totals	36	31	8	75

4. The Rechnungshof audits the accounts of the most of the Reich agencies including the operating expenditures of the Reichsbank. It did not audit the individual accounts in the Reichsbank or the operating expenses of the local offices. The accounts of the Spirits Monopoly were not audited by it. The expenditures of Reich funds by the Regierungsbezirk and the other local agencies were subject to its audit and in practice it had some control over the auditing procedures in the Provincialverbände and the Gemeinden.

5. Information concerning the Spirits Monopoly was obtained from the senior officer in the division of the Frankfurt Hauptzollamt which was its local office. There were 35 distilleries in the Frankfurt area and production had been greatly increased during the war, especially of absolute alcohol. The Spirits Monopoly controls the production and distribution of alcohol but does not engage in any production or distribution itself. The distillers sell their products either to wholesalers or directly to retailers. The work of the Spirits Monopoly consists of the following:

a. The collection of statistics from the branches such as the one in the Hauptzollamt at Frankfurt;

b. The supervision of the transport of spirits;

c. The determination of the amount of spirits that could be made at each distillery;

d. Determination of the price at which spirits may be sold;

e. Audit of the books of the Hauptzollämter as far as they relate to the spirits taxes and the audit of books of the distilleries through the local offices of Spirits Monopoly. The central office of the Spirits Monopoly is in Berlin, where a large number of employees (some trained in trade practices) are employed. This agency had not been bombed out at the beginning of last March.

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F. PERSONNEL.

1. It is estimated that a large proportion of the positions in the Finance Offices were held by Nazi party members. Conservative estimates would place the Nazi party members at three-fourths of the total of officers. A considerable number of officers in the middle ranks insisted that they had never joined the party. Those who were members of the party invariably excused their membership on one of two grounds: (a) Membership was compulsory for a person in their position; (b) They had been induced to join by a belief in the early idealism of the party but had since been disillusioned. Almost all of these Nazi party members tried to demonstrate their current lack of sympathy with the Nazi cause. In some cases more active Nazis had been promoted over their heads and in other cases the religious policy or the course of the war had disillusioned them. Some insisted they had risked their positions by befriending anti-nazis, others reported that they had resigned their party offices, and one insisted that he had not paid party dues for over a year. No effort was made to verify these claims. They are reported only as indicative of the present publicly expressed mental attitude of German civil servants.

2. The control of personnel in the finance offices is highly centralized in the Oberfinanzpräsident. The Oberfinanzpräsidium has a very large personnel section -- 40% of its officers being in the personnel branches. The Oberfinanzpräsident transfers officers, promotes them and prefers charges to the disciplinary court for their dismissal. He may transfer employees even over the head of and contrary to the recommendation of the chief of the local finance offices. Employees above the grade of Oberinspektor are technically appointed from Berlin but the recommendation of the Oberfinanzpräsident is practically conclusive. As distinct from the officers, the employees and workmen of the finance offices are appointed and discharged by the chief of the office.

G. BUILDING OFFICE.

1. Reich building offices (Bauämter) are found in each sizable town. They are under the supervision of the Oberfinanzpräsident but have separate offices from the finance offices or the customs offices. Their chief functions center around the planning, estimating, and supervising the construction of public buildings. They have no control over the construction of railroads (lines or buildings) post offices or military establishments. Where public buildings have been damaged (i.e. due to bombing) the Bauamt supervises their repair.

2. Construction of public buildings in Germany is done by contract. The building office hires no employees and buys no materials for actual construction purposes. These matters are handled exclusively by the private contractors under the building office's supervision. Even railroad stations, which are built under the supervision of the railroads, are constructed on contract. The only construction work in which the railroads themselves engage is on the right-of-way. Roads, including the Reich Autobahn, are likewise built by contract, only minor repairs being made by workmen employed by the government. The result of this system has been to create a profitable building industry and the contractors have waxed fat under the Nazi regime. It would be desirable to make further investigation of typical contracting firms in order to estimate the extent to which they may have been, and may continue to be, supporters of the Nazi party. While contracting activities were reduced somewhat during wartime, the construction of shelters and the repair of bomb damage has tended to offset the reduced amount of general construction.

H. MINISTRY OF FINANCE RECORDS AT WURZBERG.

1. Since 1942, the Nazis have systematically shipped the records of the Ministry of Finance out of Berlin to safer places. The most important location was in the medieval castle of Marienberg just outside

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Wurzburg. Records of each department in the Ministry (except the building supervision department) have been stored in the wine cellar (40' x 300'). Most of these records are chiefly of historic interest and have little importance for current administration. The last deposit of records was in 1943 and included records up to 1941. It is evident that the current files of each department had been retained and only those files were sent to Wurzburg which were not necessary for current operations. Nevertheless many of the Wurzburg records were important to public finance because from them a more detailed picture can be obtained of the operations of the various departments of the ministry. In addition records and papers relating to internal and foreign debts, the evasion of foreign exchange regulations, industrial financing and the war, and counterfeiting are among those deposited there.

2. From the point of view of Public Finance the most important records in Wurzburg are those relating (a) to the budget of the Reich and the various ministries, and (b) those which relate to the personnel of the Ministry of Finance. Copies of the parts of the budget for the Ministries of Economics, Food, Religious Affairs, Propaganda, and Finance are available there, as well as the summary of the Reich budget as a whole. The folder containing the papers concerning the summary for 1934 is an interesting one because it records the struggle which went on between the Ministry of Finance (dominated by the old civil servants) and the new Nazi regime. It also indicates that as early as that date a proposal of expenditures for air-raid protection was seriously debated. It was finally decided not to make the expenditure in the fiscal year 1934-1935, although some money could be used for the education of officials in precautionary measures.

3. Another folder contained the budget for financial administration for the year 1938. This budget lists the anticipated revenues from each of the various taxes, indicates the amounts transferred between various funds and levels of government and estimates the receipts from non-tax sources such as the coinage, the operation of economic enterprises, and the railroads. It is significant that in this year a contribution to the NSDAP in the amount of 145 million RM was approved. This was an increase of 45 million RM over the contribution of the previous year 1937 the first year in which a direct subsidy was incorporated into the budget. In addition to this contribution to the party treasury, an expenditure of 40 million RM for the rebuilding of the Party headquarters at Nüremberg was approved.

4. Another important document found in this collection was a copy of the Geschaftsverteilungsplan for the Ministry of Finance as of 10 July 1943. This printed document gives the names of the officers of the Ministry of Finance classified by the departments, sub-departments, and divisions in which they worked. It also gives a summary of the duties of each of the divisions, and shows which registry and secretarial branch is assigned to each division. By means of this document, a detailed picture of the work performed by the Ministry can be obtained and the internal organizational arrangements under which the work is done can be learned.

5. From the point of view of Military Government, perhaps the most important documents now stored at Wurzburg are the records of Department VI of the Ministry of Finance which include the personnel files of its officers and employees. These records are indexed by name and consist of a complete employment file on each individual. Examination papers, questionnaires, letters of recommendation, and clearances by the Nazi party are included. Each of the questionnaires since 1934 contains a statement by the employee of membership in any political party before 1933; of Nazi party membership and activities; of activities in organizations affiliated with the Nazi party; of military record (including membership in the reserve); and of membership in lodges. The letters of political clearance from the party are of some special interest. For example: one letter stated "this individual is politically unsatisfactory until further information is secured." Another letter read "this individual is a good

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party member and can be relied on politically." A third letter contained the statement, "this individual is politically an unwritten page."

6. These personnel files are nearly complete for all employees up to 1935, for most up to 1938, and for a large number up to 1941. The files for the lesser employees run to a later date than do the files for the higher ones. A few files have probably been removed by higher officials. For example, the file on Fritz Rheinhardt (Secretary of State in the Ministry of Finance) could not be found. Nevertheless, the files are sufficiently complete to be extremely useful in checking the statements on the Military Government Fragebogen, especially for the officers in the middle and lower ranks. Since the files also include records of clerical and stenographic personnel, they will aid Military Government in doing a thorough job of denazification of the Ministry of Finance.

7. Personnel records from some of the Oberfinanzpräsidia and a number of the finance offices were also deposited at Wurzburg. These records are not indexed and it is not known how complete they may be. A sampling of them, however, showed that they contained data very similar to that found in the Ministry records. Personnel records from Leipzig, Nüremburg, and Hamburg are among those noted. It would be a considerable task to make full use of these records since there are a large number of them and they are not indexed.

8. The personnel records, both for the Ministry of Finance and for the local finance offices, will need to be fully exploited to secure from them data concerning Nazi party and military activities of both officers and employees. A search should be made for supplementary personnel records at other depositories in order to complete the information needed for a complete check of the Military Government Fragebogen. The shipping list from the depository at Wurzburg indicates that the Reichsfinanzschule in Bodenbach on the Elbe (in the Sudeten mountains) is another center for the deposit of personnel records. In 3 days 140 items were shipped to Bodenbach. Other records of the Ministry of Finance, were shipped to the Reichsfinanzschulen at Ilmenau in Thuringia (records of Department I) and at Sigmarigen in Baden.

9. A large portion of the storage space at Wurzburg was taken up with records of the Reich Statistical Office. These consist of tax returns, statements of property values, and other base records for tax statistics. They are filed in accordance with the general organization of Financial Administration in Germany (by Oberfinanzpräsidia and finance offices) and by the tax-payers code numbers. It was reported that the most important information on these records had already been tabulated, and that they were accordingly of no permanent value. Since the taxpayers names do not appear on the records, no significant use can be made of them by Military Government until the code list is discovered.

10. Records of the Reich Debt Administration are kept in a separate locked room in the Wurzburg depository. These records consist of cards on which the name of each owner of a portion of the Reich debt is entered, together with a listing of interest payments to him. The cards are packed in large wooden boxes, only one of which was opened for inspection. No entries were made on the cards during 1945. These are probably duplicate records or at least supplementary to other basic debt records.

11. A substantial portion of the space in the Würzburg depository is occupied by a financial and legal library. This library includes copies of the more important books on German law; many treatises on taxation, public finance administration, and other fiscal matters; and books of non-technical interest including a library of anti-Jewish publications. There are several copies of some of the books, and about six months ago shipments were received of copies in bulk of various Finance Ministry technical manuals and publications. This library came in part from Berlin, but most of it came from the Oberfinanzpräsidia in other cities. It is believed that it is the most complete library on public finance in Germany at the present time.

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12. The financial records and books at Würzburg are stored in the wine cellars of the ancient castle of Marienberg. Two large connecting cellars (totalling 40' x 300' floor space) have been fitted with wooden shelving on which the records and books are placed. The shelving is compactly arranged to fill all the space available. The cellar has been wired for electric lights, but the power is at present shut off for fear of igniting a store of explosives which have been found in another part of the castle. Facilities for heating the cellar have been installed, but certain machinery is needed before they can be operated. There are two entrances to these cellars, at both of which are double doors. These have been locked and the keys deposited with the security guard on duty at the castle. In the absence of the former caretaker (Christoph Noukam, Oberstquartiermeister in the Ministry of Finance), information concerning the records and the filing system used was obtained from his wife (Babette Noukam) who lives in one of the apartments in the castle. Frau Noukam has worked on the records with her husband and is well informed concerning the filing system and location of records. The records were left in the custody of Lt. Col. Stoker, Fiscal Officer of the Würzburg Detachment, Military Government.

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VII. COLLECTION AND INVESTIGATION OF RECORDS

A. METALLGESELLSCHAFT RECORDS

1. Importance of the Records

   a. Schloss Friedrichshof, Kronberg (Taunus), Hessen, Germany, was found to contain comprehensive records of Metallgesellschaft A.G., the German metal-bank and light metals monopoly which combines metal trade and production with banking. Documents include patents of basic metallurgical processes classified by name of patent-holder, by country of record, and by firm; minutes of directors' meetings 1936-44, Metallgesellschaft; and extensive correspondence with foreign affiliates, especially Dutch East Indies tin interests.

   b. The vital position of this monopoly in the economy of Nazi Germany makes these records a primary financial and intelligence target.

   c. The records should likewise prove useful to Allied agencies such as the US Patent Office and the Department of Justice interested in detailed reconstruction of German operations in world cartels. Possibilities for evasion of Allied financial laws offered by firm's extensive foreign affiliations indicate an interest for Finance Division of Allied Control Staff.

2. How Records were Located

   a. On or about 20 April 1945 Lt. Col. W.S. Moore of ECA Currency Section, Germany, received a phone call from Rheims from Lt. Col. Morris, G-4 SHAEF, stating that a Capt. Krieger of LIBERTY had found in a chateau 10 miles N. E. of Frankfurt a/M, Germany, what he believed to be some files of the Reichsbank. Lt. Col. Morris stated further that Lt. Col. Townes of LIBERTY would know how to reach the chateau.

   b. Mr. Andrew Kamarck of the Finance Division attached to G-5, SHAEF, talked with Lt. Col. Townes, Asst. Hqs. Comd. LIBERTY, Frankfurt, on 23 April 1945. Col. Townes knew only that it was the place where they had "kicked out the Dutchess" and referred him to Billeting Office, LIBERTY.

   c. A sergeant in this office identified the chateau as the residence of the Duchess of Hesse and gave instructions how to reach it.

   d. The Schloss was visited the evening of 24 April 1945 by a reconnaissance team consisting of Lt. Col. Cragan, Lt. Col. Moore, Mr. Kamarckand T/5 Waybur.

3. Records Found in Schloss.

   a. A spot check of material in basement outside the wine cellar revealed:

      (1) Card file, alphabetical, name of patent-holder with brief description of metallurgical process and numbers identifying patent. Many of these were in English and referred to persons in USA.

      (2) Folders, alphabetical, by firm indicating patent

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transactions with Metallgesellschaft. Folders were noted for Messerschmidt and for Siemens & Halske (German electrical monopoly).

(3) Folders, alphabetical, by country, indicating patent transactions with patent offices of Denmark, Sweden, Czechoslovakia, Poland, Italy, England and USA.

b. On second floor were loose-leaf binders, containing correspondence of one "F. Traudes" who apparently represented Metallgesellschaft. Correspondence is filed by year and subject. Much of it is with the Dutch East Indies tin monopoly. There is a report of the Dutch tin industry for 1938. There are reports of the meetings of the Metallgesellschaft board of directors in Frankfurt for the years approximately 1936 through 1944.

c. In the attic were more patent records including applications for patents and documents showing title to various patents in many countries, including the USA.

B. REICHSKREDITKASSE RECORDS

1. Nature of the Records

a. The reportedly complete records of the Reichskreditkasse, consisting of 16 tin boxes, one wicker hamper and four sacks, were found on 26 April 1945. They were transferred to the Special Finance Detachment at Frankfurt on 28-29 April.

b. With the records was Herr Anton Wilz, who identified himself as one of the two directors of the Reichskreditkasse. Wilz testified that these records contain nothing "hot" but are the complete coverage of Reichskreditkasse operations in supplying occupation currency to the Wehrmacht throughout Europe, 1940-44. Included are ledgers, account books, regulations, branch office reports, receipts and correspondence. Wilz expressed an anxious desire to stay with the records and put them in order, including completion of some unfinished entries.

c. The containers were opened and the contents inspected. Noted for special attention is a "General Ledger" of Reichskreditkasse accounts for 1944. This ledger contains balance-sheets for gold and foreign notes and currency, as well as accounts with the national banks of Denmark and Norway which are still under German occupation. Important sums appear to be involved in these accounts, on which some light is thrown by the attached interview with Wilz. Wilz was not, however, questioned with specific reference to this ledger and its interpretation is difficult because of short-hand methods employed in making the entries. Some work-sheets for entry in the ledger were found in the brief case of Herr Herbert Simon among the records.

d. As soon as facilities are arranged in Frankfurt to hold Wilz, Simon and similar personnel, they will be brought to Frankfurt for interrogation and preparation of whatever information is needed from the books.

2. Interview with Anton Wilz:

The following data obtained from an interrogation of Herr Anton Wilz, who was in charge of the organizational funds, is reported

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here as supplementary information regarding the currency holdings of the Reichskreditkasse:

a. On hand in February 1945 in Berlin were the following sums:

15,000,000,000 French francs
5,500,000,000 francs in the form of cheques on the Bank of France
2,500,000,000 Belgian francs
50,000,000 Reichsmarks equivalent in Russian rubles
200,000 US dollars
a small sum of kronen

b. French francs are believed to have been shipped shortly thereafter as follows:

2,500,000,000 to Nordhausen
2-3,000,000,000 to Hannover
2,000,000,000 to Frankfurt a/Main

c. An unknown amount of Italian lire are held in Northern Italy. Dutch guilders equivalent of 1,000,000 RM are held in Gruoningen and Almelo, Holland.

d. The Kasse maintained an account with the Bank of France, which received on behalf of the Germans all payments by France of occupation costs. The Kasse could draw against this account as it wished. The 3,500,000,000 francs worth of cheques on the Bank of France mentioned above were transferred in March from Berlin to Nordhausen.

C. RECORDS OF GERMAN MINISTRY FOR OCCUPIED EAST.

1. Report of Records

a. Ten folders of records of the Reich Ministry for the occupied East headed by ROSENBERG, address Unter den Linden 43-45, Berlin W. 8, were found about 20 April 1945 at the Reichsbank branch at Erfurt by the A/Director of the Finance Division. These records were turned over to the Special Finance Detachment at Frankfurt a/M.

b. These records had been sent in a sealed packet by special Reichsbank courier, through the Berlin office of the Notenbank für Ostland, and received at Erfurt 2 Feb 1945. Instructions signed by Dr. Meister of the Ministry on 31 Jan 1945 specified that the packet be held in safekeeping for disposition by the following officials only:

Dr. Hermann REINBOTHE, Berlin	Councillor of the Ministry
Dr. Ferdinand MARX, Dortmund	Attorney
Dr. Otto BIERINGER, Heidelberg	Attorney
Johannes RASCHKE, Heidelberg	Land Director
Fritz MUMME, Berlin	Economic Trustee

c. REINBOTHE was chief of the German "Trustee Administration" for economic exploitation of the Occupied Russia and other eastern territory. Later he became chief of the office set up to liquidate these enterprises as the territory was recovered by the Russians. These five men and Dr. Meister are on a list of 27 men, with home and family addresses, found at the back of Folder 7 and believed to include key officials of the Ministry. Folders in the packet appear to have come from the personal files of four men on the list of 27: Folders 1-6 bear the name of Dr. Ludwig RAISER; Folders 7 and 8, Dr. BIERINGER; Folder 9, Dr. SCHNABLE; Folder 10, Dir. STOFFREGEN.

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2. Contents of the Records:

a. Folders 1-5 cover the organization of a "trustee Administration" headed by Dr. REINBOTHE for exploitation of property seized in Russia and other eastern countries. Principles of this "trusteeship" were set forth by GOERING's decree of 20 May 1942 (Folder 2):

> "Property seized through the war on Bolshevism in which the entire German people have a stake, is at our disposal. It is to be managed as a trusteeship .....This Trusteeship has not only a financial-political but an economic-political aim. A high-performing secure European economic system must be reestablished as soon as possible. Soviet methods must be eradicated.....Firms and individuals must have the opportunity to deirve suitable profit from their activities."

b. Individuals, firms and government agencies were to act as "trustees" for management of seized properties. Firms organized covered the following fields:

mining	agriculture & food
power	textile & leather
petroleum	tobacco
rubber	banking & insurance
lumber & wood products	real estate
chemicals	commerce
film	general supply.

State monopolies existed for tobacco and spirits. Goering's decree cited above stated that monopolies in general would be permitted only during the transition from Russian to German economy.

c. Folders 6-10 cover the liquidation of those enterprises as seized territory was recovered by the Russians from mid-1943 onwards. A "Secret" memo to STAPF, Chief of Economic Staff for the East 15 November 1943, gave general instructions to trustees for carrying out liquidation; audits and accounts were to be scrupulously preserved and certain machinery and inventories evacuated. (Folder 6). A note of panic is evident in a "Schnellbrief" from Rosenberg's deputy, Alfred MEYER, 16 August 1944, to Finance Minister VON SCHWERIN KROSIGK urging greater haste in liquidation (Folder 7). In the banking field, minutes of meetings in October and December 1944 indicate a somewhat unsuccessful attempt to have German "mother" banks assume the obligations of the liquidated "daughter" banks in the East. (Folder 8). On 31 Jan 1945, with the Russians pounding at the Oder, the Office for Liquidation of Eastern Enterprises presented a detailed final report and balance sheet (Folders 9 and 10).

D. DEVISENSTELLE, FRANKFURT a/M AREA

A report on the records and operations of the Devisenstelle at Frankfurt is attached as Appendix D. These records include material on:

The disposition of confiscated Jewish Property
Current files on large concerns
Röhm and Haas Financial Report 1938

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E. RECORDS TURNED OVER TO OTHER AGENCIES

1. A file giving information regarding the location of certain SS records was turned over by the Finance Detachment in Frankfurt to G-2 SHAEF.

2. A file giving the location of some records of the German Economics Ministry was turned over to the Economics Division, US GROUP CC.

3. Documents prepared by the Frankfurter Reichsbank on the results of Allied bombing on the city of Frankfurt were transmitted to the U.S. Strategic Bombing Survey field team at Frankfurt.

F. INTERROGATION AND USE OF GERMAN FINANCIAL AND ECONOMIC EXPERTS

1. Four special experts of the German Ministry of Economics offered their services to the Military Government by letter dated 2 April. These experts, their titles and field of specialization are as follows:

Dr. Martini, Ministerialdirigent	- Currency, exchange and money market
Dr. Wolf, Ministerialrat	- Private Banking
Dr. Rasborg, Ministerialrat	- Public Banking and Savings Banks
Dr. Romer, Ministerialrat	- Financial Remedies for enterprises
Dr. Winckelmann, Ministerialrat	- Companies & Chartered Accountants

They have been brought to Frankfurt by the Special Finance Detachment and put to work preparing memoranda on their particular offices and fields of competence.

2. A Reichsbank Economist, Herr Rudolph Lindlinger was interrogated regarding Reichsbank records and operations. The report of this interrogation is appended as Appendix E.

3. Available officials of Wintershall A.G. were interrogated regarding general economic and financial conditions. The report of these interrogations is attached as Appendix F.

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VIII. SUMMARY OF MILITARY GOVERNMENT ACTIVITIES

A. INTRODUCTION.

1. The unprecedented speed with which the Armies moved over Germany during the month of April required the energy of Military Government to be expended largely on problems of Public Safety and the handling of Displaced Persons. Because of this fact and because the attempt to make financial officers out of Military Government personnel lacking financial background and training had limited value, the financial program in the newly won areas was restricted in the main to the distribution of laws, general licenses, and instructions to Banks and public officials and General Order No.1 to burgomeisters and other public officials for further distribution.

2. Some officials felt that subsequent financial work of a technical nature should be left for the financial specialists from "Army" or "Army Group" echelons pending the establishment of "E" or "F" teams on a territorial basis. Reichsbank branch officials usually turn over the various completed forms to the local Military Government detachment. The average detachment is able to do very little with the forms. Detachments in this situation have been told to hold them for some time to give the impression that they are being examined and then to return them to the banks with instructions that the banks hold them until called for at a subsequent date.

B. PUBLIC FINANCE.

1. During April public finance remained in a rudimentary stage. Even in the 12th Army Group area, which is the most advanced region from a military government standpoint, dependence for public income rested largely on rents from municipally-owned property. Finanzamts are open in some areas under supervision by municipal authorities and Reich taxes collected are being used by municipalities with credits to the Reich established in city accounts to the extent such monies are being used.

2. In Aachen some progress is being made in establishing short-term budgets and developing tentative tax programs. Dependence is placed upon the following types of taxes: income, wage, corporation, property, turnover, business and ground. The tax programs are being planned in a manner to allow them to be integrated simply into a more general tax program after full capitulation of Germany, with immediate sharing of tax proceeds between the Regierungsbezirk and the Gemeinden within it.

C. FINANCIAL INSTITUTIONS.

1. A substantial number of banks and other financial institutions in the newly-taken area are being found in good condition and with substantial quantities of cash records and personnel. Interrogation of bankers and insurance men in Frankfurt a/M supports the conclusion that financial institutions east of the Rhine had undergone very little change either in routine or in policy during the past year. This is in contrast with the experience in the area west of the Rhine where it was found that evacuation was more generally attempted and that the Nazis were systematically sabotaging the financial machinery as they withdrew.

2. Banks were being reopened generally , particularly in the 12th Army Group Area, after establishment of blocking and freezing regulations and screening of personnel. In almost all cases sufficient non-Nazi personnel is found to operate the banks adequately, although the process of reopening has not gone sufficiently far to allow a firm prediction that this will continue to be the case in all areas.

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3 . Financial Institutions Personnel questioned at Frankfurt testified that the German Government had requested financial institutions to remain open, function normally and do all they could to serve the population. An emergency head office of the Reichsbank was being set up at Erfurt and Weimar with cash distribution centers. Even before this , large amounts of currency had been distributed to strategic Reichsbank branches throughout Germany in anticipation of a disruption of transportation. There had also been established a branch of the Reichsdruckerei at Spechthausen north of Berlin where the note paper was being manufactured. The Austrian Printing works in Vienna had been printing new 20 Mark notes for some time and the Reichsbank started their distribution on 1 March 1945. Interest rates had remained the same through the period, namely 3½% for discount and 4½% for Lombard loans at the Reichsbank.

4 . In general, adequate cash has been found in banks to meet all requirements, at least for the time being. A possible exception to this condition exists in certain coal-mining areas where large payrolls may necessitate the acquisition of funds from Reichsbankstelle in the area. It is not expected that Military Government funds will be needed in those areas investigated during April.

5 . In almost all areas where banks have been opened, deposits are exceeding withdrawals by sizable amounts. New accounts are being opened as well as increased deposits in existing accounts, reflecting a reduction in the tendency to build up cash holdings.

6 . Conditions in the 6th and 21st Army Group areas are not as good as those in the 12th Army Group area, but the problems met there do not appear insoluble. Banks are open in a large number of communities and relations with Reichsbankstelle and Reichsbanknebenstelle are being reestablished. While the ratio of cash on hand to deposit liabilities appears to be low in many cases, the existence of large accounts in the name of the German Army distorts the picture to a large extent.

7. A recently enacted German law permits Postal Savings withdrawals without recourse to Vienna. The question was raised as to the advisability of recognizing this law. A final decision was not reached by 25 April although, as a matter of principle, it was deemed to be the responsibility of the Postmaster. Military Government has no particular interest in this issue if none of its laws or regulations is violated. German postal officials feel that there will be no difficulty in making payments to postal savings depositors, even if the records and assets are not available. The investment of the Postal Giro System was normally handled by the General Postkasse located in Berlin.

8 . In Frankfurt was found the head office of the Frankfurter Versicherungs Gesellschaft , a unit in the Allianz Konzern. The operations of insurance companies did not change to any great extent during the war except that Transportation Insurance was handled by a pool in which the government participated. The companies evidently had no difficulty negotiating with the government as to their responsibility in connection with war damage and did not overload themselves with insurance. The investments of insurance companies were carried primarily in the Reich paper. Their average return was in the neighborhood of 4%. The Reichsaufsichtsamt für Versicherung was the sole control agency within the Reich for insurance. Insurance companies did not have exemption from the German foreign exchange control regulations, and it was stated that comparatively little foreign exchange was dealt in by insurance companies. The insurance companies say they feared "socialization" under the Nazis.

9 . The head of the Gau Wirtschaftskammer substantiated the supposition that stock exchanges had done a very small volume of business and that the majority of this was done in Berlin. Commodity exchanges were

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still operating as a service organization rather than a price-setting organization.

10 . The Sammeldepots are being used extensively and it was felt that the great majority of securities are now deposited in the various Sammeldepots. The bulk of those securities, however, were in Berlin.

D. CURRENCY AND FOREIGN EXCHANGE.

1. The currency situation has been generally easy in all three Army Group areas. The handling of large quantities of high denomination notes was troublesome in one area. In some instances large stocks of currency had been turned in as "abandoned" but investigation proved that it was private property not subject to blocking.

2. The decission was made that all gold and silver and foreign currency found in the U.S. Zone was to be brought to Frankfurt and held for safekeeping there.

E. PROPERTY CONTROL.

1. Considerable damage to property of the Nazi party has been encountered in most areas. Some records have been uncovered and removed by Military Government for safe keeping. In many cases it appears that much of the property used by the Party is privately owned and has been leased from individuals.

2. Relatively small amounts of allied nationals' property have been recovered and taken under control by Allied authorities. Some information, not all confirmed, has been received regarding loot from Allied countries hidden at Borth.

F. WAGES AND PRICES.

1. Information on wages and prices is scanty at this time. Incomplete records have been uncovered and a study of the wage structure in 12th Army group area is now in progress. Preliminary information indicates that SHAEF Wage Guides may be in excess of prevailing standards. In general wages are frozen at the level existing prior to occupation.

2. Price information is almost entirely lacking, although it is reported that official orders freezing prices appear to be followed. Black market operations have been encountered on a small scale so far. Some reports are to the effect that barter transactions are extensive.

G. RESEARCH INTELLIGENCE OBJECTIVES.

It is stated to be impossible for Military Government Officers at Army Group or lower echelons to delve into financial intelligence objectives requiring research work. All projects of this nature must be done by specialists from SHAEF, US Group CC or the Control Commission (British Element.).

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IX. RECENT POLICY DEVELOPMENTS

During the course of April, definitive expression was given to a number of policies and plans which had been under consideration for some time.

A. RELATIONSHIP OF US GROUP CC TO THEATER STAFF.

1. The relationship of the Deputy Military Governor and the US Group Control Council to the Theater Staff when combined command terminates was laid down in an ETO order of 29 April 1945. This important order is reproduced as Appendix H to the report.

a. The Deputy Military Governor is the adviser to the Chief of Staff and Commanding General, ETO, for military government within the US Zone of occupation in Germany. For those functions pertaining exclusively to military government in Germany, the Deputy Military Governor will secure coordination through the Assistant Chief of Staff, G-5. He will likewise represent the Commanding General, ETO, on the Coordinating Committee of the Control Council for Germany and will be in direct charge of US Group CC.

b. "It is contemplated that G-5 Division will continue its present responsibilities for the staff supervision of Military Government functions and will take over as military needs decrease Military Government functions now resting in other staff divisions. As an example, G-4 is now controlling industrial production of military interest in Germany. As the military need for such production declines, the responsibility for controlling industrial production for other purposes would shift to G-5".

c. To ensure coordination between the two echelons of the staff, an officer may fill corresponding positions in the US Group CC and the theater staff. This arrangement would be similar to that already in existence between Finance Division US Group CC and Financial Branch, G-5, SHAEF.

2. The Financial Branch G-5 and the Finance Division of US Group CC have in the course of the last months acquired considerable experience in working together. The work of Finance Division has been considerably enriched by the practical experience of Financial Branch while Financial Branch has been able to use Finance Division work in its own problems. A large number of problems have been worked on jointly by both staffs to the considerable gain of both.

Perhaps the most dramatic example of the continuing close cooperation between Finance Division and Financial Branch was the cooperative effort to move the Merkers treasure safely into the vaults in Frankfurt.

B. GOLDCUP.

1. During April the GOLDCUP assumption proved correct that most of the German ministries, by the time they were uncovered, would possess no authority over any part of Germany due to successive evacuations and fragmentation. A report dated 28 April (Ministerial Control Memo No.13,USGCC)stated

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that GOLDCUP developments up to that time had justified the anticipation that "only fragments of targets, as now conceived, will be uncovered and that ministerial offices, or their fragments, will sometime be uncovered which cannot be specifically identified with the numbers or titles (of targets) listed in Appendix B of GOLDCUP".

In view of this situation, the problem at month's end had become not so much one of planning to use central German ministries as agencies of Military Govt administration but a problem of deciding whether any of these ministries should be reconstituted for such use.

2. It should be noted in this connection that the final GOLDCUP Plan (18 April 1945) provides for a SHAEF Special Echelon consisting of Senior Representatives both of SHAEF and of US GROUP CC and its staff divisions to contact elements of the Soviet High Command or the Soviet Elements of the Allied Control Authority or both. The GOLDCUP plan specifically delegates to this Special Echelon the function, inter alia:

> "to make preliminary plans with the Soviet representatives for the establishment of the Allied Control Authority in Germany and for the further control and disposition of the German Ministries and Central Agencies."

3. A letter of 28 April 1945 from US Group CC to SHAEF lists the following matters for discussion with the Russians:

a. Withdrawal to special zones of occupation and the relationship between these zones.

b. Organization and establishment of Control Machinery.

c. Proclamations and General Orders.

d. Exchange of Liaison officers.

e. Control of German Ministries and Central Agencies.

f. Immediate disposition of German Armed Forces and Equipment (including Para Military Organizations).

g. Prisoners of War and Displaced Persons; Exchange and Disposition of.

h. Intelligence: Exchange of Military, Political, Scientific and Industrial; securing of and access to records, archives and scientific and development projects.

i. Transportation: Use of railways and other Inland Transport.

j. Communications: Local and Inter-Zonal; allocation of frequencies, etc.

k. Finance; Control of German currency, fiscal assets, banks, etc.

l. Economics: Immediate steps regarding German industry for military requirements, requirements for liberated areas and minimum German

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requirements - Fuel, food, clothing, drugs, sanitary supplies, minerals, industrial equipment.

m. Control and dissemination of Public Information - German Broadcasting and Press.

n. Dissolution of Nazi Party and apprehension and disposal of War Criminals; Purge of Nazis, Control of Chancelleries and Nazi Party Headquarters.

o. United Nations Missions to Germany.

p. Handling of Political affairs in Germany.

q. Control and immediate disposition of Merchant Shipping.

r. Control of Monuments, Fine Arts and Archives.

s. Public Health - Control of disease.

C. FINANCIAL ANNEX TO BASIC PLAN.

~~Attached as Appendix I to this monthly report is~~ The First Revision of Annex XIV (Finance) of the Basic Preliminary Plan, Allied Control and Occupation of Germany, 10 April 1945 ~~has been completed.~~

1. It is believed that this revision represents a considerable measure of progress over the earlier draft. More precise set of assumptions is included in the Annex, reflecting more realistically the extent of destruction caused by prolonged military operations in the area, and the probable progress of the Military Government detachments and the SHAEF Special Echelon ("Goldcup" Plan).

2. In form, the Plan has been simplified by consolidating the mission of the Division and action to be taken by the various branches of the Division in the body of the Annex rather than in appendices attached thereto. Detail is omitted to the extent that specific responsibilities of the branches are easily discernible. Relationships with other Divisions are more definitely defined.

3. Stress is laid upon the elimination of Nazis and other undesirable personnel and influences from all centers of power in the financial field.

4. It is assumed that no steps will be taken by Allied Military Authorities looking forward to the financial rehabilitation of Germany or designed to maintain or strengthen German finances. It is assumed that responsibility for these matters will continue to lie with the Germans and not the Allies. Like all policies, it is subject to the general exception of matters which may be of vital concern to the accomplishment of the Allied mission in the occupation.

5. Decentralization of financial institutions, now a physical fact as a result of destruction and disruption of communications, is accepted as a tentative policy pending ultimate decision by the occupying powers. Likewise, attention is given to the use of financial measures in cooperation with other divisions to assist in attaining the objective of decartelization.

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D. OTHER MATTERS.

1. While the information from the field is still most scanty, it appears to be enough of a sample to justify considerable question that the amounts allotted for monthly living expenses (under Blocking General License No. 1) are, at present, too high. Consideration is being given, therefore, to limiting the maximum allowed per family per month to RM 300 instead of RM 500.

2. A committee on decartelization has been appointed consisting of representatives of the Political, Finance, Legal and Economics Divisions. Two meetings have been held thus far for the purpose of exchanging views, discussing available documentary materials and drafting a preliminary report on decartelization which was called for in General Hilburn's order appointing the committee.

3. Implementation of the policy of removal of policy-making officials of large financial and industrial concerns has resulted in the need for augmentation of the list of persons to be apprehended and detained. In cooperation with Intelligence Branch, Army Ground Forces, the Finance Division is currently reviewing personality data available in order to insure that the officers of the most important financial and commercial institutions are identified. Cards are being prepared giving the basic data on each individual and are being collated with existing files. A substantial number of names of important financiers and industrialists who hold positions of power and trust under the Nazi regime and who represent the heart of German industry and finance, will be added to the files.

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X. ORGANIZATION

A. FINANCIAL BRANCH, G-5 STAFF

No changes were reported in the organization or in the officer personnel of the Division during April.

B. FINANCE DIVISION, US GROUP CC

1. The organizational structure remained identical with that described in previous reports.

2. The staff of the Division was augmented during the month by the addition of 15 people.

NAME	RANK	ASSIGNMENTS
L.F. Mikulich	1st Lt	Intell. and Liaison
G.J. McNally	Capt	Intell. and Liaison
J.H. Landow	Capt	Public Finance
E.H. Loucks	Lt (USNR)	Intell. and Liaison
Oscar Banner	(civilian)	Foreign Exchange & Blocking Control
E.W. Carroll	S/Sgt	Foreign Exchange & Blocking Control
J.W. Collins	1/Sgt	Foreign Exchange & Blocking Control
Bruce Waybur	T/5	Intell. and Liaison
J.B. Solmaks	T/Sgt	Administrative
J.O. Coppock	M/Sgt	Intell. and Liaison
H.O. Lathrop Jr.	Sgt	Financial Institutions
J.F. Purcell	Col	Foreign Exchange & Blocking Control
F.A. Williams	T/5	Intell. and Liaison
Richard Sasul	Col	Intell. and Liaison
Florence M. Bevins (WAC)	T/3	Executive

3. The following personnel of this Division were assigned on T/D with SHAEF and attached to the 3rd Army to function in Frankfurt as a Special Finance Detachment:

Mott, R.L.	Lt Col	Bursler, Forman	(Civ)
Mitchell, Paul	Capt	Sacks, Alexander	(Civ)
Ophuls, E.C.	Major	Kamarck, A.M.	(Civ)
Mikulich, L.F.	1st Lt	Martin, J.S.	(Civ)
Dunn, W.A.	Capt	Banzer, Oscar	(Civ)
McNally, G.J.	Capt	Hynning, C.J.	(Civ)
Glaser, Bernard	T/3	Pittman, J.M.	T/4
Walker, J.R.	T/4	Weissman, Sidney	T/5
Collins, J.W.	1/Sgt	Curtis, D.W.	T/Sgt
Brunetti, Benito	T/3	Purcell, J.J.	Col
Nixon, R.A.	T/5	Waybur, Bruce	T/5
		Sasuly, Richard	Col

4. The Rear Echelon of the Finance Division in London at the close of the month began a movement to the Continent to rejoin the main body.

B. Bernstein

BERNARD BERNSTEIN
Colonel GSC
A/Director
Finance Division

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APPENDIX A

Frankfurt-Am-Main, Germany

18 April 1945

SUBJECT: Report of Developments in Removal of Treasure from Kaiseroda Mine at Merkers, Germany.

TO : Brig. General F. J. McSherry.

1. The uncovering of huge sums of gold, foreign currency, loot and works of art from the mine at Merkers has focused attention on the German technique of secreting wealth by hiding in mines a vast amount of valuable property. The following is a report of the military operations leading up to the discovery of this wealth and the subsequent arrangements for protecting and transporting of this property. It also deals with the investigation of a number of other mines in the area which was made for the purpose of seeing to what extent the German program had been put into effect in the mines.

I. DETECTION, PROTECTION AND PRELIMINARY ARRANGEMENTS.

2. On April 4th, 1945, at 1100 hours the 358th Infantry Reigment of the 90th Division took the town of Merkers in the Regierungsbezirk of Eisehach.

3. United Nationals Displaced Persons were interviewed by CIC interrogation personnel of the 90th Division on 4 and 5 April. In the course of these interviews several displaced persons mentioned that there was German Reichsbank gold hidden in the Kaiseroda mine in Merkers. In all these instances the displaced persons interviewed quoted rumors and none stated of his own knowledge that gold was present in the mine. Accordingly, no further action was taken by Captain Sims of the CIC.

4. At or about 1100 hours Thursday, 5 April, Sgt. Wall, of the Military Intelligence Team 404 G attached to the 358th Regiment, was in Bad Salzungen, which is approximately 6 miles from Merkers. He interviewed French displaced persons who had worked in the mine and who stated they had heard gold was stored in the mine. Captain Alfred T. Dengler, Military Intelligence officer of the 90th Division, arrived in Bad Salzungen and received a report of the information from Sgt. Wall. Captain Dengler proceeded immediately to G-2 Headquarters of the 90th Division and made his report. The G-2 report of the 90th Infantry Division of 1600, 7 April, stated "Merks mine H6750, reported by 90th Division M I T, contains marks, gold, silver, paintings, jewels. There are approximately 500 kilometers of passages in ground".

5. On the morning of Friday, 6 April, the 90th Division Command Post was located at Keiselbach, approximately 3 km. from Merkers. Military Government orders prohibited civilians from circulating in the area. Approximately 0645 that morning, two Military Police, Pfc Clyde Hermon and Pfc Anthony Kline, of the 12th Corps Provost Marshal Office, were guarding the road entering Keiselbach from Merkers. They saw approaching two women whom they promptly challenged and stopped. Upon questioning, these women stated that they were French displaced persons whose home was in Thionville, France. One of the women was pregnant and stated she was being accompanied by the other to see a midwife in Keiselbach. The women were taken to Pvt. Mootz, also of the XII Corps Provost Marshal, who questioned them again and thereupon decided to take the women back to Merkers.

6. Upon entering Merkers, Pvt. Mootz saw the Kaiseroda salt mine. He asked the women what it was. They told him it was the salt mine

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which the Germans had brought gold reserve and other valuable property from Berlin several weeks before. The women said the gold was stored in a mine 700 meters deep, that it had taken 72 hours to unload all of it, and that local civilians and displaced persons had been used to unload the gold. Pvt. Mootz reported the conversations to 1st. Sgt. Mathews, who retold the story to Col. Whitcomb, Chief of Staff, and Lt. Col. Russell, Military Government Officer, 90th Division.

7. Lt. Col. Russell proceeded immediately to the Kaiseroda mine, arriving there at approximately 1300 hours. He summoned the displaced persons in the area and interviewed them as to their knowledge of gold stored in the mine. These people all confirmed the story. Next Lt. Col. Russell confronted the mine officials and they stated they knew gold was stored in the mine and stated that other mines in the area were used for storing valuables. They said that certain works of art were also stored in the Kaiseroda mine and that Dr. P.C. Rave, curator and assistant director of the National Galleries in Berlin, was present to care for the paintings. Lt. Col. Russell also found a Sergeant Walter Farager of the British Army who had been a German prisoner since June 26, 1940. Sgt. Farager had been employed at the Merkers mine as an electrical and machinists assistant for the past year and had assisted in storing the gold.

8. At the request of Lt. Col. Russell, the 712th Tank Bn., Lt. Col. John Kedrovsky, Commanding, was ordered to proceed to Merkers to guard the entrances to the mine. 90th Division Military Police were also dispatched to guard the mine. The battalion posted guards at or about 1600 hours. Lt. Col. Russell instructed the mine officials that they were under technical arrest to be confined to their homes. He then arranged for power and electricity to be started in the mine so the shafts could be entered the next morning.

9. At this time it became known there were five entrances to the Kaiseroda mine and one tank battalion would not be sufficient to guard these entrances in addition to the one already discovered. Accordingly, Lt. Col. Russell requested reinforcements. At 2145 hours, 6 April 1945, the Command Post of the 357th Infantry Regiment, commanded by Lt. Col. John H. Mason in Leimbach, received orders to proceed to Merkers and relieve the 90th Division Military Police, and reinforce the 712th Tank Bn.

10. On the morning of April 7, 1945, the Division Commander, General Ernest, ordered a reinforced rifle company from the 1st Bn. of the 357th Infantry to guard the entrance to the mine at Merkers. This company was reinforced with tanks, tank destroyers and jeeps mounted with 50 calibre machine guns used for AA defense. Reinforced rifle companies were also ordered to guard entrances at Kaiseroda and Dietlas. At or about 1100 hours another entrance to the mine was found at Statingsfeld by the 1st Bn. The 2nd Bn. had been in this area but had moved out on Division orders. Accordingly, the Anti-tank Company of the Regiment was dispatched to guard this entrance. The 1st Bn., Lt. Col. Willian E. DePuy commanding, was given the job of guarding mine entrances at Merkers and Dietlas with elements of the 712th Tank Bn. The 3rd Bn., Major Merritt N. Warden commanding, was given the job of guarding entrances at Kaiseroda.

11. New entrances to this mine and to other mines were found by members of the 357th Intelligence and Reconnaissance Platoon, Counter-Intelligence personnel and the CIC at Leimbach, Runsbach and Springen. Guards were placed at these entrances immediately. At 1700 hours orders were received for the 357th Infantry Regiment to move out, the 1st Bn. was to pass to Division control to continue guarding the mine and 3rd Bn. guards were to be relieved by elements of the 1st Bn. This order was withdrawn at 1200 hours, 8 April 1945, by General Eddy, XII Corps

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Commander, who issued the order "Hold any movement, regiment is to be used to guard salt mine area in Merkers". At the time of the withdrawing order, 3rd Bn. guards had already been relieved by elements of the 1st Bn. and the 3rd Bn. had started to move. The battalion returned and took up its previous positions.

12. At or about 1000 hours, Saturday 7 April 1945, Lt. Col. Russell, accompanied by the mine officials, Dr. Ravo, Col. Joseph Tully, Asst. Div. Comdr., Maj. Joseph Brick, J.A.G., Infantry Division, and Sgt. Farager, as well as Signal Corps photographers entered the mine. Outside the door of the vault they found 550 bags of Reichsmarks which had been taken out for transportation to Berlin but the plan was interrupted due to the unexpected arrival of U.S. troops. Later interrogation revealed that this currency was needed to meet a Reichsmark currency shortage in Berlin which was caused by the bombing of a Reichsbank printing press in Berlin on 3 February. There were indications that there were one million marks in each bag. Captain McNamarra asked the mine officials if the stacks were the entire stock of Reichsmarks and they shrugged their shoulders. Sgt. Farager stated there was 140 bags in a different passage in the mine and showed them the location. An attempt was then made to open the steel vault but the door was locked. The party then examined the works of art found in the different passages of the mine.

13. That afternoon Lt. Col. Russell and Captain McNamarra interviewed Fritz Veick, an official of the Reichsbank, who came to Merkers for the purpose of removing the currency to Berlin. He stated he believed the Merkers mine contained all the gold of the Reichsbank and it was all in one room. Arrangements were made to open the vault the next day. At 1900 hours Lt. Col. Russell reported to XII Corps the information learned.

14. At 0800 Sunday, 8 April, 1945, a party consisting of General Ernest, 90th Infantry Division Commander, Lt. Col. Russell, Captain McNamarra, photographers and reports, and elements of the XIII Corps Engineers entered the mine. An attempt was made to gain entrance to the vault by digging but it was unsuccessful. Accordingly, at 1000 the Engineers were instructed to place an explosive charge and entrance was thereupon gained. In two corridors valises were examined which contained gold and silver articles. All of the bags and containers were marked and the gold bags were sealed. In order to examine the contents some of the seals were broken. There were two gold bars in each of the bags opened and from feeling the other bags it was estimated that all gold bags contained one or two bars each. At 1100 General Eddy, XII Corps Commander, Col. Leiber, Deputy Chief of Staff, XII Corps, and Col. Billings, G-5 Officer of the XII Corps, arrived to make an inspection of the mine.

15. Col. Lieber was contacted in the mine by Col. Mason. Guard zones were assigned in addition to those previously provided and security patrols were placed on roads leading from Bad Salzingen to Vacha. Foot patrols were placed along a railroad in the vicinity of the mine. The 357th Regimental CP was moved from Leimbach to Merkers.

16. On the same morning, 8 April 1945, Col. Bernard Bernstein, GSC, Deputy Chief of Financial Branch, SHAEF, saw in the Paris edition of the New York Herald-Tribune the story about the gold and other treasure that had been found in the salt mine in Merkers, Germany. He immediately called Lt. Col. Tupper Barrett, Chief, Financial Branch, G-5, 12th Army Group, to see if he had any information on the subject. He was advised that Lt. Col. Barrett was forward at 3d Army and would be telephoned immediately about the matter.

17. Col. Bernstein conveyed the information to Brigadier General McSherry, Deputy Chief of Staff, G-5, SHAEF, who thereupon stated that

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Col. Bernstein should go forward immediately to look into the matter. Col. Bernstein telephoned Lt. Col. Barrett at 3rd Army, and discussed the whole situation with him and told him it was desired that Col. Bernstein go forward immediately and for Lt. Col. Barrett to make the necessary arrangements. Lt. Col. Barrett stated that Major Perera, G-5 3rd Army (who had been advised as soon as the report of the discovery was available) had gone to the mine early that day prior to Col. Barrett's arrival at 3rd Army.

18. At 1630 Col. Bernstein was advised by Col. Barrett by telephone that Col. Dalferes, G-5 3rd Army, agreed that he should go forward to Lucky Rear. At the same time he was given by Col. Barrett a preliminary report of contents of the mine, based on telephone information received from Major Perera that afternoon and also informed that complete guards had been placed and the preliminary inventory was being made by XII Corps Finance Officer. By the time transportation could be arranged it was 1800 and the pilot stated it was too late to go to Frankfurt, but he would take him to Rheims. He flew to Rheims and saw Brigadier General McSherry, Deputy Chief of Staff, G-5, SHAEF. General McSherry said the Supreme Commander had discussed the matter with General Crawford, Assistant Chief of Staff, G-4, SHAEF, and General Eisenhower wanted Col. Bernstein to go to the mine immediately and check the contents and arrange for the treasure to be taken away from the mine. General McSherry and Col. Bernstein discussed the details and problems involved.

19. The following morning General McSherry and Col. Bernstein discussed the matter further with General Lucius Clay and General Crawford. General Crawford stated that General Eisenhower wanted Col. Bernstein to go with Lt. Col. Morris, of G-4, SHAEF, to the mine and withdraw the contents. Plans for moving and the places where it could be moved were discussed. General Crawford suggested Fort Ehrenbreitstein, which is across the river from Coblenz. At this time it was agreed that Col. Bernstein was to have some discretion as to where the gold would be placed, with Col. Bernstein keeping Generals Crawford and McSherry advised. General Crawford said Col. Bernstein was to go directly to 3rd Army, get in touch with General Gay, Chief of Staff, and receive instructions from him.

20. Col. Bernstein and Lt. Col. Morris flew to Frankfurt in General Crawford's plane on Monday, 9 April 1945, and arrived at G-5, 3rd Army, just before noon and had a discussion with Col. Dalferes, G-5, 3rd Army. Col. Bernstein and Lt. Col. Morris went to see General Gay and Col. Harkins, Deputy Chief of Staff, and during the discussion General Patton joined the party. Many matters were discussed, including the reasons why the treasure should be moved. General Patton agreed to the moving of the treasure and urged that it be done as soon as possible because he didn't want to tie up a fighting regiment and tank unit any longer than necessary. Immediately after lunch the conference was resumed in the office of General Gay and the Chief of Staff dictated a letter to the Commanding General, XII Corps, stating that Col. Bernstein was designated by General Eisenhower to take over the gold, silver and valuables stored in the mine and directing the XII Corps to assume the responsibility of guarding the mine and its contents.

21. Thereafter, Col. Bernstein, accompanied by Lt. Col. Morris, Lt. Col. Barrett, Major Perera and Lt. Feary, made a preliminary inspection of the Reichsbank building in Frankfurt to determine the suitability of storing the treasure, which Col. Barrett had already visited earlier in the day. They then went to Fort Ehrenbreitstein to inspect the availability of that place for the holding of the gold and other treasure. Inspection of the fort showed that there was a vast amount of archives and art treasure stored there. The archives and art

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treasures had been placed there beginning in 1942 and were accumulating considerable dirt which must have had an inevitable deteriorating effect. The storage spaces were not well guarded and were easily accessible. There was a guard of 12 men under a lieutenant in charge of the whole fort.

22. After the inspection of Ft. Ehrenbreitstein was concluded, Col. Bernstein was of the opinion that the place was not suitable as a depository for the gold and valuable art treasures which were to be brought from the mine in Merkers. In this connection, it should be noted that the art treasurers at Fort Ehrenbreitstein did not apparently include the great masterpieces.

23. At 0830 hours Tuesday, 10 April 1945, Col. Bernstein and party inspected the Reichsbank building. It was decided that the building was fully adequate for the storage purposed and for appropriate office space. Arrangements were made immediately for requisitioning the building and removing from the building all of the occupants and their possessions. Col. Bernstein phoned General McSherry and made a report covering the following points:

a. General Gay's letter.
b. The adequacy of the Reichsbank in Frankfurt.
c. The inadequacy of Fort Ehrenbreitstein.
d. The need for certain specialized personnel, the names of which were furnished General McSherry.
e. Brief statement of the contents of the Merkers mine and need for having both Property Control and Currency section personnel of G-5 Financial Branch handle the job.
f. The tentative plan to move the treasure beginning Friday or Saturday, 13 or 14 April 1945.
g. That there was to be no publicity except the taking of official pictures.
h. Col. Bernstein would leave for the Merkers mine immediately.

24. General McSherry approved of the entire plan, including the use of the bank at Frankfurt for storing rather than the fort. All appropriate contacts were made with G-4 and G-5, 3rd Army, with G-4 SHAEF in Frankfurt and other parties to put in motion a plan for the requisitioning of the building, getting transportation for the move, etc.

25. Col. Bernstein and Lt. Col. Barrett drove to the Merkers mine, leaving Lt. Col. Morris behind with Lt. Feary to arrange the final details for the closing of the building and contacting the Engineers to put the building in shape. Later that afternoon Lt. Col. Morris left for XII Corps.

26. Col. Bernstein and Lt. Col. Barrett reported to the CP of the 357th Infantry Regiment at Merkers, met Lt. Col. John H. Mason, Commander, and were taken to the mine and shown the vault with the gold and money. Later in the afternoon and evening Dr. Vieck and Reimer of the Reichsbank, who had certain information concerning the gold, currency and other valuables, were examined extensively.

27. On the morning of 11 April, Col. Bernstein arranged with Lt. Col. Mason for setting up a Command Post for the HQ ETO with office space and facilities for billeting and messing the staff of officers and enlisted men being brought forward.

28. An inspection was made of the art treasures in the Merkers mine. Dr. P.E. Rave, assistan director of the Berlin Museum, was present to furnish information. Col. Bernstein arranged for the movement of a number of cases which were found to be in a developing pool of water near one of the shafts.

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29. After lunch an inspection was made of the mine in Menzongraben during the course of which the power failed and the party had to remain in the mine for five hours until the power was restored at 1930. An effort was made to inspect the mine in Ransbach but a failure of power prevented access to the mine.

30. After dinner Dr. Shawe, librarian of the collection of books in the Ransbach mine, was interviewed.

31. Col. Bernstein also arranged that evening for the division of personnel between Frankfurt and Merkers. During the day Lt. Stout, USNR, Monuments and Fine Arts Officer, G-5, 12th Army Group, reported for duty and at night the arrival of the men at Frankfurt was reported and Col. Bernstein directed the following to report to Merkers:

a. Lt. Col. Omer Claiborne, CFA G-5, SHAEF Mission to France and Chief, Currency Section for France.
b. Lt. Col. William Moore, CO, ECA Currency Section for Germany (12th Army Group Det.).
c. Lt. Comdr. Joel H. Fisher, Chief Freezing, Foreign Exchange and Property Control Section, Financial Branch, G-5 SHAEF.
d. Lt. William A. Dunn, Financial Branch, US GROUP CC.
e. Lt. Benjamin Shilling, ECA Currency Section for Germany, (12th Army Group Det.).
f. Mr. A. St. Germain, Civilian, Officer of Guaranty Trust Co. New York, Paris Office, an expert gold trader.
g. 4 enlisted men, ECA Currency Section for Germany, (12th Army Group Det.).

The following were to remain behind in Frankfurt:

a. Lt. Col. R. S. Cragon, Currency Section for Belgium and Luxembourg.
b. Capt. John Love, Property Control Officer attached to G-5 Financial Branch, SHAEF.
c. Lt. Kelso, ECA Currency Section for Germany, (12th Army Group Det.).
d. Lt. J. S. Feary, Finance Branch, G-5, 12th Army Group.
e. 2 enlisted men, ECA Currency Section for Germany, (12th Army Group Det.).

Maj. J. Fairfax-Cholmely, British Army, Hq. Branch, Currency Section for Germany SHAEF, was also directed to report to Merkers.

32. In anticipation of distinguished visitors on Thursday morning, arrangements were made to see that the mine and shaft functioned properly, that German civilians dealing with the contents of the mine were available and a memorandum showing the various mines and a very short statement of the contents was prepared. At 1000 there was a visit to the mine by Generals Eisenhower, Bradley, Patton, Eddy and other military personnel. They were shown both the art treasures and the gold and currency. Col. Bernstein furnished information relating to the treasures, how they came there, estimates as to value, etc., and also a plan for the movement of the treasure. The plans were orally approved by these General Officers. At the same time Lt. Col. Morris was at Lucky Forward completing arrangements for the transportation and guard, and arrangements were being made at the mine for putting it in the best shape possible for the move.

33. At 1330 hours, Comdr. Fisher, Lt. Col. Claiborne, Mr. St. Germain and Lt. Col. Moore with his staff of Maj. Fairfax-Cholmely, Capt. Walitschek, Lt. Shilling and Lt. Dunn and four enlisted men arrived at the mine. Col. Bernstein immediately outlined the project and assigned

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responsibilities. Lt. Col. Moore was assigned to make arrangements for the transfer of the currency and gold with technical advice from Lt. Col. Claiborne. Mr. St. Germain, with the assistance of Lt. Col. Barrett, immediately inspected the mine and made an estimate of the situation and after consulting with Lt. Col. Mason, of the 357th Infantry Regiment, outlined a plan for operations.

34. Commander Fisher was assigned to gather inventory of the other mines in the area and to analyze all the testimony developed in the interrogation with a view toward finding further gold and foreign currency deposits and also gathering financial and property control intelligence material. At the direction of Col. Bernstein, Lt. Herbert G. DuBois, Financial Branch, G-5 SHAEF, was brought forward to the mine areas to assist Comdr. Fisher in this work.

35. That afternoon there was further examination of witnesses including ten officials and employees of the Wintershall A. G. mines who were required to furnish a list of the mines owned by Wintershall A. G. and the contents thereof. During the interrogation it was found that the Reichswirtschaftsministerium had issued a decree stating that certain mines and tunnels were to be made available for the storage of files, treasures and goods of all kinds and descriptions as well as for factories producing war material.

36. During the course of the next few days, Col. Bernstein interrogated various mine officials, Reichsbank officials, curators of art and officials of the Henschel Trust, all of whom were present in the area. Persons interviewed included Otto Reiner, Chief Cashier of Reichsmark Department of Berlin Branch of the Reichsbank, Albert Thoms, Manager of the Precious Metal Department and Fritz Vieck of this bank, Ernst Puntmann, Walter Ponicke, Dr. Woldemar Meyer, Hans Richter, George Peters, Dr. Beil, Maximilian Pathke, Herr Kurzel, Herr Enger, Johannes Boerner, Herr Rudolph, George Peters, Walter Niegtsch, and Dr. Schawe. On the basis of these interviews information in connection with Reichsbank activities as well as specific information on the procedures used by the Germans to arrange for storage of property in the mines, together with the names of the mines, was developed. Lt. Comdr. Fisher participated in several of the interrogations. Seven of these persons have been brought to Frankfurt for further questioning as voluntary informants.

II. REMOVAL, TRANSPORTATION AND STORAGE OF GOLD, FOREIGN CURRENCY AND LOOT.

37. The movement of the gold, dies, presses, foreign currency, loot and $2\frac{1}{2}$ truck-loads of works of art was effected in 20 hours beginning 0900 hours Saturday 14 April and ending 0700 hours Sunday 15 April. In this connection it is to be noted that the same operation took the Germans over four days to effect. The plans for the operation and their execution were under the direct supervision of Col. Bernstein with Lt. Col. Moore, assisted by Lt. Cols. Mason and Morris, in charge of operations. Frequently during the course of the loading operations, it was found that the operations could be expedited by minor changes. All of the officers involved in this operation worked steadily during the 20 hour period constantly expediting and supervising. Thirty 10-ton trucks were used with two 10-ton trucks reserves.

38. In order to facilitate the loading operation a fleet of jeeps and trailers was lowered to the "Treasure Vault" mine level. Two jeeps at a time were used to withdraw the gold from the two entrances to the vault (the entrance which had been blown into the vault and the vault door). Shaft No. 2 which was large enough to carry a jeep trailer was found in non-working condition when the party arrived but was quickly repaired by 5 men from a nearby engineer regiment which was brought to the mine for that purpose. Loaded gold and bullion and coins were lifted in shaft No. 2 by means of detaching trailers from the jeeps.

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Shaft No. 1 was used for loading currency bags and miscellaneous objects. Here the material was unloaded from jeep trailers into mine carts and sent up the elevator. At the top of the shaft the carts were pushed to the end of the platform and loaded onto the trucks.

39. At the outset it was necessary to make a preliminary inventory. The day before any movement was made four teams were organized to make an inventory of the contents of the cave with the information shown on the tags. The teams were designated A, B, C and D. The two teams working on gold bullion and coins consisted of one officer and two enlisted men. The other two teams consisted of one officer and one enlisted man. Each team started numbering the items they inventoried with No. 1, putting the team letter before the number, and continued consecutively until they finished their part of the inventory.

40. The following system of checking the treasure was devised. When the actual movement began one officer and one enlisted man was stationed at the inside of the door of the vault. The officer checked and called out the numbers as the treasure was taken out of the door and loaded on the trailer by the men of the 357th Infantry Regiment. The enlisted men at the door then wrote down this number on a sheet. This sheet was used as a tally-out or shipping ticket for each jeep load.

41. The regiment furnished officers to accompany each trailer load from the vault door to the truck to the top of the shaft. This officer signed the tally-out sheet and the enlisted man at the vault door made a register of these tally-out sheets. The escorting officer carried the tally-out sheet with him and passed it to the Currency Section officer who was stationed to supervise the loading of the trucks at the top of each shaft. An enlisted man from the Currency Section for Germany called the numbers off the items as they were put into the truck and the officer checked them off the tally-out sheet in order to verify that each item which left the cave was loaded on the truck. The truck loading officer then put on the tally-out sheet the truck and trailer number, the name of the driver and assistant driver and the special guard together with their serial numbers. The loading officer then initialled the tally-out sheet and it was returned to the cave by the escorting officer. The enlisted man at the cave entrance upon receipt of the tally-out sheet checked it with the register to verify that all tally-out sheets were returned and that all numbers were in order and all appeared to be correct.

42. The convoy departed promptly at 0800 Sunday, 15 April. It was operated by elements of 1st Bn., 474th Infantry Regiment, supported by elements of the 785th Military Police Bn., Co. B, 503rd Military Police Bn., one anti-aircraft platoon plus tactical air force elements, consisting of cub and fighter planes detailed by the Assistant Chief of Staff, G-3, 3rd U.S. Army.

43. The convoy moved without incident and arrived at Frankfurt approximately 1400 hours.

44. Col. Bernstein accompanied the convoy in the armored truck while Lt. Cols. Moore and Claiborne and Mr. St. Germain proceeded immediately to Frankfurt where they were joined by Lt. Col. Cragon, Capt. Love, Lt. Kelso and Lt. Feary and enlisted men. When the convoy arrived at the Reichsbank at Frankfurt a similar system of checking and unloading as well as stacking was instituted. This system had been devised under the general direction of Col. Bernstein in consultation with Lt. Col. Moore, Cragon, Claiborne and Barrett. In addition to the personnel mentioned, the following members of Finance Division, US GROUP CC, formed the teams responsible for unloading, movement to

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the vaults and checking: Andrew H. Lamarck (Civ.), Lt. Col. Rodney L. Mott, Capt. Paul Mitchell, Lt. Louis F. Mikulich, 2nd Lt. James W. Collins, Tec 3 Benito Brunetti, Tec 5 Russell A. Nixon, Tec 4 James M. Pittman and Tec 5 Sidney Weisman. The operation started at 1330 hours Sunday 15 April and ended 26 hours later at 1530 hours 16 April.

45. The preliminary estimate of the amount of gold bars, gold coin, Reichsmarks and foreign currency stored in the Reichsbank at Frankfurt is annexed as Appendix 'I'. A preliminary investigation of some of the valises stored in the vault, which are said to be loot taken by the SS, includes three large cases of gold and silver teeth fillings, valise after valise of silver tableware, watch cases, eye-glass spectacles, gold wedding rings, in addition to pearls, certain precious stones, etc. Inventories found in several of the valises indicate that many of these objects came from Poland and Holland. The valises were also found to contain varying amounts of foreign currency, including rubles, zoltys, French and Belgian francs and Italian money.

III. REMOVAL, TRANSPORTATION AND STORAGE OF OBJECTS OF ART.

46. The bulk of the objects of art in question were discovered at the Kaiseroda mine at Merkers. The remainder of the art objects, comprising 45 cases in all, were removed from the Ransbach mine.

47. From the very outset it was realized that the art objects in the Kaiseroda mine were of great value. This was due to the fact that a Dr. Rave, from the Department of National Galleries in Berlin, was found at the mine. An interrogation led to the belief that it was essential to arrange for the removal and protection of said objects as soon as possible. This belief was confirmed upon the arrival of Lt. Stout (USNR), Monuments and Fine Arts Officer of G-5 12th Army Group. He made a spot-check of the boxes and cases and talked with Dr. Rave and immediately came to the conclusion that they constituted great wealth.

48. Accordingly, detailed plans were promptly put into effect for the removal of the art treasures at the Kaiseroda mine and the 45 cases at the Ransbach mine. Transportation to take these art treasures to Frankfurt for storing at the Reichsbank was arranged by Lt. Col. Norris, of G-4 SHAEF.

49. In preparation for the move use was made of personnel from the 357th Infantry. Certain pictures, prints, etc., were removed from the mine on Sunday, 15 April 1945. Prior to arrival of the trucks they were stored in an adjacent building and upon the arrival of the trucks, on 17 April 1945, it was thereupon possible to load several trucks at one time without delay. Approximately 40 hours were taken to bring all of the art objects out of the mine and load them on the trucks. During the final day of loading approximately 100 prisoners of war were placed at the disposal of the officers supervising the move.

50. Each box, picture, case, etc., that was loaded upon the trucks was listed upon a shipping ticket. A separate Shipping Ticket was prepared for each truck and was signed by the officer who supervised the loading of the truck. The form (mimeographed at direction of Lt. Dunn) (now Captain Dunn), provided such information as:

Name of truck driver and serial number.
Names of guards and serial numbers.
Truck number.
Key letter and number shown on each case, box, etc.
Number of cases.
Description.

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51. Twenty-six ten-ton truck loads of art objects were removed from the Kaiseroda Mine at Merks and the Ransbach Mine. Three truck loads accompanied the convoy which brought the gold, currency, etc., to Frankfurt and the remaining 23 truck loads moved as a special convoy on 17 April 1945, leaving Merkers at approximately 0900 hours and arriving at the Reichsbank building in Frankfurt at approximately 1500 hours the same day.

52. Unloading the art objects and storing them in rooms at the Reichsbank in Frankfurt required approximately eight hours time. The work was accomplished by prisoners of war who were supervised by officers and civilian personnel of SHAEF and Finance Division, US GROUP CC. As each truck was unloaded at Frankfurt its contents were checked off against the Shipping Ticket prepared at Kaiseroda Mine for that truck and the officerwho supervised the unloading signed the ticket.

53. In placing the art objects in the rooms of the Reichsbank, boxes, cases, etc., of each department of the National Galleries were separately stacked as far as facilities permitted. Paintings are protected by packing material which was secured at Merkers.

54. Technical matters, such as packing and storing paintings, prints, etc., was supervised both at Kaiseroda Mine and in Frankfurt by Lt. Stout. Organization of personnel, loading and unloading was done under the supervision of Capt. W. A. Dunn, Finance Division, US Group CC.

55. It is to be emphasized that the task in question was chiefly concerned with transferring objects of great wealth to a place of safekeeping. Under present operational conditions it would be extremely difficult to place even an approximate evaluation upon these art treasures. The work of evaluation must of necessity be done by experts and will require reference to catalogues and individual examination. For this reason only a very few boxes were opened and this was done chiefly to confirm the information given by Dr. Revo. The art is being held in custody pending inventory.

IV. PROPERTY STORED IN OTHER MINES.

56. The reconnaissance through the other mines in the Merkers area revealed huge quantities of property stored by the Germans in the area. It was found that these stores included Luftwaffe material, ammunition, contents of Libraries, art collections, files and records of such companies as the Henshel company of Berlin and Krupp works. It was decided to take to Frankfurt the forty boxes belonging to the Krupp Works and Krupp family, as well as two large boxes and several files of the Henshel Trust. These files and boxes appear to be excellent sources of information on certain German programs for secreting of foreign exchange assets abroad. They will be thoroughly analyzed in Frankfurt and a full report of their contents will be furnished when the analysis is complete.

57. It is to be noted that approximately thirty railway cars containing books and records of the Reich patent office in Berlin were stored in the mine at Heringen. The shaft of the mine is not operative but can be put into operative condition within 24 hours. This information was passed to Lt. Col. Morris, of G-4 SHAEF, and it is presently planned to send officers from G-5 to the mine with Lt. Col. Morris for the purpose of removing and transporting those records to Frankfurt where they will be stored in the Reichsbank and analyzed.

V. INDICATION OF OTHER GOLD AND FOREIGN CURRENCY.

58. Interrogations of German Reichsbank officers in the area, as

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well as mine officials, revealed information that gold had been secreted by the Reich and the Nazi Party in other places including possibly:

Halle	Neustrelitz
Plauen	Schwerin
Leipzig	Weimar
Wurtzburg	Schneidemuhl (Russian occupied)
Saalfeld	Stettin (Russian occupied)
Berlin	Frankfurt a.d. Oder (Russian occupied)
Newbrandenburg	

59. It was also learned that just a few days before the entry of U.S. Troops into Merkers the Germans had transported over 165 bags of foreign currency to other areas in Germany including Halle, Nordhausen, Berlin and Leipzig.

60. On the basis of this information, Col. Bernstein prepared a staff study for the Chief of Staff of 3rd Army, setting forth this information and listing the eight targets in the U.S. Army area which should be examined immediately with a view toward detecting and safeguarding gold, foreign currency and loot. He recommended that an infantry regiment less one battalion plus one company of tanks, one company of tank destroyers and sufficient anti-aircraft protection to cover the area, be furnished. This organization would be broken down into a task force of ten teams for reconnaissance and two infantry rifle companies as holding forces to guard the gold and foreign currency targets. The remainder would be used to guard the mine entrance in the Merkers and surrounding area.

61. General Gay stated he was interested and agreed with the need for further investigation. However, he pointed out it would be impossible to make available the 3rd Army personnel for the needed reconnaissance in the various areas. He stated he would be prepared to furnish one platoon for reconnaissance in the 3rd Army area. It later developed that one platoon furnished by the 3rd Army was not motorized and therefore would not be suitable to do the reconnaissance work and following up leads in the 3rd Army area. Accordingly, Col. Bernstein released the platoon as unsuitable for the contemplated operations.

62. In the intensive work of exploitation of the Merkers find now going on, the latest discovery has uncovered a series of account books which Thoms, Manager of the Precious Metal Department of the Reichsbank, has just described in an interrogation (which is still continuing) on these records, as the running inventory of the gold bars and and gold and silver coins held by the Reichsbank in Germany for its own account and the account of others. It is interesting to note that Thoms in a previous interrogation had informed Col. Bernstein that these records had been returned to Berlin. These books give the assay office number, the bank number, the gross weight, the fineness and the fine weight of each bar held at either Merkers or Berlin. One book lists the bars by branch which were dispersed to approximately 18 branches of the Reichsbank in Germany in July and August, 1943. These books should be useful as a check list against which the discovery of the Reichsbank gold can be controlled and may materially assist in the location of all of the hoards of the Reichsbank gold. Information on the Reichsbank holdings of gold and silver coins is given in another set of books. Also secured were several sacks of assay certificates of the gold bars which had been smelted at the Prussian State Mint.

63. On the basis of the foregoing information, Col. Bernstein is making plans for additional reconnaissance parties to locate other gold and foreign currency, special attention being given to those areas which are considered as key targets based on information secured from the developments which have taken place. Col. Bernstein is planning to personally load a small reconnaissance party in jeeps which is

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scheduled to depart at 0800 hours 19 April 1945 and included Comdr. Fisher and Lt. DuBois.

64. As stated in this report and appendices it appears that the Germans hid their assets in mines and other secret places in Germany, presumably with the intent of maintaining a source of financing of pro-Nazi activity. Many of these caches have not yet been uncovered and should be ferreted out as soon as operations permit. It would appear necessary that some procedure be established for analyzing and utilizing the property and records found in the Merkers area and those uncovered in the future. Intelligence reports indicate that just as the Germans secreted assets and valuable property within Germany, they also made elaborate arrangements for secreting assets in neutral and other nations of the world. Every step should be taken in Germany to obtain information of the assets secreted both inside and outside Germany so that these assets cannot be used to perpetuate Nazism or contribute to the rebuilding of Nazi influence.

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APPENDIX B

REPORT ON RECONNAISSANCE TO DISCOVER FURTHER GERMAN GOLD, FOREIGN EXCHANGE, AND LOOT

I. 19 April to 23 April 1945

The Nazis secreted gold and foreign exchange assets elsewhere than in the Merkers mine. This was revealed by thorough interrogation of mine and Reichsbank officials in the Merkers area who also told of 165 bags of foreign currency which had been removed from the Merkers mine to other cities. Accordingly a reconnaissance party was organized by Col. Bernstein consisting of himself, Lt. Condr. J. H. Fisher and Lt. H. G. DuBois, whose mission was to locate and gather further information as to these assets. The trip was approved by General McSherry and Col. Bernstein received telephone clearance from General Ryan to proceed to the 1st and 3rd Army areas.

Weimar

The party arrived at Weimar on 19 April, contacted Lt. Col. Billingsley, the Military Government Detachment Commander who furnished guards, and proceeded to examine the Reichsbank and Staatsbank and their officials. After interrogation which lasted until three in the morning, Reichsbank officials Schroeder and Will revealed that they had accompanied the transport which took 15 bags of gold from Weimar to Naumburg on April 8th. They also revealed that on April 8, 25 bags of gold were taken from Weimar by Dr. Ey, director of the Reichsbank in Berlin and Amtsrat Laabs. The Weimar Reichsbank officials were not certain of the destination of these 25 bags but mentioned three possibilities, Apolda, Naumburg, and Berlin. During the questioning, the Reichsbank officials also revealed that plans had been formulated to move the Reichsbank office in Berlin to Weimar. Walter Funk, the president of the Reichsbank and Minister of Economics, had visited Weimar for this purpose. Funk's official stationery had already been sent to Weimar.

APOLDA

Upon arrival in Apolda Col. Bernstein contacted the Military Government Detachment Commander and informed him of the purpose of the visit and made arrangements to investigate the Reichsbank. He secured consent from the commanding officer, Co. A, 5th Ranger Battalion located in the area, to use Lt. Louis Sombosi and four of his enlisted men to act as guards in investigating the Apolda bank and other key banks in nearby cities. Accordingly the Rangers accompanied Col. Bernstein to the bank and acted as guards during the course of the investigation. Director Schwarzer revealed that the Apolda Reichsbank had received 40 bags of gold from Berlin some time ago but that a truck belonging to the Reichsbank direktorium in Berlin had come to the Bank and removed the 40 bags on April 7. He believes that the bags were returned to Berlin. He also expressed the possibility that this same truck may have carried gold from Eisenach, Erfurt, and Weimar but he

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did not examine the truck to see if it contained any gold. They thought the truck would stop at Gera before proceeding to Berlin.

Col. Bernstein also examined other personnel present at the bank and discovered Rudolf Lindlinger who stated he had an office in the bank and was conducting economic studies for Berlin. He had previously been a leading economist in Berlin and had come to Apolda in the early part of March. Col. Bernstein felt that he might well be a valuable source of information in connection with financial policies of the Nazis and accordingly was taken with the party. All of his records were collected and removed from the bank for later analysis.

NAUMBURG

Before proceeding to the Reichsbank contact was made with Military Government Detachment No. 37, Capt. Murray commanding. The Rangers acted as guards at the Reichsbank and director Fisher was interrogated and admitted to two movements of gold and foreign currency involving his bank. He stated that 18 boxes of gold together with seven bags which may have contained gold had arrived from Eisenach on April 1st. He did not have the proper facilities for storing the gold and requested the Bank at Halle to take it off his hands. The Halle bank agreed and on April 7 a truck came from Halle, picked up the gold and supposedly returned to Halle. The other movement concerned 15 bags of gold bars which he claimed arrived from Weimar on the night of April 8. This gold was removed from the bank on April 11th by Reichsbank director Merchenroeder who had been with the Reichsbank at Gleiwitz in Silesia before the Russian occupation but had later come to Weimar. Fisher says Merchenroeder intended to take the gold to Hof in Bavaria.

WEISSENFELS

At Weissenfels the bank was closed and no directors were available. Accordingly Col. Bernstein made arrangements with the Military Government Detachment to check the bank officials and records with particular regard to movements of gold and foreign exchange. A list of points to cover in this check was submitted to one of the Military Government officers who agreed to contact Col. Bernstein through SHAEF in the event his examination revealed anything of interest. A later interrogation of bank officials at Halle revealed the fact that there had been 40 bags of gold in Weissenfels. This information had been conveyed to Friedrich May, a Halle director, in a telephone conversation with a director of the bank in Weissenfels. He told him that on or about April 10, 40 bags had been taken from the Weissenfels bank by employees of said bank who were accompanied by employees of the Reichsbank from Landsberg on the Wartho, then working at Weissenfels. The order for the removal of this gold to Dessau was given to the Weissenfels bank by Reichsbank direktor Ey, at Weimar.

HALLE

The party arrived in Halle at 1830 hours April 20 and proceeded to the offices of the Military Government detach-

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ments for the Landrat and for the city of Halle and found both offices closed with no one on duty, except for a soldier standing on the sidewalk in front of the city detachment who said he worked for Military Government. The soldier said he did not know where to locate the officer in charge of the office.

Two CIC officers then joined the party and the whole group went to the Reichsbank. A prompt effort was made to round up the officials and as soon as it appeared that there was gold and foreign currencies in the vault, a guard was put on the vault. The CIC officers who said it would take until after dark to go to Corp or Division Hqs and return agreed to try and find the local Military Government officer.

There was interrogation of director Friedrich [illegible] and three other officials including two cashiers. They stated the Bank had 16 boxes which had not been opened but which must contain gold bars, together with two other larger boxes presumably containing gold and foreign currency. Upon entering the vault this information was confirmed although none of the seals were broken. There were also 65 bags alleged to contain foreign notes. Each bag was tagged and indicated the face value of the notes and the particular country involved.

An inventory was made of these items which were individually tagged and marked for identification. In addition to these items there was a three weeks accumulation of foreign notes and coins which had been picked up by the bank in the usual course of business but had not been transmitted to Berlin due to transport difficulties. All German silver coins in possession of the bank were collected as well as a number of German silver coins and foreign coins from personal deposits of valuables in the vault. Most of these deposits of valuables had been transferred from the Reichsbanks at Cottbus and Eisenach to Halle. Some papers found in the deposit of Frau L[illegible]e were also collected. She had been the first wife of Vice President L[illegible]e of the Reichsbank who has been a very active Nazi. It was felt these papers might be of value in connection with Nazi financial manoeuvers.

Shortly after the beginning of this investigation, the captain in charge of the local Military Government Detachment arrived and provided four MPs to aid the five Rangers in maintaining continuous guard over the vault and the four bank officials who had been taken into custody and also agreed to go to Corp and Division Hqs to report what had been found and to see if it was agreeable to transport the valuables to Frankfurt and to obtain the necessary transport and protection.

The Commanding General of the 7th Corps which had jurisdiction over Halle desired written confirmation of Colonel Bernstein's authority to take the gold, etc. Colonel Bernstein telephoned General Ryan Saturday morning April 21st to have the necessary instructions issued to 7th Corps. On Sunday morning April 22 clearance had not yet been received from Corps and Col. Bernstein was anxious to proceed to the investigation of further targets. Accordingly, arrangements were made with the local Military Government detachments to take over the job of guarding the vault and to arrange for the removal of the treasure

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to Frankfurt. Lt. Col. Cawthorne, SHGO, designated Capt Frank W. Murphy to take over the guard and to make necessary arrangements for the move. Col. Bernstein delivered to Capt Murphy the six keys to the outer door of the vault together with the inventory and original documents referring to the deposit of the 25 boxes and bags of gold and foreign currency at Eisenach. A receipt showing the deposit of the 25 boxes and bags of gold at the Halle bank was also turned over to Capt. Murphy. Lt. DuBois took Capt. Murphy through the vault and Capt. Murphy checked each item in the vault against the inventory. He immediately issued instructions to the guards that he was in charge, relieving Col. Bernstein of the responsibility.

ERFURT

On April 23 a trip was taken to Erfurt for the purpose of investigating gold shipments from that city. Maj. A. A. Nadstrom, the Military Government Detachment Commander, provided several guards to accompany the party to the Reichsbank where an investigation was conducted of Reichsbank direktor Winklemann and director Hummer. After a period of questioning these officers stated that they had received about 80 bags of gold "about a year ago" and had sent all their gold and accompanying records to Berlin on the night of April 4. Col. Bernstein requested a copy of the receipt which the bank had obtained when the gold was delivered to the truck driver. When the receipt was produced it revealed that the destination of the gold was Magdeburg. The receipt was dated 4 April and the driver's name was Kasse. A search of the vault revealed a bag of foreign notes including dollars. After the bank directors had listed these notes in the bank a copy of the list was given to the Detachment Commander and during an ensuing conversation the Detachment Commander suggested that Col. Bernstein take the bags with him to Frankfurt.

EISENACH

After obtaining guards from the Military Government commander at Eisenach, the party proceeded to the Reichsbank and conducted an investigation and interrogation. At first the bank officials stated that there had been seven bags of gold at the bank and then they changed their story to 10 bags and finally they admitted there had been 18 boxes and 7 bags. They stated that the boxes and bags had been brought to their bank in September 1944 by an officer and two other uniformed men for the Devisenshutzkommando of France. The Reichsbank officials stated that they understood that this was the gold taken from France by "Goering's men". Col. Bernstein called for the balance sheet of Dec. 31, 1944 and found an entry for the Coburg Reichsbank branch as holding 41 bags for the Berlin Reichsbank and one sealed envelope also for the Berlin Reichsbank. Reichsbank director Sholtz stated that he did not know what was in the bags held for the Coburg branch but that it might be gold. A small amount of foreign currency and silver coin was found at Eisenach and after inventory was made by the Reichsbank officials and a copy presented to the Military Government Detachment Commander, the bag was taken by the party with the approval of the Military Government Detachment Commander.

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SS Loot

In addition to the gold and foreign exchange search, certain leads were obtained on Nazi SS loot. At the Buchenwald concentration camp the reconnaissance party witnessed the results of some of the atrocities of the Nazi SS men. Talking with several of the prisoners on the subject of loot, they mentioned that several hours before U. S. troops took the town on April 11, five chests of jewelry including gold and silver items were taken from this camp by three of the SS officers attached to the camp. Upon interrogation these prisoners stated that these officers also took eleven chests which had come originally from the Auschwitz concentration camp. These chests had been brought to Buchenwald just before the Russians captured Auschwitz. All are supposed to have contained gold, silver and jewelry taken from prisoners of the concentration camp. On the basis of rather incomplete information several prisoners indicate that they believe the chests were taken to Leipzig/Flossenburg.

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As a result of this five day reconnaissance the following is a summary of information as to locations of boxes of other Reichsbank gold which have since apparently been removed.

Erfurt	80
Weimar	40
Coburg	41
Meiningen	40
Meissenfels	40

II. 24 April to 2 May 1945

On the morning of 24 April Colonel Bernstein proceeded to Frankfurt to arrange for further receipt of other gold shipments and to report to General McSherry the results of the finding of the gold at Halle. At the same time, Colonel Bernstein arranged for Commander Fisher and Lt. DuBois with Albert Thoms to continue to develop the leads on other possible hidings of German gold and foreign loot. The following is a condensation of the log of the reconnaissance by Commander Fisher and Lt. DuBois.

SAALFELD

Arrived Saalfeld on 24 April 1945, at 1600 hours. Contacted Maj. Hoff, acting Military Government Detachment Commander, and proceeded to the Reichsbank. Peck, cashier, and Rattey, Reichsbankrat were interrogated and revealed that 41 bags of gold which were deposited by Berlin in 1943 had been sent on April 2nd to Gera Reichsbank. No authorization was given for the shipment other than general instructions previously received to the effect that gold should be moved when military operations required the same.

The leader of the transport was Dr. Hoffrichter, Angestellter, who was in the area because his family was in Saalfeld and who took advantage of the opportunity to move them

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to Gera with the gold. He was also accompanied by Dach, Miss Treves and Ahner, Secretary (all employees of the Saalfeld bank). The gold arrived in Gera at 6 AM April 3rd and was delivered to Director Schmidt.

The officials stated that the gold was moved to Gera because Saalfeld is one of the branches under the Gera bank. Director Schmidt told the officials of the Saalfeld bank that it was his intention to eventually have the gold transferred to Zwickau or Magdeburg.

A small amount of various foreign notes were found at the Bank, inventoried by the Bank officials and copies furnished to the reconnaissance party.

HOF

On the morning of 25 April 1945 Directors Bender and Kielruer, of the Hof Reichsbank, were interviewed. They stated that they never had gold in the bank and said that only the Berlin Reichsbank kept gold in its vaults. They produced small amounts of foreign currency but after a prolonged session conducted by Cmdr. Fisher, Director Bender produced another case containing a considerable amount of foreign notes predominantly Yugoslavian and Hungarian. This additional case had been deposited on April 6 by a captain of the SS (Hauptsturmführer). A copy of the letter accompanying the deposit of this foreign currency is attached as Annex A.

SS Loot-Hof

Specific interrogation in quest of SS loot was conducted by Cmdr. Fisher. Bender said he believed some valuables from the Lublin concentration camp had been deposited at the Stadt v. Kreissparkasse at Hof by direction of Dr. Richard Wendler, Governor of Lublin and head of the Lublin concentration camp, who lived in Hof but disappeared before occupation by American troops. The reconnaissance party checked the sparkasse and found two boxes containing valuables, including gold plated dishes, valuable gold plated porcelain tableware and a number of items including crucifixes, obviously loot from churches. Nearly all articles bore Polish markings. Those two boxes of loot were turned over by Cmdr. Fisher to Capt. White, local Military Government Detachment Commander, who put them under guard immediately and suggested that Commander Fisher take the two boxes to XII Corps Headquarters, which was done.

Friedrich Ulmer, president of the sparkasse, was questioned and stated the two boxes were brought to the bank sometime during the month of January by an SS Captain and a civilian. The receipt with the names of the SS Captain and the civilian was sent to the Reichsbank.

Upon report of the discovery of this SS loot to the Military Government Detachment Commander Cmdr. Fisher was advised that a number of large boxes had been deposited by Wendler for safe keeping in the cellar of a local spinning mill. The Military Government Officer stated that some of the boxes which he had inspected contain very valuable gold and silver tableware, china, etc., with Polish markings. At the request of the HGO Cmdr. Fisher proceeded

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to the cellar of the mill to examine the boxes and interrogate the officials of the mill. The LGO was surprised to discover that since his examination the day prior three of the boxes had been completely emptied of their contents. Cmdr. Fisher proceeded with an intensive examination of Directors Schmidt and Wunderlich of the spinning mill. Schmidt had been a member of the Nazi party since 1924 and Wunderlich was also an active Nazi. They admitted that 23 cases had been deposited with the factory in July of 1944 at the request of Dr. Wendlar who said the property had been brought from the governor's house in Lublin and would eventually be taken to Munich as property of the German state. Both Directors frequently made contradictory statements and stated that the contents of the other boxes which had not been opened was unknown to them. Due to the fact that Wendlar is wanted as a war criminal plus the fact that three boxes had already been looted, Cmdr. Fisher suggested that steps be taken by the LG in conjunction with CIC to examine all of the boxes and to take necessary steps for safeguarding the contents in the meantime and to examine the directors further. At Bayreuth Cmdr. Fisher delivered the two boxes to Corps for shipment to the Reichsbank at Frankfurt.

PLAUEN

Arrived in Plauen at 2100 hours 25 April, spoke with Military Government Detachment Commander Maj. Evits on the phone, and explained the mission. Maj. Evits stated that he concurred in an interview in the evening with the Reichsbank officials. He stated, however, that he could not arrange billets. Billets were obtained through the 87th Division MPs who also arranged to locate and bring to MP headquarters Second Reichsbankdirektor Rumbuchler and Cashier Schuller. (The first Reichsbankdirektor was not available in the city). Interrogation of these two officials began at 0200 hours, 26 April 1945 and lasted approximately one hour and three-quarters, during which time they admitted that approximately 50 or 60 bags of gold were present in the vault of the Reichsbank. They further stated that the bank had been badly bombed and the third key to the vault was in the pocket of a cashier who was buried under a pile of debris at his apartment.

At 0600 Lt. Cmdr. Fisher proceeded to CP of Division with MP escort, contacted Military Government officer, Major Lee, and then the commanding general, General Frank J. Culin, Jr. To both of these officers was explained the nature of the mission and the problems involved. General Culin made arrangements for an engineer company and infantry company to be brought to the bank for the purpose of opening the safe and guarding the bank respectively.

In the meantime Lt. DuBois proceeded to the Reichsbank with the directors and found the vault intact although the remainder of the bank was rubble. The cashier's "apartment" was also visited and advice obtained from local workmen that it would take several days to locate the cashier under the debris.

Accordingly, at 1130 hours the engineers started blasting the vault and at 1205 the vault was open.

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At 1530 hours Cmdr. Fisher with Maj. Lee entered the vault and found 55 bags of gold coin. Questioned the Reichsbank officials exhaustively about the difference between the 50 or 60 bags stated before and the 55 bags found. They brought out the balance sheet of 31 Dec. 1944 showing that the gold coin had been deposited by the Wehrmacht for the Reichsfuhrer of the SS (Heinrich Himmler). The deposit had been made on or about April 12, 1944. The treasure book containing this information accompanied the shipment to Frankfurt.

There was also found 23 bags of silver coin.

Cmdr. Fisher and Maj. Lee and Lt. DuBois then made a detailed inventory of the bags of gold and silver coin using the German serial numbers and marks on the bags.

At 1500 hours Gen. Culin arrived at the vault to take over the money.

At the Division Headquarters Cmdr. Fisher drafted a cable for Gen. Culin to be phoned to First Army asking for permission to send the treasure to Frankfurt. Shortly thereafter Gen. Culin reported that he had received the necessary permission and Cmdr. Fisher originated a wire to SHAEF suggesting that appropriate arrangements be made to receive the gold in Frankfurt which would depart Pl-uen on or about 0600 27 April.

Also found in the vault were 60 private valises belonging to individuals in the Reichsbank area. An appropriate screening and examination was made by Lt. DuBois and Maj. Lee to determine whether foreign exchange assets and loot was contained in the valises. Maj. Lee then impounded these valises and made arrangement for joint action with CIC to peruse their contents in greater detail.

GERA

Arrived in Gera 1100 hours 27 April, contacted Capt. Satterfield, Military Government Detachment Commander, obtained guards from Maj. Stanton, 2nd Bn., 385 Infantry 76th Division, and proceeded to the Reichsbank. Interrogation was conducted of Reichsbank director Hermann Schmidt, Director Max Neubert and Director Erich Tetzner. They admitted having received 41 bags of gold from Saalfeld on April 5, which had originally been sent from Berlin to Saalfeld. Schmidt said he knew the gold had been sent from Berlin to Saalfeld because he had inspected the Saalfeld bank several months before and had seen a sealed envelope from Berlin which was being kept in the vault with the gold bags.

The Gera bank had no record in their books of gold received from Saalfeld and stated it was kept in a secret book which was destroyed by Schmidt in accordance with general instructions from Berlin before the occupation by U.S. troops on April 15th. Schmidt said the book which he destroyed contained no reference to other gold movements since the aforementioned 41 bags constituted all the gold in which their bank had been involved. Schmidt said that the Saalfeld bank told him that the gold would be released to Magdeburg or Dessau from Gera but that Dr. [redacted] a Reichsbank Director from Berlin, telephoned from Weimar and told Schmidt it would go to Zwickau. The gold was sent from

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Gera in two shipments, the first shipment being made on April 4 and consisting of 20 bags. A car came from Zwickau for the 20 bags and the leader of the transport was Oberinspector Koch of the Zwickau bank. A second shipment of 21 bags was delivered by Tetzner to the Zwickau bank on April 6 and was turned over by him to Director Grunfeld. (At Zwickau it was later revealed that Schmidt had called the Zwickau Director and told him that Aue might be a good place to send the gold. Note- Schmidt had not revealed this conversation during the interrogation).

ZWICKAU

On 27 April the reconnaissance party contacted the local MG Detachment Commander and proceeded to the Reichsbank with guards and interrogated the following:

Reichsbank 1st Director Otto Guenther,
Director Grunfeld,
Oberinspector U[illegible]er,
Reichsbankrat Deuser, and
Chief Cashier Bock.

These officials stated that they had received two shipments of gold from Gera on April 4 and 6 which confirmed the information previously furnished to Cmdr. Fisher by the Gera bank. Due to the swift advance of U. S. troops it was decided to move the gold to Aue. On April 12 a truck came from Zittau to pick up some Reichsmarks for delivery to Zittau and Karlsbad(Zwickau prints Reichsmarks). Director Schroeder of the Zittau bank was in charge of the transport and the Zwickau bank decided to send the gold with the transport to Aue through which the truck would pass on its return trip to Zittau and Karlsbad. Upon further interrogation the bank officials stated that they had some foreign notes on hand and a quick examination revealed they had a value of approximately 22,000 Reichsmarks being principally zlotys. The bank officials stated that the bags of gold contained either one or two bars, that they had not opened any bags but had come to this conclusion from feeling and lifting said bags.

AUE

Before proceeding to Aue Cmdr. Fisher checked with the Chief of Staff of the 89th Division and found that the town was on the limiting line of the Division but within their patrol area. It was heavily defended. Accordingly Cmdr. Fisher advised the Chief of Staff that a trail of 41 bags of gold led to the Reichsbank at Aue and suggested that he make a prompt examination of the bank if the town was captured. Cmdr. Fisher then sent a wire to SHAEF Main advising them of these facts.

LEIPZIG

Arrived Leipzig at 1800 hours 27 April. Cmdr. Fisher sent wire to SHAEF advising them of the foreign currency which had been discovered at Reichsbanks in Saalfeld, Plauen, Gera and Zwickau, suggesting that appropriate action be taken and pointing out the fact that inventories had been received from all of these banks and a copy furnished to the M. G. Detachment involved with the bank officials in the

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meantime being told they were responsible for holding the notes intact until further notice. Cmdr. Fisher and Lt. DuBois interviewed Lt. Schmitt and Major Eaton of the Military Government Detachment who revealed that Lt. Col. Barrett and Major Whitman had been in Leipzig that afternoon and had inspected the Reichsbank and the Reichsbank officials and had removed a number of bags of currency.

MAGDEBURG

Arrived in Magdeburg at 1100 hours 28 April and contacted MG Detachment 12D3, Capt. James R. Williams commanding. Lt. W. B. LeMar, MGO, accompanied Cmdr. Fisher's party to the Reichsbank. It appeared that the 30th Division which had captured Magdeburg had learned of the presence of the silver in the vaults of the bank and had already stationed two guards.

The following officials of the bank were promptly assembled for interrogation and for use in examining further the contents of the vault; 1st Director Walter Luebcke (who had been at the bank for only two weeks, replacing Rudolf Sattler who had departed to Oslo Norway), 2nd Reichsbank Director Bernhard Nicolai and Reichsbankrat Ernst Marsch.

Cmdr. Fisher proceeded to the vault with the bank officials and located the following valuables:

1. In vault No. 20 - 3441 silver bars and 261 cases which presumably contain silver bars.

2. In vault No. 23 - 2633 silver bars and 235 cases which presumably contain silver bars.

A letter was also produced by the bank officials relating to the deposit of silver in the Magdeburg bank. Upon interrogation, it was learned that the silver had been brought to the bank on 29 Jan. 1945 in nine wagons. The transport was headed by the Hungarian Finance Minister who was accompanied by five other officials. The approximate weight of the silver was estimated by the Magdeburg officials to be 90,000 kilos.

There were located in separate vaults 94 bags of records from the Bond Office in Berlin, 12 bags of records which Thoms identified as the records of the Precious Metals Department of the Reichsbank, and ten packages and one crate containing printing plates; all of which records and packages had been removed from the mine at Merkers several days before U. S. occupation. Also discovered were a small amount of foreign notes, foreign coin and German silver coins which the bank had on hand.

The bank had a considerable number of private depots, some of which were in the name of leading Nazi officials. Examination of the depot from the German Customs Office in Magdeburg revealed foreign securities of Holland, Spain, Switzerland and other countries.

Cmdr. Fisher proceeded to 30th Division Headquarters where he spoke with Lt. Col. Frankle, the Chief of Staff, and the Commanding General, Maj. Gen. Leland Hobbs. After Cmdr. Fisher explained the importance of the treasure General Hobbs called Col. Johnson, commanding officer of the

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117th Infantry Regiment and ordered that necessary additional security precautions be taken. He also approved Cmdr. Fisher's idea that Fisher send a wire to SHAEF advising SHAEF of the silver and advising further that the 30th Division had already contacted 9th Army about removal of the silver.

Further interrogation was held and the following information was revealed:

1. Gold Movements through Magdeburg. 125 bags of gold together with three sealed envelopes had been deposited with the Magdeburg bank by Berlin. On April 5, 80 bags of gold and two sealed envelopes arrived from Erfurt and on April 7, 41 bags of gold and one sealed envelope arrived from Goslar. All of these bags of gold were sent to Berlin on April 11th. Marsch of the Magdeburg bank accompanied the transport which left at 0530 from Magdeburg and arrived in Berlin at 1030. The gold was received by Reichsbankrat Seiffert and was transferred to the vault of the Berlin bank. No mention was made at the Bank in Berlin of any intention to take the gold elsewhere. Upon interrogation Director Nicolai stated that he had received a telephone call from Melon of the Berlin bank calling for Kretschmann and instructing the Magdeburg bank to send the gold to Berlin.

2. Other gold movements. The officials stated they knew 41 bags of gold had been at Stendel but believed that the gold had been returned to Berlin and knew the order for removal had been given. Officials also stated that there had been 40 bags of gold at Stargard which were sent to Berlin in the early part of March. Questioned about Hungarian gold, the officials stated that they had no knowledge as to how much Hungary had and where it may have been sent, nor had any mention been made of gold in the transactions involving the silver.

3. Foreign Notes. The officials stated that 77 bags of foreign notes had also been sent from the Merkers mine to their bank. These bags of currency were sent to Berlin on April 11th together with 15 bags of shares of industries near Dusseldorf, and Reichsmarks for Stendal and Berlin. Since it was necessary for the truck to stop in Stendal before proceeding to Berlin it was understood that upon arrival at Stendal the 41 bags of Stendal gold would be loaded and taken to Berlin with the other cargo.

The officials stated that this was the only large sum of foreign notes involving the Magdeburg Reichsbank within the last 2 years and that the only foreign notes which came into their possession during that period were small amounts which were purchased in the normal course of business and a few which had been given to the bank by Berlin to sell.

After completing the examination of the vault, arrangements were made by Cmdr. Fisher to take Col. Johnson, Commanding 117th Infantry Regiment through the vault and explain to him what had been found in addition to the silver bars and recommending the removal of certain other items to Frankfurt along with the silver. A memo was given to Col. Johnson setting forth the items to be guarded pending further instructions and Cmdr. Fisher advised further steps to expedite the removal of gold.

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DESSAU

Arrived in Dessau 29 April and immediately contacted Major Jackson, Detachment Commander and Capt. Raymond J. Towle 0-152307, Deputy Commander, Detachment No. 59 and proceeded with Capt. Towle to the Reichsbank. Interrogation revealed that 40 bags had arrived from Weissenfels on April 5th. The leader of the transport was Bittner an employee of the Halle or Leipzig Reichsbanks. The treasure book had a notation of the receipt of this gold on April 6th.

An additional 40 bags had arrived from Wittenberg on or about March 10th but the officials were not sure of the date because they had no records of the same. They were not certain who was the leader of the transport but thought it was Hildebrand of the Wittenberg Bank.

On April 18 or 19 these 80 bags were sent to Berlin. The day before they were sent, the 1st director went to Berlin, and received orders from Kretschmann to move the gold to Berlin. Kraez, Reichsbankrat of the Dessau Bank, accompanied the transport and delivered the gold to Reichsbankrat Friesel of the Berlin bank. A receipt was given to Kraez who in turn gave it to the 1st director who was killed in a bombing raid. The receipt could not be found.

The exact dates of these moves cats were not ascertainable because the secret treasure book had been destroyed by the Dessau officials in line with instructions from Berlin.

Further examination of the vault revealed 17 bags of German silver coins together with foreign notes of an approximate value of 54,000 Reichsmarks. These items were inventoried and a copy delivered to Capt. Towle. Cmdr. Fisher suggested that Capt. Towle make arrangements through channels to have the foreign notes and bags of silver transferred to Frankfurt.

LEIPZIG

Arrived in Leipzig Sunday evening April 29th and proceeded to Military Government Headquarters and discussed the mission with Capt. Landes, Detachment Commander. Capt. Landes pointed out that Reichsbankrat Schreibner had revealed to him the presence of 41 bags of gold in the vault of the bank. Capt. Landes accompanied Cmdr. Fisher to the Reichsbank where further questioning was done by Cmdr. Fisher. Schreibner was not certain of the date when the gold had arrived from Berlin but thought it was in August of 1943. He stated that this was the only gold which passed through the bank within the last two years. He had oral instructions to move the gold whenever the situation became dangerous and in Oct. 1944 had discussed with the Landrat the feasibility of burying the gold in event of the approach of American troops. When the occupation of American troops was imminent Schreibner sent a telegram to Erfurt requesting them to come for the gold and remove it to the Erfurt bank. No reply came from Erfurt and again Schreibner spoke to the Landrat who had nothing helpful to offer. Thereupon Schreibner had no alternative but to leave the gold in the bank as he apparently did not have time to bury the same.

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Schreibner estimated that the 41 bags of gold contained 2 bars to a bag with an approximate total weight of 1,000 kilograms, each bag weighing about 25 kilograms.

A continuous guard of two men at a time had been posted at the bank by the 415th AA Bn., the local security outfit at Eschwege. Cmdr. Fisher suggested that the gold be removed to a separate cage under lock and key so that it would be easier to guard if it was necessary for the bank officials to enter the vault to obtain Reichsmarks or for other banking purposes. He also suggested that additional guards be posted.

Interrogation revealed that there were no foreign notes or coins on hand, these having been sent to Kassel daily.

Interrogation also revealed that some of the other banks in town had German silver coins which they were arranging to turn into the Reichsbank. Cmdr. Fisher suggested to Capt. Landes that these coins be collected, inventoried and sent to Frankfurt.

Cmdr. Fisher then proceeded to Eisenach and contacted Brig. General E. Timberlake, commanding 49th AA Brigade, and advised the general of the treasure and made the suggestion that effective security and prompt removal be effected. General Timberlake immediately telephoned 1st Army and obtained the necessary clearances.

Five officials from the Ministry of Finance in Berlin were found hiding in a house near Eschwege. Cmdr. Fisher arranged with the Military Government Detachment and Gen. Timberlake to have an army transport pick up these men and take them to Frankfurt for questioning.

NEUNINGEN

Arrived in Neuningen at 1400 hours April 30th en route to Coburg. Checked the Reichsbank and found no gold, foreign notes, foreign coins or German silver coins. There had been no gold movements involving the bank nor movements of foreign currency other than small amounts passing through the bank in the normal course of business.

COBURG

Arrived in Coburg 30 April, contacted Capt. James Stearns, local Military Government Detachment Commander, who revealed that 41 bags of gold containing two bars each had been found buried in the area. When first questioned the directors of the bank had told Capt. Stearns that the bank had no gold but after additional interrogation Reichsbank director Rudolf Hippe admitted that he had buried the gold before occupation by American troops. The gold had been buried under a chicken coop, beneath a manure pile and some in a garden of a friend's house 2 kilometers distant.

The bags of gold had been delivered to the bank by Lt. Howard where they were put back into the vault. There were 41 bags in all containing two bars each with an approximate total weight of 1025 kilograms. Upon interrogation by Cmdr. Fisher Hippe produced a sealed envelope from Berlin which had accompanied the original shipment to Coburg and

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which gave the bags' kilogram weight as 1016.0908. An inventory also accompanied the letter of instructions and a copy of the same was appended. Additional interrogation by Cmdr. Fisher also revealed six bags of silver coin which were buried in the cellar beneath the vault.

Hippe stated that the gold had been brought from Berlin and the driver who brought the same stated that he had other gold for Gotha, Erfurt and Weimar.

Questioned about other gold movements Hippe stated that 14 days ago he had spoken to a Saalfeld director who had told him that the Saalfeld gold had been sent to Gera (this checks with the finding of reconnaissance party in Gera and Saalfeld).

Also discovered were 1,013,700 French francs and 13,500 lira which had been deposited as property of the Wehrmacht.

Examination revealed no foreign securities in the bank.

Capt. Stearns had arranged for a skeleton guard from the local HQ Detachment who were posted two at a time. This had been done before Cmdr. Fisher's arrival and Cmdr. Fisher immediately stressed the urgency of additional security and contacted Lt. Henry Ford of the 551st AAA Bn., local security detachment in Coburg. He made arrangements with Lt. Ford for additional guards to be placed at the bank immediately. Cmdr. Fisher also proceeded to Bamberg to telephone General Timberlake who sent security reenforcements and transport to move the gold. General Timberlake also received 1st Army clearance for the movement. Col. Bernstein was kept fully advised of these movements by phone.

BAMBERG

Interrogation revealed no gold, foreign coins or German silver in the bank. There were 3,000 (approximate value of 1000 Reichsmarks) Hungarian pengos on hand which the bank was not able to send to Berlin due to military operations.

No gold had passed through the bank within the last two years, nor had there been any movements of foreign notes.

Questioned about other possible locations of gold, the director mentioned Nurnberg as a possibility due to the fact it is a Main branch, but stated he never had any conversations with any of the Nurnberg bank officials concerning gold so he could not be certain. He also mentioned as a possiblity for small gold deposits the following:

Schwabach - There is a gold leaf industry in this town and it is possible the Reichsbank may have a small amount of commercial gold in its vaults.

Hanau - There are gold and platinum industries in this town and therefore small gold and platinum deposits may be discovered there.

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-Pforzheim - There is a jewel industry here and therefore gold and other precious metals may be located there.

WURZBURG

Arrived in Wurzburg 1 May 1945 and contacted Lt. Col. Emory D. Stoker, Fiscal Officer of local Military Government Detachment. Colonel Stoker had been told by the bank that there was gold in the vault but had not interrogated the officials. Cmdr. Fisher then proceeded to interrogate Kippel, Reichsbank director. He revealed that 34 bags and 2 boxes containing gold bars had arrived on Feb. 26 from Amsterdam, Holland. These gold bars were sent to Nurnberg on May 26th arriving on May 27th. Kippel stated that he had personally destroyed the receipt given him by the Nurnberg bank. However, after additional questioning and examination of records, Cmdr. Fisher discovered the receipt which had not been destroyed as stated. This receipt also revealed that 750,000,000 French francs had accompanied the gold shipment from Wurzberg to Nurnberg.

Cmdr. Fisher asked from whom instructions for shipping the gold and francs had been received. Kippel stated that Puhl, vice president of the Reichsbank in Berlin, had been in Switzerland around the end of February or the beginning of March and upon his return from Switzerland had stopped in Wurzberg and told Kippel he would send a truck to Wurzberg to have the gold and francs delivered to Nurnberg.

In addition to the gold from Amsterdam, there had also come three boxes allegedly containing Dutch pictures. The pictures were sent to Nurnberg along with the gold and francs but were returned by Nurnberg to Wurzberg because they claimed they did not have room for the pictures in the Nurnberg bank.

Further investigation by Cmdr. Fisher revealed the additional items of interest:

1. 128 bags of bolgas (which had come from Elberfeld, Germany).

2. 3 bags of mixed foreign notes.

3. 1 bag of foreign coins.

4. 5 bags of five-mark German silver coins.

5. 3 bags of two-mark German silver coins.

Cmdr. Fisher discussed the importance of these items with Col. Stoker and arrangements were made with Col. Stoker to have the above valuables together with the three boxes containing works of art delivered to Frankfurt as soon as possible.

Additional questioning also revealed that the Bolgas from Elberfeld had been brought to Wurzberg in a transport from Krefeld. The three boxes containing works of art were in the name of Dr. Muehlmann, State Secretary for Justice of Holland.

A private depot belonging to Kretschmann was examined but contained nothing of interest. Additional depots of Beyerhofer (Reichsbank director in Berlin) and other leading

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bank officials were also in the vault and Cmdr. Fisher suggested to Col. Stoker that all of the depots of the bank, which were considerable, be screened and investigated as soon as possible.

It was revealed that vice president Puhl was not present in the area and might be in Switzerland. However, his wife lives at Schloss Castle, at Gaibach, near Volkach in the Main Franken district. Kimpel said that Mrs. Puhl was still living there but the reconnaissance party did not have sufficient time to investigate further.

NURNBERG

Proceeded to Nurnberg arriving at 2200 1 May and contacted the Military Government Detachment Finance Officer Captain Campbell. The Reichsbank had been badly damaged by bombing although the vault was still intact. Arrangements were being made to conduct business from the building belonging to the Ministry of Justice in Nurnberg. Upon interrogation by Cmdr. Fisher 1st Reichsbank Director Weidmann admitted that the 84 bags and two cases containing the gold from Wurzburg were in the vault. Weidmann stated that he had burned all of the 750,000,000 French francs. His reason was that he thought the notes were no longer in circulation and that the Allied Military francs had taken their place as the lawful currency of France. (This felt this was not the real reason and that Weidmann simply wanted to destroy something that might be of value to the Allied troops). The total weight of the gold was stated to be approximately 1,000 kilos.

The remaining bank officials holding the necessary keys to the vault were rounded up and turned over to Capt. Campbell for further interrogation, in accordance with instructions from Cmdr. Fisher. In the meantime Cmdr. Fisher proceeded to 3rd Army Headquarters and made arrangements to have the gold together with any foreign notes, foreign coins or German silver coins discovered in the vault, delivered to Frankfurt as soon as possible.

* *

The reconnaissance party thereupon left Nurnberg and arrived in Frankfurt at approximately 1700 hours 2 May 1945 having travelled approximately 1900 miles on the various investigations involved.

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Annex A

to

APPENDIX B

COPY OF DOCUMENT FOUND AT HOF COVERING AN SS DEPOSIT

Dienststelle
Feldpost-Nr. 48 315
Vi S 1 / 45

Bescheinigung

Der Überbringer dieser Bescheiningung hat den Auftrag, folgende Devisenbeträge bei einer Reichsbankstelle gegen Quittung abzugeben:

Kuna	273,492,-
Dinar	2,010,000,-
Pengo	619,150,-
Slow. Kronen	3,400,-
Lire	10,000,-

In Ermangelung eines
Dienstsiegels,

(sgd.)
S.S.-Untersturmführer

(Sgd.)
S.S.-Hauptsturmführer
und Einheitsführer

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APPENDIX C

CONTENTS OF MINES IN THE MERKERS AREA

A. IN THE ROSSLEBEN MINE WERE DISCOVERED:

1. An estimated 2 million volumes of books from the Berlin library and a general library of reference maps.

2. Part of the collection of paintings from the Berlin museums. There were 45 cases each containing from 5 - 15 paintings. The most valuable is Case No. 10 containing two Holbeins, one Durer and a rare work by the Italian 15th Century painter Veneziano. Seven of the cases had been rifled. The cases have been moved to Frankfurt together with the rest of the art.

3. Miscellaneous items including:

a. An extensive set of musical and theatrical scores and scripts.

b. A set of letter files containing papers of the Oberkommando des Heeres concerning supply and instructions of a general kind.

B. IN THE SACHSEN-HELDAR MINE WERE DISCOVERED:

Thirty-eight boxes belonging to the Krupp Company and Krupp family. These were removed to Frankfurt for analysis.

C. WINTERSHALL MINE AT HERINGEN CONTAINED:

Some 320,000 boxes chiefly being records of the Berlin Patent office. These are believed to contain records of patents issued up to a year ago. Thirty employees of the Berlin Patent office worked at this mine. The most recent records from the mine have been moved to the depository at Frankfurt for safekeeping.

D. KAISERODA MINE AT MERKERS CONTAINED:

1. The gold and currency mentioned elsewhere in this report.

2. Works of art.

3. Boxes containing 36,000 lbs. of dynamite on the main floor and 37,000 lbs. on the lower floor.

4. Four rooms filled with electric and machine parts.

E. HEILIGEAREDA MINE AT SPRINGEN CONTAINED:

1. Large quantities of German Air Force uniforms.

2. Machinery for the manufacture of airplane motors.

3. Technical plans, allegedly mining plans.

F. ABTERODE MINE AT ABTERODE CONTAINS:

Large quantities of ammunition and machinery for making parts for airplanes and tank engines.

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G. IN ALEXANDERSHALL MINE AT BERKA WERE ALLEGED TO BE:

1. Equipment for the manufacture or assembly of 75mm shells and 4.2 mortar shells.

2. Considerable quantities of medical supplies and hospital equipment.

3. Chemicals for poison gas.

H. IN MERFA-NEURODA MINE WERE DISCOVERED:

Very large quantities of ammunition.

I. THE CONTENTS OF KAISERODA MINE AT DIETLAS INCLUDED:

1. Thirty three wooden cases labeled "Weimar" evidently the contents of the Goethe collection.

2. Boxes containing "Staatsarchive Weimar".

3. Letterfiles containing Staatsarcheve Roemhied.

J. The records of the Henschel Company were discovered in this area under the code name "PETERS".

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APPENDIX D

THE DEVISENSTELLE, FRANKFURT A/M

1. Location:

The Devisenstelle was formerly located at Goethe 9, but being badly damaged by bombs in March, 1944, was forced to move to a new location. The License Bureau was set up at Feldbergstr 29 while the Administration and Enforcement was established at Herman Str. 10.

2. Records Examined:

In the boming of March, 1944, many records were destroyed. Moreover, Dr. Niemann, shortly before the arrival of the Americans into Frankfurt, destroyed or carried away many of the pertinant technical and personnel records of the Devisenstelle. The available records examined were as follows:

a. Disposition of Confiscated Jewish Property
b. Rohm and Haas Financial Report, 1938
c. Current Files on large concerns
d. Post Register - Incoming and Outgoing Correspondence
e. List of Employees

The Financial Section of Military Government Detachment F2D2 had taken charge of the records pertaining to the confiscated Jewish property.

3. Personnel:

Prior to 1 January 1945, the Devisenstelle's personnel was composed of some 109 persons. After 1 January 1945, 59 had gone into the Wehrmacht and another 35 had either transferred to other cities or were in hospitals. This left a staff of 15 to run the organization. However, according to the leading bankers of Frankfurt, for at least three or four months prior to the arrival of the Americans, foreign exchange activities had dwindled to absolutely nothing.

The Oberregierungsrat Leiter der Devisenstelle, Dr. E. Niemann, was ordered to leave Frankfurt two weeks before the Americans arrived. He was known to be very active in the NS alumni associations. His house at Sofienstrasse 32 II was destroyed by bombs, and it is said by neighbors that he moved to Friedberg. A portion of his personal library still remains in the basement of his former home at Sofienstrasse 32 II. He was not available for questioning as his exact whereabouts was unknown.

Of the remaining fifteen members of the Devisenstelle staff, three were available for questioning: Regierungsrat, Karl Menger; Sachbearbeiter, Paul Fuetscher; and Devisenprüfer, Hans Frick.

The director of the Devisenstelle, in the absence of Dr. Niemann, was Karl Menger, a lawyer and a member of the Administration and Enforcement Bureau. He is a life time civil servant with a professional and commercial background. In 1936, he passed his Assessor Examination, and in 1937, he entered the Devisenstelle, being the second man in the organization. Previous to his joining the NSDAP in 1933, he had no political affiliations. He states that he was convinced that the war was lost when the Americans occupied Frankfurt, and that he went to the Director of the Reichsbank, Dr. Schaeffer, to ask his advice as to what path of action should be established for the Devisenstelle. He was informed that the Devisenstelle was of minor importance and would

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be of little interest to the Americans.

The Devisenprüfer, Hans Frick, was not a civil servant but was a contract employee. After the last war, he was engaged in various banking capacities until becoming unemployed in 1929. In 1933, he became a member of the NSDAP and in 1934, was employed in the License Bureau of the Devisenstelle.

The Sachbearbeiter, Paul Fuetscher, was trained in commercial fields and employed by an import-export firm until 1928 when he went to America. He returned to Germany in 1935 for his health. In 1939, he became a contract employee of the Devisenstelle despite his non-party affiliations because of the need for trained specialists and the apparent shortage of civilian manpower.

4. Scope of Licenses:

There were six types of licenses granted by the Frankfurt Devisenstelle:

a. Amortization of loans
b. Patent fees
c. Payments of dividends
d. Rent
e. Incorporation fees
f. Acquisition of securities abroad.

The most important and most frequently issued were licenses for the payment of dividends. Next in importance was the amortization of loans. The licenses for the acquisition of securities abroad were important also, but securities could be bought only upon specific permission from the Devisenstelle. Prior to the war there had been a goodly number of tourist licenses; however, very few licenses had been granted to tourists in the past few years.

5. Relationship between Reichsbank and Devisenstelle:

The Reichsbank in Frankfurt A/M sold very little foreign exchange, but it did maintain a Devisen Ledger in which appeared all the names of the purchasers. If any of the private banks sold foreign exchange, the transaction cleared through the Frankfurt Reichsbank, when this transaction was made, both the payee's and the payor's names were sent to Berlin to the Reichsbank which made payment by draft on its correspondents in the foreign country concerned. No private bank or local Reichsbank official could write drafts on foreign correspondents.

6. License Procedure:

The license Bureau was divided into a number of specialized Divisions, and a license had first to be approved by the expert in the field concerned. However, the supervisor had the power to grant a license without consulting any of the specialized divisions, if he so desired. The lessor officials could approve over their signature licenses up to 100,000 RM, but all licenses for amounts in excess of 100,000 RM went directly to Berlin to the Minister of Economics.

No report was made by the Reichsbank to the Devisenstelle concerning the foreign exchange sold by it to individuals upon license from the Devisenstelle. The only reports received by the Devisenstelle were special reports from Customs Officials as to whether or not foreign exchange was used for the purpose licensed. The Devisenstelle sent no duplicates of the licenses to the Oberfinanzpräsident or made any reports to higher finance offices. There

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were only two copies of the license made. One went to the bank and the other to the files of the Devisenstelle.

If the License Bureau were in doubt about the legitimacy of a request for a license, the Enforcement Authority was notified to inspect the records and accounts of the organization concerned. Party officials formerly interferred in cases of foreign exchange violations, taking the matter out of the hands of the Devisenstelle and referring it to specially designated party officials. However, last November, Monger received authority from Berlin to refuse to turn these cases over to the Party in the future.

The foreign exchange transactions, recurring capital payments in particular, were made through the Konversionkasse to Swiss banks. When a debtor had made payment to the Konversionkasse, he was then relieved of all further responsibility; for the burden of payment then lay with the Konversionkasse, which, in the event of a shortage of foreign exchange, issued securities of its own as substitute payment.

In the actual granting of a license, the individual desiring the license, filled out two forms, besides the application. One form stipulated that the creditor in the foreign country had consented to payment into a blocked account in Germany, and the second form designated the bank in Germany which was to hold the blocked account. A firm in Germany could make use of funds in a blocked account upon consent from the Wirtschaftsminister.

7. Governmental Supervision:

According to administrative law, the Central Finance Office in Berlin could investigate all financial institutions in Germany at any time and call for an audit of their accounts. Actually this never happened as far as the Devisenstelle was concerned, except in 1941, when a commission of 10 people was sent from Berlin to investigate to see if the administrative procedure of the Devisenstelle could be simplified and duplications in certain processes removed, but nothing resulted from the investigation as far as reorganizing the Devisenstelle was concerned. There is every indication to lead one to believe that the complete records of all German foreign exchange transactions were in Berlin; for it was through the Central Agencies that the clearances were made. Large transactions were handled in channels far above the Devisenstelle.

8. Current Files on Large Concerns:

The Devisenstelle, Frankfurt a/M, had rather extensive current files on the following large concerns:

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APPENDIX E

INTERROGATION OF REICHSBANK ECONOMIST,
24 April 1945

1. Personal Data.

Herr Rudolph Windlinger was a Reichsbankrat in the Statistical Branch of the Reichsbank, Berlin, salary 733 RM per month after taxes. He did monetary research and reviewed domestic and foreign financial developments for the information of the Bank's directors. At the end of the war he was to be promoted to director of the Reichsbank branch bank at Konstanz, Baden. Following the destruction of most of the Reichsbank building by bombing 3 February 1945, some personnel and most of the functions of the Bank were moved to Erfurt and Weimar. Windlinger and a woman assistant took examples of the most important economic journals, bank reports and statutes and set up on 6 March 1945 a small library and research unit at Apolda near Weimar. No instructions were given by the Bank concerning arrival of Allied Forces because that was not expected (Windlinger wrote his superior on 13 March 1945: "We have frequent alerts but I see no great danger for Apolda."). Herr Windlinger and his papers fell into the hands of the US Army on 20 April 1945; he was brought to Frankfurt for questioning on 24 April 1945 by the Deputy Chief of Financial Branch, G-5, SHAEF.

2. Reichsbank Operations.

a. Reichsbank notes:

As of February 1945 note issue had reached about 50 billion RM (i.e. an increase of around 40 per cent in a year), covered largely by Reich paper.

b. Giro system:

The system has remained unchanged in principle during the war but there has been a slight change in the formula for transmitting funds. The debtor writes the bank to transfer funds from his account to that of the creditor. The latter receives a copy of the debtor's note as a receipt from the Bank.

c. Foreign Exchange and Gold:

Windlinger claimed to have no idea of the Bank's holdings of foreign exchange or of any movements of foreign currency or gold into or out of the Bank. He believed big Nazis could easily have withdrawn "devison" recently. He claimed to know nothing about the Workers gold hoard.

d. Clearing Accounts:

The largest single share is owed to France; Belgium's share is also large. He believes Sweden and Italy just about broke even in the clearing. Sweden, for example, got coal and phosphorus fertilizer in return for her iron ore.

e. Golddiskontbank:

The bank bought gold from France but did not turn it over to the Reichsbank. He does not believe much of this gold is left.

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3. Future Prospects.

a. If everyone keeps calm, bonds can be retired by stages as they come due and bonds of new government substituted. The future tax revenue of government will provide substantial backing for its currency. Most industrial firms are so liquid there is no necessity to expand bank credit to get industry going.

b. Windlinger seemed to assume that the Allies will pour in raw materials and credits as after the last war. Without this help he predicts a "debacle". The prospect of not getting this help seemed not to have occurred to him. Monetarily things cannot be worse than in 1920-23; when the mark reaches 0, it cannot go lower. At that time, however, industry's physical plant was intact; there was a sound foundation to build on.

c. German Industry:

Windlinger said shares in German industry held abroad would be worthless to anyone with the present state of German industry.

4. Duties at Apolda.

Windlinger was to work on basic economic questions under the direction of the Reichsbank directors who had moved to Weimar and Erfurt. He met four of them at Weimar the week before Easter: Herrn Knotzschmann, Werner and Ey, and Dr. Werbs. His superior in Berlin appear to have been a Dr. Hicks.

Among documents of which samples were to be kept in Apolda he mentioned the London Economist, Deutsche Volkswirtschaft, Deutscher Volkswirt, Wirtschaft und Statistik, the Reichsbank Annual Report, Reichsbank Statutes, and studies of the Statistical Branch. The idea was to have them safe so that "after the war" normal statistical research could be resumed with examples of past work as a guide.

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APPENDIX F

INTERROGATION OF WINTERSHALL A.G. OFFICIALS, 22 APRIL 1945

Wintershall A.G. is the leading European producer of potassium and sodium salts and accounted for about 10% of German petroleum production, according to information secured from interrogation of Dr. Beil, chief mining engineer, and Herr Kurmel, lawyer in the oil department of the firm.

A. INTERROGATION OF DR. KURT BEIL, CHIEF MINING ENGINEER, WINTERSHALL A. G.

1. General Economic Situation:

Dr. Beil estimates that half of Germany's national wealth in terms of physical plant (estimated at 300 - 500 billion RM in 1930) had been destroyed by the war, chiefly by Allied bombing. Reconstruction of German industry will take much longer than after the last war--around 5 - 10 years.

Bombing alone would have stopped German industry without ground attack. Transportation was so disrupted that in recent months only food and munitions were hauled. Crippled transportation resulted in a shortage of many raw materials, especially coal. Actual loss of physical plant and shortage of coal and other supplies had curtailed German industry to a far greater extent than generally believed. A contributing factor to this curtailment, Beil added, was loss of Polish, Swiss and Italian products.

Capital equipment was difficult to replace, though some firms--especially mining companies like Wintershall--had built up reserves. Orders for machinery took three years to fill. The chemical industry could get no replacement for destroyed or worn out equipment. Prices of capital goods had risen steeply during the war, and the tendency was continuing.

Prices of food and consumers goods have remained relatively stable. Food is scarce but efficiently distributed.

Beil said he remembered the inflation of 1920-23 and that control of inflation depended on Allied assistance to Germany. "Someone will print a new currency." As to who "someone" might be, he knows of no group in Germany which might take over; the Nazis liquidated all such groups.

2. Wintershall A.G.

Wintershall has been progressively curtailing its activities. Most of the mine closed during recent months from lack of coal and markets. Refineries at Salzbergen and Dortmund were destroyed; the Lutzgendorf works was slightly damaged (Kurzel estimated those works were operating at no more than 10 - 20% of capacity before bombing). Deliveries of raw materials had stopped 1 December 1944, but stocks on hand permitted operations until mid-March.

Wintershall capital consists of an original stock issue of 150,000,000 RM, 50,000,000 RM in debentures or long-term loans, and a large loan from England. Dr. Beil first stated the latter to be £12,000,000; then expressed confusion and inability to recall the amount. The loan was made in 1925-26 and had been half repaid by 1939 when repayments ceased. Since 1939 payments on the English account have been deposited with Kalisyndicat (the German part of the European potassium syndicate). Long-term capital in Wintershall has been supplied by a relatively small number of individuals; operating capital comes from the German banks. Shares are held in England, Holland, and Switzerland. Interest on stocks was 6% until last year, when 5% was paid. During the war undivided profits have accumulated; these have been invested in synthetic gas plant, especially at Lutzgendorf.

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Wintershall exported sodium sulphate to Sweden, Norway, Spain ("sehr wenig"), Italy, and the USA (before 1941). Potassium was exported to Czechoslovakia, Poland, Sweden and Italy. In February this year Sweden took 50-60 carloads of salts for making paper and glass (not known whether safely delivered).

Wintershall has a credit balance in Sweden.

B. INTERROGATION OF HERR KURZEL, LAWYER, OIL DEPARTMENT, WINTERSHALL A.G.

Kurzel is a doctor of law, has been with Wintershall for 1½ years. He was previously a public accountant and was scheduled to begin work for the firm in a managerial capacity in one of their oil properties in Hungary. Allied bombing cancelled the plan. He has been draft-exempt because of a weak heart and--he claims--because he has Jewish blood on his mother's side. He insists his position in the firm was modest, but he gave evidence of access to matters of a highly confidential nature.

Control of Wintershall is held by Wintershall Gewerkschaft, a kind of private holding company or closed corporation in which August Rosterg and Gunter Quandt are major shareholders. Rosterg has been in Sweden since 6 months ago; Quandt is believed to be in Berlin. These and a few other men own and control Wintershall. Kurzel does not know if the firm has assets abroad and believes it would be impossible for Rosterg or others to transfer stock abroad.

Kurzel says there has been very little activity on the German stock market recently. Shares of stock are considered very desirable, and stockholders are reluctant to sell. A firm like I.G. Farben, with broad industrial interests, is considered a better investment and more likely to survive the war, than a munitions firm like Krupp. He says that during recent months I.G. Farben shares have been relatively easy to get but admitted he learned this through a friend in a bank. The average man takes his savings to the banks which loan it to the Reich. The Reich has made little attempt to sell bonds to the public, it being more convenient to borrow directly from the banks. Other investment opportunities arescarce, most people holding on to what real estate and property they own.

Kurzel believes that the present currency is bound to fail. The Reich debt is too great to repay. The slate will be wiped clean and bank bills and Reich bonds defaulted.

He does not regard war-time taxes as confiscatory ("We are more used to that than you.") though they rose steadily during the war. He himself has paid around 40% income tax; the rate goes up to 65%. Corporations pay a regular tax and a war-time tax which removes profits over those of the pre-war base period; this is hard on firms which started earning during the war.

Interest rates have been 5-7% per year even on short-term (e.g. 3 month) loans.

Kurzel says "we have been told" there are 12,000,000 foreign workers in the Reich. Wintershall employed more foreigners than Germans. In recent months labor has been in surplus supply owing to closing of unessential and bombed-out industries. He gave a figure of 20% for employees released. Nominal wages have shown a continued tendency to rise. The liquid position of German industry and surplus funds have enabled German industry to meet practically all wage demands.

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APPENDIX - G.

SAMPLE SURVEY OF BLOCKING

1. In conjunction with an officer of the Fiscal Division, Military Detachment F2D2, a survey was begun in Frankfurt as a sample of the progress of the blocking of accounts under Military Government Law No. 52. The Reichsbankhauptstelle has been aware for sometime of its part in the blocking process, and the 24 banks, (out of the 45 banking institutions in Frankfurt) which were allowed to open, were informed as to the proper procedure in the marking of blocked accounts previous to their opening.

2. Four banks were visited on 1 May, five days after reopening, in a spot check. These banks were:

a. Deutsche Bank - Kaiserstr. 24
b. Dresdner Bank - Gallus Anlage 7 und Neckarstr. 2/4
c. Commerzbank - Neue Mainzerstr. 32
d. Frankfurt Sparkasse von 1822 - Neue Mainzerstr. 32

3. The following conditions were found to exist:

a. General Conditions:

(1) All the banks examined divided their accounts by account cards into two categories; firms and individuals.

(2) Accounts, where blocked, were stamped, "Blockd by Military Government", and kept in their alphabetical order in the files.

(3) The banks were not familiar with such forms as MGAF3, or the forms MGAX (1) or MGAX (2) as called for under MG Law No. 53.

b. Specific Conditions:

(1) Deutsche Bank:

None of the accounts have been marked or stamped as blocked, nor has a list been made of the accounts that should be blocked.

There has been some difficulty as to the definition of terms, such as, "absent owner", etc.

There has been some indecision as to what accounts should be blocked.

(2) Dresdner Bank:

Lists have been made as to the accounts to be blocked and the actual process of marking the accounts has just been started.

The Frankfurt bank has notified all its branches in the surrounding territory as to the process to be followed and all accounts will be marked by the end of the week, so the officials indicate.

(3) Commerzbank:

Lists have been made of accounts to be blocked and the accounts are in the process of being stamped as directed. The process will be completed by the end of the week.

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(4) Frankfurt Sparkasse von 1822:

All the records of the bank are not in Frankfurt but were moved out during the bombing.

Lists have not been prepared, until so directed today, as to accounts to be blocked and accounts had not been stamped as blocked.

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APPENDIX H

HEADQUARTERS
EUROPEAN THEATER OF OPERATIONS
UNITED STATES ARMY

GCT/322.01 (Relationship) 20 April 1945

SUBJECT: The Relationship of the Deputy Military Governor and the US Group Control Council (GERMANY) to the Theater Staff.

TO : See Distribution List Attached

PURPOSE

1. The purpose of this paper is to define the relationship of the Deputy Military Governor and the US Group Control Council (GERMANY) to the Theater Staff when Combined Command has terminated and to define the planning responsibilities prior to that time.

DEFINITION OF TERMS

2. Allied Control Authority is defined as the Allied central governing machinery for Germany, in accordance with "the Agreement on Control Machinery in GERMANY" as agreed to by the Governments of the UK, US, and USSR. The US Group Control Council (GERMANY) is the US component of this body.

3. As set forth in E.C. Protocol, the Commanders-in-Chief of the respective occupying forces acting together as a body are termed the Control Council. The Commander-in-Chief of the US forces of occupation is the Commanding General, US Army Forces, European Theater of Operations.

RESPONSIBILITIES OF THE DEPUTY MILITARY GOVERNOR

4. The Deputy Military Governor is the advisor to the Chief of Staff and the Commanding General, USAF, ETO, for military government within the US Zone of Occupation in GERMANY. For those functions pertaining exclusively to Military government in GERMANY, which are defined herewith as the normal civil functions of government taken under military control but not directly required to support the occupying forces, the Deputy Military Governor will secure coordination directly through the Assistant Chief of Staff, G-5, using both normal command and technical G-5 channels, with the appropriate subordinate headquarters. At Appendix "A" is a diagramatical chart showing this relationship. For areas outside GERMANY, the normal relationship of the AC of S, G-5 with the Chief of Staff obtains

5. In his capacity as Deputy to the Commanding General, USAF, ETO he will represent the latter on the Coordinating Committee, when established, and will sit in all important meetings of that body. He will be in direct charge of the US Group Control Council (GERMANY) assisted by a deputy who will remain normally in BERLIN and who will act as his alternate on the Coordinating Committee.

IF COMBINED COMMAND IS TERMINATED PRIOR TO ESTABLISHMENT OF ALLIED CONTROL AUTHORITY.

6. In this event the US Group Control Council (GERMANY) is the forward echelon of the staff of the Commanding General, USAF, ETO, which will act on matters relating to the establishment of Allied Control Authority in GERMANY. The Deputy Military Governor will represent the Commanding General, USAF, ETO, and will supervise the

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US Group Control Council (GERMANY) in maintaining contact with the other national components for the Allied Control Authority. Pending the establishment of the Allied Control Authority, the development of policies for application in the US Zone, consistent with the US views, will be the responsibility of the Deputy Military Governor utilising the US Group Control Council (GERMANY) and coordinating with other staff divisions.

PERIOD SUBSEQUENT TO ESTABLISHMENT OF ALLIED CONTROL AUTHORITY FOR GERMANY.

7. The necessity for a coordinated administration of GERMANY has been agreed to by the governments represented in the Allied Control Authority, and the latter shall serve as the body through which such coordination shall be effected. Approved EAC policies and over-all directives, as well as those agreed upon and issued by the Control Council, will be paramount in the US Zone.

8. In the initial stages, the work of the US Group Control Council (GERMANY) will be devoted primarily to developing working arrangements with the representatives of the other Commanders-in-Chief. These working arrangements will be expanded and enlarged until some over-all governmental control machinery has been effected.

9. The assumption of executive functions by the Allied Control Authority will in all probability be gradual. When the Allied Control Authority is fully established, the staff of the Commanding General USAF, ETO, will be composed of two echelons: the US Group Control Council (GERMANY) in BERLIN and the Theater Staff in the US Zone. Set forth below are the responsibilities and relationships of these staff echelons.

a. Under the direction of the Deputy Military Governor, the US Group Control Council (GERMANY) will constitute the US element of the Allied Control Authority.

b. As distinct from its Theater-wide responsibilities, the Theater Staff, in so far as GERMANY is concerned, will be specifically charged with the execution, implementation and supervision within the US Zone of approved US and Allied Control Authority policies.

c. Pending agreement on a multipartite basis, development of policies for GERMANY consistent with approved US views is the responsibility of the Deputy Military Governor using US Group Control Council (GERMANY) and coordinating with Theater staff divisions. Policies so developed, when approved by the Commanding General, USAF, ETO, will be utilized by the US Group Control Council (GERMANY) in its negotiations with the representatives of the other occupying powers and will govern activities in the US Zone, unless superseded by agreement of the Allied Control Authority.

d. Theater command channels will be used for correspondence between the US Group Control Council (GERMANY) and the headquarters subordinate to the Theater Headquarters except when the use of US staff or technical channels has been authorized as in the case of air and naval matters.

e. When central German administrative channels have been established under the direction of the Allied Control Authority, and all concerned have been notified, instructions approved by the Control Council will be issued direct to the appropriate German authorities. Information copies of all such instructions will be sent to the Theater Staff by the US Group Control Council (GERMANY) prior to or simultaneously with their issue to the German administative authorities.

GUIDANCE AS TO THE EVENTUAL PERIOD

10. a. As and when responsibility for the government of GERMANY

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is passed to Allied civilian control, the functions of the control agencies, namely, the Deputy Military Governor, the US Group Control Council (GERMANY) and military government elements of staffs in the US Zone would be withdrawn from US Military Command. The latter would then be concerned with the command of US forces remaining in GERMANY on duties of occupation.

b. It is contemplated that G-5 Division will continue its present responsibilities for the staff supervision of Military Government functions and will take over as military needs decrease Military Government functions now resting in other staff divisions. As an example, G-4 is now controlling industrial production of military interest in GERMANY. As the military need for such production declines, the responsibility for controlling industrial production for other purposes would shift to G-5.

COORDINATION

11. To insure coordination between the two echelons of the staff, the same officer may be designated, subject to approval by the Commanding General, USAF, ETO, to fill corresponding positions in the US Group Control Council (GERMANY) and the Theater Staff.

12. Staff correspondence will be used freely between the several divisions of the US Group Control Council (GERMANY) and the Theater Staff. Direct correspondence on all planning and policy matters between the two staffs will be authorized and encouraged. However, correspondence [redacted] the US Group Control Council (GERMANY) with the Theater Special Staff Divisions will be limited to technical matters except as authorized by the Commanding General, USAF, ETO.

By command of General EISENHOWER:

s/ W.B. Smith

t/ W.B. Smith

Lieutenant General, US Army
Chief of Staff

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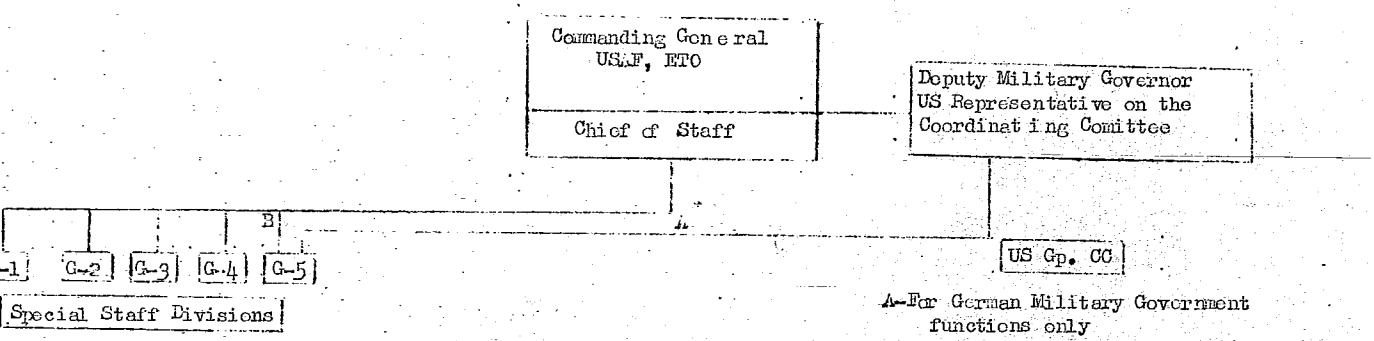
DIAGRAM ILLUSTRATING

RELATIONSHIP OF THE DEPUTY MILITARY GOVERNOR AND

THE US GROUP CONTROL COUNCIL (GERMANY) TO THE THEATER STAFF



A-For German Military Government functions only

B-For civil administrative functions relating to the liberated countries

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