

Handwritten text, possibly a signature or date, including the word "Folde" and "C. G. 74".

000914

65

000915

February 10, 1945

Mr. Lufford

Miss Model

Both General Sawyer and Mr. Peble feel that the attached cable should be brought to the attention of Secretary Morgenthau.

For your information, McClelland has previously advised us as follows concerning May:

"The reputation of May is that of being a Naziophile on anti-Communist grounds and interested in obtaining compromise peace for Germany before it is too late and the Bolsheviks overrun the country. The rehabilitation of his personal political reputation in Switzerland is also of interest to May."

Secretary Morgenthau should be advised that the negotiations referred to in the attached cable are to be distinguished from the Galy Mayer negotiations of which we have been fully advised. The May negotiations have been handled independently by May, a former Swiss Federal Councillor, and not under McClelland's control.

The War Department has been furnished with a copy of the cable. The British Embassy in Washington is being advised by the Department of State of the contents of the cable and the American Embassy in Moscow is also being advised.

FH:hd 2/10/45

DEPARTMENT  
OF  
STATE

INCOMING  
TELEGRAM

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

ASR-593

PLAIN

Bern

Dated February 9, 1945

Rec'd 11:51 a.m.

Secretary of State,  
Washington

US URGENT

913, Ninth

FOR DEPARTMENT AND WRB FROM MCCLELLAND

With regard Musy affair following is translation of article which appeared number of Swiss morning papers February 8: "Mr. Musy arranges liberation of Jewish internees in Germany first convoy 1,200 civilians coming from concentration camp Theresienstadt arrived Wednesday 11:45 a.m. at Kreuzlingen. It is thanks to efforts former Federal Councillor Musy acting on request of European executive Council of Union Orthodox Rabbis of United States at Montreux and of world organisation of Agudas Israel that these civilians were liberated by Germany. Other transports will follow which will all be sent from Switzerland abroad as soon as transportation possibilities exist.

(This release was submitted to press by Sternbuch and Musy).

000911

-2- #913, Ninth, from Bern

and Musy).

Official communiques Federal Department Justice and Police communicates with respect this question 'Transport arrived morning February 7 from Constance and was sent to St. Gall. It is composed of 1,210 persons including 58 children under 12 years. Health these refugees seems generally good. There are only few slightly ill persons among them. They will all be housed temporarily at St. Gall for medical inspection and disinfection. They will then be placed in quarantine camps in other parts of country'.

M. de Steiger President of Confederation supplied press with following details 'Tuesday afternoon Mr. Musy former Federal Councillor visited President of Confederation and informed him he had personally obtained from M. Himmler liberation of these civilians. It is not excluded that liberation of other contingents may be obtained by Switzerland and that transports can take place from week to week.

Mr. Musy acted privately at request of Jewish organizations so that no Swiss authority would be involved in eventuality these representations had failed. Swiss authorities only knew Musy was attempting

secure

000918

-3- #913, Ninth, from Bern

secure liberation of two Vaudois named Graf and a woman also from Canton Vaud named Mayor whose case was particularly grave of seven other persons who were also included this transport. Among the refugees are 5 to 600 Dutch Jews and others of various nationalities. Preparations for reception this convoy had to be made in great haste but all went off well.

There is expected tonight at Kreuzlingen another transport of 540 French people coming from Germany and whose liberation and repatriation were also made possible by Musy's negotiations.

President of Confederation emphasized in conclusion importance of humanitarian work also accomplished in this field by Switzerland<sup>11</sup>.

BILL WRB.

HUDDLE

RB

000919

66

000920

2 War Ref Bd  
(Public)

PARAPHRASE OF TELEGRAPH COPY

FROM: Secretary of State, Washington  
TO: American Embassy, Moscow  
DATED: February 10, 1945  
NUMBER: 295

**CONTROL COPY**

~~CONFIDENTIAL~~

Following is for War Refugee Board and Kennan from Department. This is furnished for your background information should the Soviet officials inquire as to the significance of Swiss press reports which are referred to in following paragraphs.

Arrival of twelve hundred and ten Jewish refugees in Switzerland from Germany were reported by Swiss press on February eight. Former Federal Councilor Mury on request of European executive council of Union of Orthodox Rabbis of U. S. and Canada conducted negotiations for their release. Other transports will follow at an early date it was reported and confirmed by responsible Swiss Federal authorities in the Swiss press.

Negotiations set forth in Department's No. 35 of January six to Moscow should not be confused with the foregoing negotiations by Mury since they were in no way connected. No further developments of the negotiations mentioned in Department's No. 35 have taken place.

ORLEN  
Acting

Paraphrased  
DC/L:MR 2/10/45

DECLASSIFIED  
State Dept. Letter, 1-11-78  
By R. H. Parks Date SEP 27 1972

000921



67

000923

4/23/45

Warren advised me that with respect to the British, the State Department will call Russell again and tell him virtually what I read in a paraphrase of McClelland's letter.

F.H.

000924

2/10/45

Warren advised me that with respect to the British, the State Department will call Russell down and tell him verbally and read him a paraphrase of McClelland's cable.

HT

111092

68

111920

DEPARTMENT  
OF  
STATE

INCOMING  
TELEGRAM

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

REF-1070

PLAIN

London

Dated February 10, 1945

Rec'd 7:35 p.m.

Secretary of State

Washington.

1456, Tenth.

FOR WRB.

Agudas Israel World Organization received on  
February 8 the following telegram from its  
representative at Montreux:

"Morning just arrived first transport of 1200  
Jewish persons from Theresienstadt. This convoy  
was released by Germany owing intervention of former  
counselor Federal Musy charged with this mission  
by United States. Germany agreed to release further  
transports."

The organization requests any information avail-  
able in the premises.

WINANT

LMS

**CONTROL COPY**

000920

69

710920

ועד חהצלה

**VAAH HAHATZALA**

(EMERGENCY COMMITTEE)

132 NASSAU STREET

(ROOM 818)

NEW YORK 7, N. Y.

PHONE REGTOR 3-4835

February 12, 1945

War Refugee Board  
Treasury Building  
Washington D.C.

Dear Miss Hodell:

May we ask you to please submit us to the Treasury Department our application to transmit the sum of \$ 937,000 in equivalent Swiss francs to Isaac Sternbuch, St. Gallen, Switzerland.

This license to be issued under the same conditions as the other licenses issued by the Treasury Department at the request of the War Refugee Board.

We are sure you will do everything to expedite the issuance of this license.

Very respectfully yours,

*A. Kalmanowitz*  
Rabbi Abraham Kalmanowitz

To utilize the possibilities for rescue of European Jewry where the Vaad Hahatzala program is especially needed.

70

000430

DEPARTMENT  
OF  
STATE

CJR  
Distribution  
reading only by special  
arrangement. (category W)

OUTGOING  
TELEGRAM

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

February  
5 p.m.

**CONTROL COPY**

ALLEGATION

BERN  
698

The following for Huddle and McClelland from Department and War Refugee Board refers to your 881 February 8 and is WRB 400.

With respect to this Government's assurance to Swiss please note that in Department's 240 of January 16, 1946, the assurance given therein are not (repeat not) limited to refugees coming from any specific enemy or enemy controlled territory.

War Department and DUSA are being consulted regarding arrangements for the evacuation from Switzerland of this latest group of 1210 refugees.

Department and Board are advised that military authorities are now in touch with you concerning details of evacuation of 1872 refugees from Bergenbelsen.

For security reasons the  
text of this message must  
be closely guarded.

GREW  
(A. G. L. H.)  
(GLV)

WRB:MMV:KG  
2/13/46

WE

DECLASSIFIED  
State Dept. Letter, 1-11-73  
By R. H. Parks Date SEP 27 1972

10093

CABLE TO HUDDLE AND MCOLLELAND, BERN, FROM DEPARTMENT AND WAR REFUGEE BOARD

Reference your No. 881 of February 8, 1945.

With respect to this Government's assurances to Swiss please note Department's No. 240 of January 16, 1945. The assurances given therein are not (repeat not) limited to refugees coming from any specific enemy or enemy-controlled territory.

War Department and UNRRA are being consulted regarding arrangements for the evacuation from Switzerland of this latest group of 1210 refugees.

Department and Board are advised that military authorities are now in touch with you concerning details of evacuation of 1672 refugees from Belsen Bergen.

FR:hd 2/12/45

DEPARTMENT  
OF  
STATE

OUTGOING  
TELEGRAM

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

LEF  
Distribution of time  
1  
( )

January 18, 1946  
4 p.m.

ALLOCATION

BERN  
240

The following for McClelland is WRD 364.

Doubts have been expressed by certain private relief agencies in America, hopeful of being able to arrange large-scale escape of refugees from Nazi persecution, whether Swiss Government is willing to keep its doors open to a further flow of such refugees, whatever their numbers. Please investigate, if necessary, and advise us.

Should you believe it useful now or at any future time, you are authorized to emphasize to Swiss officials that the previous assurances given by this Government concerning the maintenance and evacuation of refugees from enemy persecution who would be admitted to Switzerland were not (repeat not) restricted to any particular number of persons and that this Government would deeply appreciate continued Swiss cooperation in this humanitarian endeavor by admitting all such refugees who may be able to reach Switzerland, without regard to numbers.

KRB:MEV:KG  
1/18/46

WE

GREW  
(Acting)  
(GLW)  
DECLASSIFIED  
State Dept. Letter, 1-11-72  
By R. H. Parks Date SEP 27 1972

71

110934

DEPARTMENT  
OF  
STATE

OUTGOING  
TELEGRAM

DIVISION OF  
CENTRAL SERVICES  
TELEGRAPH SECTION

03

CONTROL COPY

TO: [REDACTED]

BY: [REDACTED]

The following for [REDACTED] from Department and War  
Refugee Board [REDACTED] 403.

Vass H. [REDACTED] has requested Board to recommend to  
Agency the issuance of license permitting the resit-  
tance of [REDACTED] of \$37,000 to Sternbuch.  
In view of the information contained in your 801 of  
February 8 indicating the use which may be made of these  
funds, please find out from Sternbuch immediately whether  
they will agree to the deposit of the funds in a joint  
account in the name of [REDACTED] and you as War Refugee Board  
representative, no part of the fund to be expended or com-  
mitted for expenditure without the express prior approval  
of this Government.

Please report urgently to Department and Board.

For security reasons the  
text of this message  
is closely guarded. (Acting)  
(G.H.)

WRB:MMV:RG  
2/14/46

MS

FMA

DECLASSIFIED  
State Dept. Letter 1-11-72  
By R. H. Parks Date SEP 27 1972

000933

CABLE TO AMBASSADOR, BERN, FROM BERN TO DEPARTMENT AND WAR REFUGEE BOARD

Vand Whataala has requested Board to recommend to Treasury the issuance of a license permitting the remittance of Swiss franc equivalent of 937,000 to Sternbush. In view of the information contained in your No. 381 of February 8, 1945, indicating the use which may be made of these funds, please find out from Sternbush immediately whether they will agree to the deposit of the funds in a joint account in the names of May and you as War Refugee Board representative, no part of the fund to be expended or committed for expenditure without the express prior approval of this Government.

Please report urgently to Department and Board.

THIS IS WRB BERN CABLE NO. 403.

5:00 p.m.  
February 14, 1945

Miss Chauncey (for the Sec'y), Akzin, Cohn, Drury, Dubois, Gaston,  
Hodel, McCormack, O'Dwyer, Files

2/14/45  
sent to Mr. Canned to  
Take to state 4:50 P.M.

*JH*  
FH:hd 2/14/45

1110931

72

000930

Walter H. H. H.  
(Dwyer)

To: [illegible]  
From: [illegible]  
Subject: [illegible]

CONFIDENTIAL

Reference is made herein to the recipient's cable of February 9, 1945.

On February 9 and 10, Sternbach informs me that he wired to the Union of Orthodox Rabbis in New York a complete list of about 1,700 Jewish deportees from Theresienstadt, who recently reached Switzerland. This list is the one submitted to Pusey by the Germans at time of arrival of convoy, according to my understanding.

I have also been supplied with a preliminary list of some 430 Dutch subjects, who are in the group, by the Dutch Jewish Committee of Geneva. It is expected that approximately ten more names will be added to this list.

However, the Swiss authorities are still working on their list and as yet they have not given me an exact official list. However, the group appears to be roughly composed as follows: 120 Czechs (from protectorate), 540 former Germans and 440 Dutch.

In Switzerland the Dutch representatives are showing lively interest in their people and it is assumed that in the future the Netherlands Government will take full responsibility for them. I suggest that the board take this matter up in Washington with the Dutch representatives.

DC/L:MAS:MM 2-15-45

DECLASSIFIED  
By R. H. Parks Date SEP 27 1972

11093



000930

February 16, 1945

MEMORANDUM FOR THE SECRETARY'S FILES

General O'Dwyer and Miss Hodel of the War Refugee Board met with Secretary Morgenthau at 3:30 p.m. on February 15, 1945, for the purpose of discussing the problems set forth in the attached memorandum from the Executive Director to the three War Refugee Board members.

General O'Dwyer explained to the Secretary that, as a result of the rapid advance of the Allied armies, particularly the Russian armies on the eastern front, a serious situation has developed inside Germany pointing up that the plight of 300,000 to 500,000 Jews remaining under Nazi control is more critical than ever. General O'Dwyer explained that, in view of the shortage of food supplies, the critical housing situation and the general deterioration of communications and transportation inside Germany, the Germans are not in a position to give any care whatsoever to the Jews and other unassimilated deportees remaining under their control. Their first consideration is for fellow Germans, prisoners of war and foreign slave-labor. In addition, General O'Dwyer mentioned the indications now being received from various sources to the effect that German officials appear to be growing indifferent to the fate of the Jews and that in some cases they even seem willing to let the Jews survive, die or get out of Germany as long as no burden is placed upon Germany itself. General O'Dwyer pointed out that the Jews remaining in Germany thus face certain death from starvation and exposure unless something is done at once to bring them assistance.

General O'Dwyer indicated that there were two means by which assistance could be brought to these people: (1) by bringing them relief through International Red Cross facilities inside enemy territory; and (2) by escape to Switzerland from which country they would have to be evacuated to Allied territory. With respect to the first method, the General explained that the situation called for the provision of large amounts of supplies and trucks to the International Red Cross; that the supplies should be made available from army stocks in Europe; and that these stocks could be replenished by supplies provided and paid for by private American organizations. The Secretary at this point raised the question of funds for such supplies and it was explained that the JDC is in a position to provide \$5,000,000 to \$7,000,000 for the program. General O'Dwyer stated that it had been estimated that \$125,000 per day would be needed for an adequate program.

With respect to the problem of evacuating refugees from Switzerland who might succeed in escaping to that country from German territory, the General mentioned that he had discussed with Assistant Secretary of War McCloy the possibility of having made available an army camp in France where the refugees could be housed until the conclusion of hostilities in Europe. Secretary Morgenthau mentioned that it might be possible in cooperation with the French to arrange for certain private property in France to be turned over for refugee housing. General O'Dwyer also mentioned that he had been discussing with Governor Lehman the problem of making available UNRRA camps in Italy and North Africa for such refugee needs.

The Secretary stated that he would like to have an opportunity to study the memorandum and requested a further conference with Miss Hodel on February 16th at 10:30 a.m.

Secretary Morgenthau discussed with Miss Hodel at 10:30 a.m., February 16, 1945, the proposals set forth in the memorandum which General O'Dwyer left with the Secretary the day before. Secretary Morgenthau stated that he was convinced that the Board faced a very critical situation at this stage of the war and that the proposals made by General O'Dwyer warranted most serious consideration. He pointed out that the primary obstacles to the proposed plan of action would be of a military nature. The Secretary added that it was his view that the problem was so difficult and so important that a meeting of the War Refugee Board was warranted and he asked that such a meeting be called at the convenience of Secretary Stimson and Acting Secretary Grew some time Monday, Tuesday or Wednesday of next week.

In connection with the details of the memorandum and, in particular, the problem of supplies to be made available for the feeding and care of the Jews, Secretary Morgenthau stated that it might be possible to obtain the necessary supplies for such a program from Switzerland under a promise on the part of this Government to replenish such supplies after the war. He mentioned in this connection that the Swiss manufactured trucks and should have available sufficient numbers for the use of the International Red Cross for the distribution of relief supplies. At a later stage, perhaps three months, after the cessation of hostilities in Europe, this Government could replenish the Swiss from army and other stocks available in Europe. Secretary Morgenthau also stated that it would be very wise to have before the Board meeting a firm commitment from the JDC to provide as much money as possible for the program. Miss Hodel advised the Secretary that such a commitment undoubtedly could be obtained, since

the matter had already been discussed by General O'Dwyer and Miss Hodel with Mr. Baerwald and other officials of the JDC who had indicated their willingness to finance such a program up to several million dollars.

Miss Hodel then advised the Secretary of the action which had been taken with respect to the application of the Vaad Mahatzala to remit 4,000,000 Swiss francs to Isaac Sternbuch, the Swiss representative of the Union of Orthodox Rabbis who has been dealing with Musy, the individual responsible for the recent arrival of 1210 Jews in Switzerland. It was explained that, in view of the information received from McClelland that this money would be paid by Sternbuch to Musy for Himmler or Schellenberg, the State Department insisted that McClelland first obtain Musy's agreement to the deposit of the money into a blocked account in the joint names of Musy and McClelland, no payment to be made from such account without the prior express approval of this Government.

Miss Hodel then raised with the Secretary the question of the trip which General O'Dwyer is planning to take abroad. She explained that General O'Dwyer planned to go to Switzerland where the principal work of the War Refugee Board can now be done. She advised the Secretary that General O'Dwyer had sent a cable to Sir Herbert Emerson of the Intergovernmental Committee telling him that he would be in London soon for consultation on matters of mutual interest. The Secretary was also advised that General O'Dwyer planned to have Miss Hodel accompany him on this trip and that Herbert Katzki was being recalled from Turkey for work in the Washington office of the Board.

(Signed) Florence Hodel

*FH*  
FH:hd 2/17/45



26 to 12, 200, 1 by 12...

FROM: SAC, NEW YORK (100-111111)  
TO: Secretary of State, Washington  
DATE: February 17, 1941 (100-111111-1B)  
NUMBER: 1089

**CONTROL COPY**

US URGENT

The following message from McClelland for WRB and the Department is transmitted.

Reference is made to message of February 9 from the Legation, Number 881, and to Department's message of February 14, Number 703 - WRB's 403.

On the 16th of February I was told by Sternbuch (S) that he had been successful in securing a paper credit of 5,000,000 Swiss francs issued in his name by a reputable concern in Zurich, the fides Treuhand-Vereinigung. With the help of an international real estate manipulator, a certain Michel Ollian, who is on our Proclaimed List and who is doing this in the hope of being removed from that List, it is certain, the foregoing was made possible. He had managed to secure 2,000,000 and Ollian had guaranteed the missing three million francs, S 3 a - 4.

Explanation was made by S that Musy appeared to be satisfied with this paper proof that he (S) was holding the 5,000,000 necessary, and Musy did not insist that this money be deposited in his name, at least for the moment. I am

DECLASSIFIED  
State Dept. Letter, 1-11-72  
By R. H. Parks Date SEP 27 1972 unable

110944

... of the ...  
... which could become known to ...  
... in view of the likely unwary  
and suspicious nature of ... reputation and his  
negotiations with ... joint account between Sternbuch  
and ... in alternative ... should our Treasury issue a  
license allowing Vanda Batska to remit to Switzerland \$937,000,  
in view of the fact that 20,000,000 francs are already being held  
by Sally Mayer and me to back up negotiations of this type, I anti-  
cipate a considerable amount of difficulty from Swiss authorities  
in obtaining conversion of this amount of money into Swiss francs.  
Sternbuch would prefer to die in his tracks rather than ask Mayer  
for funds, on the other hand.

It is certain that any discussion with the Swiss with re-  
gard to conversion of the \$937,000 for Sternbuch would react un-  
favorably on the entire rescue plan and would make it necessary  
to disclose the fact that hard cash is being demanded by Musy for  
actions which have been publicized widely in Switzerland during the  
past week as being humanitarian.

However, Musy, who was to have returned on the 16th of  
February to Germany to pursue negotiations ~~with~~ a view to releasing  
additional convoys, at the last minute refused to go for the reason  
that Berlin (with which he was in telephone communication, he claims)  
reported that in the United States of America there had not been  
any favorable comment in the press regarding the praiseworthy

humanitarianism

000094

-3-

humanitarianism of Nazis having released these Jews -- in fact no discernable press reaction at all. Sternbuch was reproached by Musy to the effect that the Government of the United States manifestly did not care whether Himmler released the Jews or did not release them. Accordingly, Musy insists that before he will go back, convincing evidence must be received by him to show in Berlin that the press of the United States is commenting favorably along the lines that the Nazis, as evidence of their change of heart, having at last seen the error of their ways, have now not only stopped the extermination of Jews, but are releasing them. However, Musy is not insistent that his role in this be mentioned personally.

Being afraid that the future success of the entire rescue program may be endangered by no press comment in the United States, Sternbuch and his colleagues are very much upset.

The above anxiety of Berlin for a favorable press re-  
inforces my view that there is a great deal more behind this  
whole matter than release of Jews, and is highly suspicious.

HARRISON

<sup>32</sup>  
CW  
DC/L:LCW 2-19-45

100940

000940

also noted:

as per our phone conversation.

availability,

CA  
DE,  
ON  
YO,  
MOI

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000940

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

A. N. WILLIAMS  
PRESIDENT

SYMBOLS

DL - Day Letter  
NL - Night Letter  
LC - Deferred Cable  
MT - Cable Night Letter  
Ship Radiogram

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

NA34 NL PD=BROOKLYN NY 17

1945 FEB 18 AM 1 19

HON HENRY MORGENTHAU JR.  
SECY TREASURY WASHDC.

MUST UTILIZE YOUR PREVIOUS PROMISE TO GRANT AN INTERVIEW  
CASE OF REAL EMERGENCY MOST URGENT MATTERS IMMINENT LIFE OR  
DEATH FOR THOUSANDS. MUST DISCUSS PROBLEM WITH YOU PERSONALLY  
ON MONDAY WILL DEEPLY APPRECIATE APPOINTMENT STOP AWAITING  
YOUR REPLY IN WASHINGTON AND WILL PHONE YOUR SECRETARY  
MONDAY MORNING.

UNION OF ORTHODOX RABBIS OF THE UNITED STATES RABBI  
ABRAHAM KALMMANOWITZ 132 NASSAU STREET NYC.

132

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE.

000944

000950

February 19, 1945

Memorandum to the Honorable Henry Morgenthau, Jr.,  
Secretary to the Treasury  
Treasury Building  
Washington, D. C.

Honorable Sir;

In these last tragic days for the Jews in Europe, after a long period of persecution and extermination, we hereby respectfully submit a plea for the "Remnant of Israel".

With the assistance of the War Refugee Board, the State Department and the Treasury Department, by means of the license, our Committee in Switzerland has rescued from the Concentration Camps hundreds of Jews and brought them to safety, by discreet use of funds.

It has been the consistent policy of our Government to permit us to make funds available at all times for this purpose, during the past fourteen months.

Our Committee in Switzerland has made arrangements for the rescue of a substantial number of Jews from Nazi Concentration Camps to Switzerland. On the basis of our past experience and the encouragement from Washington to do all we can to rescue as many Jews as possible from the evil hands of the Nazis, our Committee contracted with great Swiss personalities to deposit in Switzerland sufficient funds for the purpose of defraying the necessary expenses for such evacuation as the release to Switzerland will entail. As a result of these arrangements, 1200 men, women and children were released on February 7th with a promise that additional transports will follow. Should our Committee fail to fulfill this arrangement, tragic consequences will no doubt result. It will only play into the hands of the beastly intentions of the Nazis.

It appears very obvious that funds are necessary for the transportation from the Concentration Camps to Switzerland; about \$30.00 per person in the case of Theresienstadt, and inland transportation in Switzerland, in addition to local Swiss levies and other incidentals.

All we ask is for the continued policy on the part of the Government now when it has become possible and most urgent, to implement on a larger scale the policy of rescue pronounced by the President in creating the War Refugee Board.

Authentic reports reach us, that the Nazis in their frantic spirit of vengeance exterminated and annihilated the Jews before they retreated from any position, as evidenced by their last acts in Lodz.

We respectfully request to amend the license to read \$937,000 in the equivalent of 4,000,000 Swiss francs. We pray together with the unfortunates in the Concentration Camps that this last moment for rescue may not be lost by "too little or too late".

Respectfully submitted,

VAAD HAHATZALA EMERGENCY COMMITTEE  
132 Nassau Street  
New York, 7, New York

1946

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Cable from Bern February 16, 1946

MUSY WILL RETURN TO GENEVA END OF NEXT DAY. THEY ARE SURPRISED IN BERN ABOUT THE LACK OF REFERENCE TO THEIR FUNDRAISERS. IF THE IMMEDIATE COLLECTION OF \$1.5 MILLION IS POSSIBLE THEY WOULD SEND THREE MILLION IMMEDIATELY FOR THE TIME BEING. NO CLEVELAND WAS MENTIONED AND SUPPORTS THE UNDERSTANDING. IF THE FUNDRAISER SHOULD BE SECURED IMMEDIATELY INTO SWITZERLAND IS POSSIBLE. THERE ARE CHARGES FOR FRANCE AND WE ARE SENDING A DELEGATE TO PARIS. STERNBUCH ASKS FOR SUPPORTS IN PORTUGAL AND SPAIN FOR THEM TO ARRANGE TO STAY THERE POSSIBLY TILL THE END OF THE WAR. THE PRESIDENT OF SWITZERLAND ACCEPTED OUR DELEGATE ON FEBRUARY 7. VON SPEIGER ASKS FOR DETAILS ABOUT YOUR UNION NAMELY THE NUMBER OF MEMBERS DATE OF ESTABLISHMENT ETC. PLEASE INFORM OFFICIALLY THE SWISS AUTHORITIES THROUGH THE AMERICAN EMBASSY THAT THE STERNBUCHS ARE YOUR REPRESENTATIVES FOR THE RESCUE CAMPAIGN IN EUROPE. THE NEGOTIATIONS WITH MUSY WERE MAINLY CONDUCTED BY MRS. STERNBUCH AND DR. KUEHL. THE DUTCH LEGATION IN BERN HAS INFORMED US THAT THEY HAVE APPLIED TO THEIR GOVERNMENT TO PUT A MILLION AT THEIR DISPOSAL FOR THIS CAMPAIGN.

7 11 11 9 9 9



February 20, 1945

Dear Mr. [Name obscured]

Dear Mr. [Name obscured]

I am sure you will be interested in the attached  
copies of news just received from Bern and Moscow.

(Signed) [Name obscured]

FH:hd 2/20/45

000950



February 21, 1945

MEMORANDUM FOR THE FILES

Rabbi Kalmanowitz and Metz and Mr. Irving Bunim of the Vaad Hahatzala met with General O'Dwyer and Miss Hodel today to discuss the question of the requested license for the remittance of \$937,000 to Isaac Sternbuch. The Vaad Hahatzala representatives urged that the War Refugee Board recommend immediately the issuance of the necessary license. They stated that Sternbuch had requested this remittance even though he had been able to borrow sufficient funds in Switzerland. The Vaad Hahatzala representatives admitted that the Sternbuch cable had been received through facilities other than the United States Government facilities or commercial channels. The argument was again presented by the Vaad representatives that the money was needed in Switzerland in order to assure the release to Switzerland of further groups of refugees; that there was some indication that the second group had already been detained because of the delay in a remittance from the United States to Sternbuch.

General O'Dwyer stated that on the basis of information which the Board has received from its representative in Switzerland and on the basis of other information available to the State Department and the Board, he would not, as Executive Director of the Board, recommend the issuance of a license which would permit a direct remittance to Sternbuch for payment to Misy. General O'Dwyer stated that in this case there were direct communications going from Kalmanowitz to Himmler and that not a word of these communications appeared in the files of this Government. He stated that this group from now on must do all of its business and communicating with its representative in Switzerland on matters of this kind through this Government's facilities. He explained to the group that it would be impossible under the circumstances for this Government to approve either a direct remittance to Sternbuch for payment to Misy or a remittance to a joint account in the names of Misy and McClelland. He informed the group that the only method of remittance which he would recommend to the Treasury Department would be to a joint account in the names of Sternbuch and McClelland with adequate restrictions against any payment from that account without the prior clearance of this Government. The Vaad Hahatzala was asked to indicate whether this method was agreeable to them and they advised the General that they would have to consult with their Committee in New York first.

*FH*

F. Hodel

*2/22/45 General O'Dwyer advised Secretary Maguire  
of the foregoing FH.*



Feb 21 1945

Message for Miss J. Hood

Under the circumstances we  
accept the General's proposition  
on the license. We hope that  
the money will be made available  
for Peace purposes.

Robert W. K. Linscott  
— + —



Dictated over the phone to Frank Horn  
by Paul McCormack 2/24/45, 12 noon.

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Legation, Bern  
TO: Secretary of State, Washington  
DATED: February 22, 1945  
NUMBER: 1175

CONTROL COPY

PRO: MCOLISLAND FOR WRB.

On February twenty-first the question of five million francs guarantee needed for Musy affair was again discussed with Sternbuch (S). (See No. 1069 dated February seventeen from the Legation and WRB's 403, No. 703 dated February fourteen from the Department.)

So that he may replace present fictitious credit with Fideu Trouhand, S thinks it is necessary that equivalent of dollars 937 thousand be remitted at earliest possible date.

S. hopes that, since he has led Musy to believe that he, S, actually holds five million francs, transfer can be brought about in a way which will still permit him to show credit to this amount, even if at another bank such as Swiss National, in his name. It is thought by S that a joint account, upon which my name figured openly, would possibly arouse Musy's suspicions, and this would not be acceptable to Musy. However, S, who is quite willing that account be tied up, asks if it would not be practicable to have it set up in his name only, having confidential provision that the American Legation at Bern should have prior authorization over any disbursements.

It is also feared by S that open discussion with Swiss officials regarding conversion of such a sum into francs, in which it would probably

DECLASSIFIED  
State Dept. Letter, 4-11-72  
By R. H. Parks Date SEP 27 1972

he

1100915

to an individual... would be likely to... to... about... a Swiss... exception... nature of... motives... that... with officials of Switzerland and, if possible, that it be... in Swiss francs. If funds were transferred in installments, he feels this might be less difficult. On February nineteen Mugg and his son went back to Germany by automobile.

HARRISON

ER  
DC/L:ER 2/23/45

000943



FEB 22 1945

MEMORANDUM

TO : Mr. Aarons  
FROM : William O'Dwyer

The War Refugee Board recommends the immediate issuance of a special Washington license to the Union of Orthodox Rabbis of the United States and Canada to remit, notwithstanding General ruling No. 11, the Swiss franc equivalent of \$937,000 to a joint account in the names of Isaac Sternbuch, the representative of the Union of Orthodox Rabbis in Switzerland, and Roswell McClelland, representative of the War Refugee Board in Bern, Switzerland. The license should also provide that no expenditure or commitment for expenditure from these funds may be made without the prior express approval of this Government and that any withdrawal, transfer or payment order against the joint account shall be signed jointly by Isaac Sternbuch and Roswell McClelland. The proposed license will be similar in all respects to license No. W-2402 recently issued to the American Jewish Joint Distribution Committee.

In view of the extreme urgency, it will be appreciated if this license be issued at once. Mr. S. M. Bornstein is being consulted with respect to the Swissfrancs.

(Signed) William O'Dwyer

*H. Cleared*  
*W. O'Dwyer*  
FHinc 2/22/45

10096

In reply, please  
refer to: 60310

LICENSE No. 6-2404

Dear Sir:

You are hereby authorized, so far as Executive Order  
no. 6369, as amended, is concerned, and notwithstanding General  
Order No. 11, to remit the sum of Swiss francs 50,000,000 to a  
banking institution in Switzerland for credit to a joint account in  
the names of Sally Mayer, President of the Swiss Jewish Refugee Fund,  
and Roswell G. McClelland, Representative of the War Refugee Board  
in Switzerland, provided the following terms and conditions shall be  
complied with:

1. No part of the above sum shall be expended or  
committed for expenditure except pursuant to  
a specific United States Treasury license  
referring to this license.
2. Any withdrawal, transfer, or payment order  
against the above joint account shall be signed  
jointly by Sally Mayer, President of the Swiss  
Jewish Refugee Fund, and Roswell G. McClelland,  
Representative of the War Refugee Board in  
Switzerland.

You, or your bank of account, are authorized to effect the  
remittance licensed herein by (a) payment of the dollar amount in-  
volved to the Federal Reserve Bank of New York for credit to the  
Banque Nationale Suisse, Zurich, for credit to the joint account  
referred to above, or (b) purchase of the Swiss francs involved from  
the Federal Reserve Bank of New York as fiscal agent of the United  
States, as shall be prescribed by the Federal Reserve Bank of New  
York.

Sincerely yours,

Orvie A. Schmidt  
Director

American Jewish Joint Distribution Committee, Inc.,  
370 Madison Avenue,  
New York, New York.

RBParkot:jfh 1-19-48

Foreign Funds Control

Date: January 22, 1944

L I C E N S E  
(GRANTED UNDER THE AUTHORITY OF EXECUTIVE  
ORDER NO. 8389 OF APRIL 10, 1940, AS AMENDED,  
AND THE REGULATIONS ISSUED THEREUNDER)

To Union of Orthodox Rabbis of the United States and Canada  
(Name of licensee)

132 Nassau Street, New York, N. Y.  
(Address of licensee)

Sirs:

1. In order to arrange for the evacuation to places of safety or relative safety as shall be selected by your representatives of persons in enemy or enemy-occupied territory whose lives are in imminent danger and, pending possible evacuation, to sustain and safeguard the lives of such persons, your representatives in Switzerland (including such agents as they may appoint) are hereby licensed notwithstanding the provisions of General Ruling No. 11 to communicate with persons in enemy or enemy-occupied territory in any manner they deem necessary or expedient and to take all other appropriate action, including the acquisition of necessary funds, goods or services from persons in enemy or enemy-occupied territory against payment in accordance with the terms of this license. The necessary funds to finance such operations may be obtained by any of the following methods:

- (a) The first method is the purchase of currency or exchange of the country in which the operations are to be effected from persons in Switzerland who your representatives, after consulting with the United States Legation in Bern when feasible, are reasonably certain have held such currency or exchange since prior to the freezing of such country by the United States, or have since acquired such currency or exchange in such manner as has not benefited the enemy. The sellers of such currency or exchange may be reimbursed therefor in Swiss francs at the prevailing unofficial rates of exchange in Switzerland.
- (b) The second method is the acquisition of local currencies or exchange from persons in enemy or enemy-occupied territories for which reimbursement will not be made until after the war. In order to insure reimbursement after the war to the persons supplying such currencies or exchange, blocked accounts may be established on your books in the United States, or in a bank in the United States or a bank in Switzerland. No payments may be made from any such blocked account without the specific approval of the Treasury Department and no assignments may be made of any interest in such blocked account without such approval.

(c) The third method should not be used if it is feasible to obtain the local funds by either of the first two methods. The third method is the acquisition of the necessary local funds, goods or services from persons in enemy or enemy-occupied territory against payment in free exchange or free currency notes. Your representatives should take reasonable steps to avoid such foreign exchange or free currency notes being paid to persons who will make it available to the enemy.

2. The total amount of dollars or Swiss francs paid out or set up in blocked accounts or otherwise obligated under the terms of this license shall not exceed 430,000 Swiss francs, or the dollar equivalent thereof, during the six month period beginning January 1, 1944.

3. Your representatives should keep the American Legation in Switzerland fully informed with respect to the financial transactions effected under this license. In so far as feasible your representatives should make certain that the persons from whom the local currencies or exchange are purchased are acceptable to the Legation. Your representatives should satisfy themselves that payments to such persons will not benefit the enemy.

4. Periodic reports with regard to any operations engaged in under this license should be filed with the Treasury Department by your representatives through the United States Legation in Bern.

5. This license is granted upon the statements and representations filed with the Treasury Department, and is subject to the condition, among others, that you will comply in all respect with Executive Order No. 8389 of April 10, 1940, as amended, and the regulations issued thereunder and the terms of this license.

6. This license is not transferable, is subject to the provisions of Executive Order No. 8389 of April 10, 1940, as amended, and the regulations issued thereunder and may be revoked, modified, or declared void at any time at the discretion of the Secretary of the Treasury acting directly or through the agency through which the license was issued, or any other agency designated by the Secretary of the Treasury.

/s/ J. W. Pehle  
J. W. Pehle  
Assistant to the Secretary

Cleared with  
JED, EMB, REP, DWB,  
(see cable to Bern)  
FH



February 22, 1945

MEMORANDUM FOR THE FILES

After clearing the proposed action with Mr. Aarons and Mr. Coe, I transmitted the attached memorandum to Mr. Parke and advised him that the War Refugee Board was still awaiting clearance from the State Department on the issuance of the proposed license. I told Mr. Parke that Mr. Aarons and Mr. Coe had been advised that State Department clearance should be obtained before the issuance of the license and that the War Refugee Board would obtain such clearance. I advised Mr. Parke that as soon as State Department clearance was obtained, I would notify him.

February 27, 1945

I called Mr. Warren today to check on the State Department clearance of the license for the Vaad Hahatzala. Mr. Warren advised me that this matter would have to be raised personally with Mr. Grew and that he ~~planned~~ <sup>planned</sup> to reach Grew this afternoon. He advised me that it was clear State would not agree to the issuance of a license permitting remittance directly to Sternbuch and that the procedure recommended by the War Refugee Board to Treasury, whereby the remittance would be made to a joint account in Sternbuch and McClelland's names was the only method which could possibly receive approval. Mr. Warren mentioned in this connection that some concern had been expressed by the Swiss desk at State Department because of the difficulties which had just arisen in the Currie negotiations. He indicated that there was some fear that a request to the Swiss for additional Swiss francs for the proposed remittance might be seriously effected by the fact that Mr. Currie has just been advised that certain promises which he could make to the Swiss could not be carried out. I previously communicated with E. M. Bernstein who advised me that while it might be difficult to obtain the Swiss francs, he thought it would not be impossible.

J. H.

February 22, 1945

MEMORANDUM FOR THE FILES

I telephoned Mr. Warren today and advised him that General O'Dwyer was prepared to recommend the issuance of a license to the Vaad Hahatzala to permit the remittance of \$937,000 to a joint account in the names of Sternbuch and McClelland, provided that no expenditures or commitment for expenditure from these funds could be made without the prior express approval of this Government and that any withdrawal, transfer or payment order against the account be signed jointly by Sternbuch and McClelland. I advised Warren that General O'Dwyer was making this recommendation to the Treasury Department but that Treasury was being advised that the license should not be issued until the license was approved by State. Warren stated that he would raise the matter and attempt to obtain State Department clearance and that he would advise me as soon as possible.

*FH*  
F. Hodel

000971

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February 27, 1945  
12:10 . . .

REFUGEE BOARD

Present: Mr. Gaston  
Mr. O'Connell  
Mr. White  
Mr. Penle  
Mr. DuBois  
Mr. Aarons  
Mr. Coe  
Miss Hodel  
Mrs. Klotz

H.M.JR: Mr. Aarons, am I correct in saying that you are the Acting Head of Foreign Funds?

MR. AARONS: Yes, sir, Mr. Secretary.

H.M.JR: Miss Hodel, will you please tell these other people just what happened, going back as far as it is necessary, in connection with bringing those large numbers of Jews--I take it they were all Jews--either out of Hungary or Germany. I want you to review the case for me, see.

MR. PENLE: That isn't very specific.

H.M.JR: There were seventeen hundred that came out of Hungary. Isn't that the first lot?

(Mr. O'Connell enters the conference.)

MISS HODEL: There were three batches of refugees that have come through to Switzerland in the past few months from German-occupied territory. In August three hundred and seventy-two came through from a German concentration camp at Bergen Belsen. These were described to us as Hungarian Jews. In December--

000977

H.M.JR: Now wait a minute. What I want to know, particularly on the money transactions, is what part the Treasury and Foreign Funds had in any of this.

MISS HODEL: There were no money transactions involved in the arrival of that group.

MR. PEHLE: Was that group the one that was said to be a show of good faith on the part of the Germans in connection with these Saly Mayer negotiations?

MISS HODEL: It was at the time when these Germans had approached Saly Mayer to negotiate with him concerning the Jews left in German-occupied areas, and it was stated that the Germans had released this group as a sign of good faith in their talks with Saly Mayer.

H.M.JR: What were their talks with Saly Mayer about?

MISS HODEL: They stated last summer--they were negotiations which followed the Brand negotiations which had occurred in Turkey and the Near East, after the Brand proposals failed.

H.M.JR: Yes.

MISS HODEL: The Germans made an approach and wanted to talk with Joe Schwartz of the JDC. This Government would not permit Joe Schwartz to carry on any discussions with the Germans, and the Germans came back and said they would be willing to talk with Saly Mayer, and this Government advised McClelland and Saly Mayer that there would be no objection to Saly Mayer conducting these negotiations, but he could not conduct them as a representative of an American organization, but there would be no objection to his conducting them as a representative of the Swiss-Jewish Community, of which he was President. He carried on a series of talks with Gestapo agents with the knowledge of the Swiss Government and full knowledge of McClelland and of the State Department and of the--

MR. PEHLE: ...and of the War Department and the British and Russians.

MISS HODEL: No money has ever passed, to our knowledge, between them.

H.M.JR: Didn't you issue your license yesterday on Kusy?

MR. AARONS: The Kusy license?

MISS HODEL: It hasn't been issued yet; it has been approved by the Treasury, Mr. Secretary, but it is awaiting clearance by the State Department.

H.M.JR: Why should you know and not he?

MISS HODEL: Mr. Aarons agreed to the issuance of the license, but I issued an instruction to the Treasury--to Foreign Funds Control not to issue the license until this received clearance through the State Department.

H.M.JR: Through whom did you issue the license? Whom did you hold up on it?

MISS HODEL: Mr. Marks who is in the Foreign Funds Control Division at State.

H.M.JR: Where?

MISS HODEL: Foreign Funds Control at Treasury.

MR. AARONS: I understood the license would not be issued until Miss Hodel cleared it with State.

H.M.JR: Anything in writing on this?

MISS HODEL: We have everything in writing, a full file.

H.M.JR: As it remains now, has this license been issued?

MISS HODEL: My instruction was that it was not to be issued until the State Department had advised them it had been cleared.

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H.M.JR: Go find out if it has been issued, please.

(Mr. Aarons leaves the conference.)

H.M.JR: Go into Mrs. Klotz' room; you had better go in there.

MISS HOEHL: I have been trying all morning to get State Department clearance on that license.

MR. PEHLE: We haven't gotten the story on this license yet.

H.M.JR: What about this--

MR. PEHLE: Give him the story on the Musy negotiations.

MISS HOEHL: This is the license on the Musy negotiations, and I have been trying this morning to get State Department clearance on that license, and they advised me it would have to be cleared with Mr. Grew personally.

MR. PEHLE: And the proposed cable--isn't it true the proposed cable says, "With the approval of the State Department, War Refugee Board, and Treasury?"

MISS HOEHL: That is right; it is on my desk.

H.M.JR: With due respect, what is the use of having Aarons if you issue orders to him as to what he should and shouldn't do?

MR. PEHLE: That isn't what is happening here at all.

H.M.JR: That is what she said.

MR. PEHLE: No, she has a working relationship with people in Foreign Funds who handle this thing. She is the one who clears it with the State Department. You don't expect all that stuff to clear through Aarons personally.

MR. DuBOIS: She did clear it.

MR. PFULE: Subject to State's approval of the cable. The State Department hasn't approved it yet.

H.M.JR: Have you the cable?

MISS HOEDEL: It is not the cable--I am getting approval before the license is cleared at this time.

H.M.JR: What is the situation with regard to this million dollars? Let's have it.

MISS HOEDEL: Twelve hundred and ten refugees from Theresienstadt, a German concentration camp in Czechoslovakia, arrived in Switzerland on the night of February 7. The first news that we had was a press item with a Bern date-line announcing that these refugees had arrived in Switzerland as a result of negotiations conducted by a man named Musy and a man named Sternbuch, who is a Swiss citizen, and the representative in Switzerland of the Union of Orthodox Rabbis. That was followed by a cable which we had from our man McClelland advising us that the group had arrived in Switzerland and that he, McClelland, had been approached by Sternbuch for help in getting them admitted into Switzerland.

H.M.JR: Who is Sternbuch?

MISS HOEDEL: The representative in Switzerland of the rabbinical group in this country. McClelland asked Sternbuch for information concerning how they got in and whether there was Swiss quid pro quo involved, and Sternbuch advised McClelland that five million Swiss francs were to be deposited in the account of Musy in the Swiss National Bank and that it was the understanding between Musy and Sternbuch that Sternbuch would provide five million Swiss francs. The next thing we knew we were approached by the rabbis.

(Mr. Aaron enters the conference.)

H.M.JR: Has it been issued?

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MR. AARON: 'C, sir.

H. M. JR: Tell them to hold it up.

MR. AARON: Tell them to bring it to me before it is issued.

MISS HOEDEL: The next thing, we were approached by the rabbis for a license to remit four million Swiss francs. They said Sternbuch had a million on hand. They had had a communication through other channels asking for four million Swiss francs. They said they had been to the JDC and they didn't have the money themselves. They asked the JDC for the money, and the JDC was perfectly willing to put up nine hundred and thirty-seven dollars or lend them that if the rabbis got a license from the Government to make the remittance.

We cabled McClelland and advised him that the application for license had been filed, and we asked him if he would discuss the matter with Sternbuch and find out from him if it would be agreeable to Musy to have that money deposited in the account of the bank in the name of Musy and McClelland jointly with a proviso that no payments could be made from that account without the prior expressed approval of this Government.

H. M. JR: Of which Government?

MISS HOEDEL: The U. S. Government.

McClelland cabled back and said that wouldn't be satisfactory. He suggested it wouldn't be satisfactory either from his standpoint or from Musy's. And McClelland hesitated to be involved in an account with Musy, who is a man of questionable character, apparently, in Switzerland. He said that it would endanger him or would not be wise for him as a member of the staff of the U. S. Legation in Switzerland to have a joint account with Musy.

H. M. JR: Is he a member of the staff?

- 5 -

MISS HODEL: Mr. McClelland is a Special Attache with diplomatic status, and he is our representative. He has that additional status. He devotes all his time to that work. Before that he was with the American Friends. McClelland suggested that as an alternative we might consider authorizing the remittance to be made to an account in the name of Sternbuch and McClelland. Sternbuch is the representative of the American organization, and he is the man with whom McClelland deals. When that suggestion came through we discussed it with the rabbis, and General O'Dwyer stated that he would be unwilling to recommend the issuance of a license permitting the remittance directly to Sternbuch without any strings attached. He told them he would be willing to recommend that the money be remitted to an account in the name of Sternbuch and McClelland, and with full control of the account.

The rabbis didn't like it, but they were told that was the only kind of a license that General O'Dwyer would recommend. They finally agreed after consultation in New York that that type of a license would be agreeable to them, and we then recommended to the Treasury Department that such a license be issued, subject to the approval of the State Department. I cleared that with the Treasury, and we are waiting for State Department approval.

H.M.JR: Whom do you mean, with Treasury?

MISS HODEL: Foreign Funds Control, and Mr. Aarons cleared it with Mr. Coe.

H.M.JR: Are you thoroughly familiar with this? Did you clear this?

MR. AARONS: Yes.

H.M.JR: With Coe?

MR. AARONS: Yes.

MISS HODEL: I was present, too.

H.M.JR: Is there any written record?

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MISS HODEL: We have a written recommendation from General O'Dwyer on that.

H.M.JR: Sum up where the thing stands now.

MISS HODEL: We are now waiting for the State Department to approve that license.

H.M.JR: And when the license is approved, what happens?

MISS HODEL: It will permit the Vaad Hahatzala Committee of the Union of Orthodox Rabbis to admit the Swiss francs equivalent of nine hundred and thirty-seven dollars to a joint account in the name of Sternbuch and McClelland, provided that no payments or no commitments for payment of that amount may be made without the prior expressed approval of this Government.

H.M.JR: When you say this Government, what do you mean?

MISS HODEL: Another Treasury Department license, with the exact terminology of the release--

H.M.JR: How much of this was brought to the attention of either Mr. Stimson or Mr. Grew?

MISS HODEL: Mr. Grew is thoroughly familiar with it, and Mr. Warren informed me that he has discussed it in detail with him.

H.M.JR: Mr. Stimson and Mr. McCloy--

MISS HODEL: I don't know, but they have all the cables.

MR. PEHLE: And the Musy stuff has been called particularly to Gerhardt's attention, and Mr. McCloy has been on notice.

- 3 -

MISS LOJEL: He is in McCloy's office.

MR. PERLE: He and McCloy handle this stuff normally. As I recall it, this was specifically called to Gerhardt's attention.

H.M.JR: The thing is this, Herbert: The Chicago Tribune has about got this, and the story they are talking of running is that Henry Morgenthau, the Jew, is dealing with Himmler to bring out Jews, and Jews only, see, that I am dealing with Himmler.

MR. PERLE: There is another facet to that.

MR. CASTON: Yes.

H.M.JR: Suppose they print that story? I never could cater to them.

MR. CASTON: There are a lot of intricate details, aren't there?

H.M.JR: I mean, the facts are known. (Reads letter concerning Himmler's wanting Jews, and Jews alone, to be released, so when they reach liberated countries the compatriots would be struck by the fact that there were no Christians among them, and so forth.)

MR. PERLE: These newspapermen once got in touch with George Warren about this same matter. You weren't involved personally at all, but they had gotten wind of some of these transactions in Switzerland, and Warren gave them a sort of general answer, and it seemed to stop it at that time.

H.M.JR: They got a lot about this. They know the JDC doesn't like it. They came to them and the rabbis only had seventy-five thousand dollars and needed the balance, which is close enough.

MR. PERLE: That is, they have--

MISS HODEL: The New York Post called the JDC yesterday on this story, too, I understand.

H.M.JR: And the War Department will just shrug their shoulders. O'Dwyer isn't very crazy about this, and neither is the State Department.

Now, what I think we ought to do is this: In view of this fight, because this is the kind of thing they print--I never can catch up to it, you see?

MR. PEELE: That is right.

H.M.JR: If they print this thing, I think there ought to be a meeting of the War Refugee Board called, and let them pass on this particular license. I would like to have advice, but that is the way I feel.

MR. PEELE: I think that makes good sense. Even that wouldn't be a protection totally, but it is the best you can do, I think.

H.M.JR: Well, I am trying--the people here advise me, but it seems there should be a meeting of the War Refugee Board, and with all due respect to you and General O'Dwyer, see, the fact that Gerhardt and Stimson can say, "My God, I never heard of it," and the chances are McCloy will say, "I never heard of it"--

MR. GASTON: Yes, yes. You are clearly right, it must be checked right back directly to Stimson and Grew.

H.M.JR: McCloy could say, "Morgenthau never talked to me about it."

MR. PEELE: I think they ought to approve it. I agree you should have a Board meeting.

H.M.JR: When you mentioned this thing, if my memory is correct, I never could see why this fellow Musy would be satisfied to have the money put in the name of--

MISS HODEL: McClelland.

H.A. JR: ... McClelland and himself, leaving the entire pressure with McClelland. And the story is, they are going to have pressure put on McClelland. Of course, this is just a phony, and McClelland is going to release it.

MR. PEHLE: Musy is fighting for other things, we don't know what.

H.A. JR: This thing here makes pretty good sense. If Hummel wanted to make trouble and they only brought Jews out--

MR. DuBOIS: This license would say that the money can't be released except by Treasury license, and I think there might be an understanding that would buttress the thing up, that the Treasury wouldn't issue such a license without the approval of the Board.

MR. O'CONNELL: What do we understand the money is to be used for?

MR. GASTON: For what purpose is this money being transmitted? I didn't--

MISS HODEL: The information isn't too clear. It appears that as a part of the negotiations between Sternbuch and Musy there was an agreement that this money would be deposited in Switzerland. Musy, according to McClelland, is trying to get back in the good graces of the Swiss Government and has appeared as a great humanitarian in this undertaking. He is trying at the same time to hide from the Swiss Government that he is demanding money from Sternbuch. That would--

MR. GASTON: This money is to go to Musy, I presume.

MISS HODEL: Eventually.

MR. GASTON: And presumably Musy divides with some German officials. Is that right? What else?

MR. PEHLE: It might be a personal pay-off to Musy.

MR. GASTON: That is Musy's status?

MR. PENLE: He is the one that negotiated the escapes.

MR. GASTON: He made some bargain by which these men got out, and now he is to be paid for having gotten the people out. That is the same as negotiating with Himmler.

MR. JR: Himmler's first deputy is the man with whom he has done his negotiating.

MR. GASTON: Why all the caution of paying after it gets to Switzerland, to make sure it goes to the right German, or what?

MR. JR: That is a good question.

MR. PENLE: If you mean by that, Herbert, that we would allow this money to be paid out now during the war-- it isn't at all clear that we would allow it ever to be paid out during the war, but it would be in Switzerland where Musy could look at it.

MISS HOEDEL: And in an attempt to continue negotiations, Sternbuch can say, "They sent me my money, five million dollars."

MR. GASTON: Are we swindling somebody over there?

MR. PENLE: These negotiations are not handled by the United States Government, but by intermediaries, and we were never advised of the full facts. All we know is that some human lives are saved. Now, there are side currents, and people doing things for the worst motives, I have no doubt. I have no doubt Musy is a scoundrel.

MR. GASTON: I am trying to find out the salient facts so far as we can learn them. Why is money being sent over, and what are the criteria that we are going to use in deciding to whom we will license payments?

MR. AARONS: The money was mainly for enabling him to continue negotiations, as I understand it.

MR. PEHLE: Five million dollars went over on the same basis. JBC sent it over to people that were negotiating that they had more faith in, like Sally Mayer.

MR. AARON: May I make a suggestion, Mr. Secretary? May not have the license provide that the money can be released only on the concurrence of both the War Refugee Board and the Treasury?

H.M.JR: No, just the War Refugee Board.

MR. DUBOIS: You can say just the War Refugee Board.

H.M.JR: At the direction of the War Refugee Board.

(Mr. Coe enters the conference.)

MR. AARON: You suggested a separate understanding.

H.M.JR: I would make it, "Under the direction of the War Refugee Board."

I want to get you and Harry just a minute when Harry comes in--I want to know who is responsible for Foreign Funds around here, but I will wait until Harry comes in. But the thing isn't quite as simple as that, Herbert. What they have been doing is kind of playing around with these people hoping some would come out, and when they do come out--and I gather these Orthodox rabbis more or less did this on their own.

MR. PEHLE: And they have their own means of communicating not subject to censorship.

H.M.JR: They have, with the Germans?

MR. PEHLE: No, with Switzerland, and from there on.

H.M.JR: From here to Switzerland?

MR. PEHLE: Through the Polish Government. They have been doing it all along, and we have never seen fit ourselves to step in.

MISS HOEDEL: General O'Dwyer last week told them they would have to carry on all future communications through this Government's facilities.

(Mr. White enters the conference.)

H.M.JR: Harry, I have just one question, a very serious proposition of a license to Switzerland. I want to know, with you as Assistant Secretary, who do you look to as being responsible for Foreign Funds?

MR. WHITE: Buzz Aarons and--no single person--Buzz Aarons and Mrs. Shwartz and some of our people. Whenever there have been any serious questions now, I have asked Frank Coe to look after them; and if they do have anything that is a policy question, why, they will have to agree among themselves. Schmidt is away.

H.M.JR: You better tie this up, because this is a very--you can find out afterwards. Somebody here--

MR. PEHLE: This was carefully cleared, Mr. Secretary.

H.M.JR: It is not as easy as that. I look to White, and most likely White doesn't know a darn thing about this thing, and shouldn't, about a million dollar license to Switzerland to some Jews.

MR. WHITE: I don't know anything about it.

H.M.JR: And he is responsible, and they write the story. It is White, Assistant Secretary--now, I want a clean-cut directive, if you please, to protect yourself and myself. Who is responsible until Schmidt gets back?

MR. WHITE: As far as I am concerned, Mr. Coe is.

H.M.JR: Will you please get out a directive through Charlie Bell in writing placing it on him?

MR. WHITE: I will be glad to.

H.M.JR: And it is up to you to try to see who is responsible. Do you know anything about this license?

MR. COE: Yes. We had a--is this the Jewish rabbi thing? We had a session, Buzz and--

H.M.JR: Yes, but there are too many--it is my impression there are too many short outs.

MR. WHITE: I think, Mr. Secretary, whenever there is a policy question involved the important thing is that all the people who know about it and whom we have confidence in shall be in on the decision, and when there is a difference in the point of view, the matter is brought to your attention.

H.M.JR: Harry, please get out this morning a clean-out directive to Charlie Bell's office placing it on Coe, if that is how you want it.

MR. WHITE: We will get out an advance notice that it is coming out.

H.M.JR: And it is up to you, Frank. I don't see where Buzz Aarons fits in.

MR. WHITE: Legal.

MR. PEHLE: He was designated officially by Schmidt as Acting Director.

H.M.JR: In writing?

MR. AARONS: Yes.

MR. PEHLE: The Federal Reserve Banks were advised.

MR. O'CONNELL: I didn't do it, but it's done. Harry White's office asked me if it would be agreeable with me.

H.M.JR: Supposing I wasn't the kind of fellow I am and I said, "All right, he is your Assistant General Counsel, and if this story breaks tomorrow, it is your fault."

MR. O'CONNELL: I would not consider it was my fault.

MR. GASTON: I think he's been loaned by Joe to Foreign Funds, designated as Acting Head of Foreign Funds.

MR. O'CONNELL: And in that capacity he is on loan to Harry White.

MR. WHITE: We all agree. Buzz knows the most about it, and he wouldn't make any decision without consulting the important people, so that there is every effort being made to avoid an unwise decision. I don't see how else it could be approached. Designating Coe as head of it doesn't solve that problem, but it's done.

H.M.JR: Put it in writing, and I am going to send word. That is all; you can go back to Bretton Woods. But you make sure, Frank, that you are going to be designated. Who is your man? Who is going to be responsible for Foreign Funds?

MR. COE: Glasser.

H.M.JR: Where is this fellows Aarons?

MR. AARONS: Do you mean he is to be Acting Director of Foreign Funds? I have been designated Acting Director of Foreign Funds.

H.M.JR: I want to say to somebody, with all due respect to Miss Hodel--Miss Hodel can't say she tells somebody in Foreign Funds--

MISS HODEL: I didn't mean to sound as though I were cutting around Mr. Aarons. I advised him I was going to do that and also advised him that the license shouldn't be issued until it had been cleared with State.

MR. PEHLE: Everybody checked thoroughly. If there is anything here, the only question that can be raised is whether this ought to be cleared with you; that is the only question. As far as clearing with the Acting Director

of Foreign Funds goes, it was cleared with him.

H.M.JR: Was it cleared with Charles Bell?

MR. PENLE: Charles Bell?

H.M.JR: Why not Charles Bell? Isn't he my Administrative Assistant? How can I keep track of all this business, the question of who is responsible--

MR. PENLE: This license business?

H.M.JR: No, how can I keep all these things straight? I spend half my time unraveling these things.

(Secretary holds a telephone conversation with Mr. C. S. Bell.)

H.M.JR: My Administrative Assistant is there to look after me and keep these things straight, and everybody overlooks him, and then something like this happens, and when the thing breaks, I get it. You know that, John. Now, the whole purpose is to get this thing straight. I get everybody in here, and then when you find a story like this breaks and I try to explain it as to who is responsible, I can't say that Miss Hodel told this person that, and you have been loaned to somebody and all this criss-cross business; it just doesn't make sense.

MR. PENLE: No license has been issued, Mr. Secretary.

H.M.JR: This is good luck.

MR. PENLE: Good luck knowing that was arranged for in advance, that no license would be issued until Mr. Grew cleared this thing personally. The lines of authority ought to be cleared.

H.M.JR: That is all I am saying. Are you in agreement with me?

MR. PENLE: Certainly.

H.M.JR: Wonderful. Put it through. I have got to get some kind of administrative procedure here.

Now, as a result of this, the thing that I would like you to do for me--and I brought these other people in that used to have something to do with it and whose hearts are still in it, like Peble and DuBois, so they can advise us, although they have got other assignments; but that is why I brought them in. Please, Miss Model, get me up a dossier on this thing, will you? It looks to me like one of the reasons we are in this trouble is because these rabbits have completely gone around us. Now, am I right or wrong?

MR. PEBLE: They are very persistent. As you know, they have been driving Miss Model and General O'Dwyer crazy, and they certainly added some gray hairs to my bald head, but they do get around. But the idea is that that can be stopped. We have never wanted to stop it, because they got results. Is it risky? Sure it is risky; this whole thing is risky; it is fraught with difficulty.

H.M.JR: I agree it is risky; in fact, the story may break in the Chicago Tribune. All I am trying to do is tighten up my own lines so I know. The trouble is the personnel of the Treasury and War Refugee Board are so mixed up I don't know which is which, and I want to tighten up my own lines so I'll know what is happening within my own Department. And the trouble is that half the time they don't use my administrative office to make sure the procedure is correct, and that is all I am asking for. We are all overworked, but we have got to take time to get the red tape straightened out, and it is there to protect us; that is what it is there for.

I want to think this thing over and some of these questions of Gaston's, but after you get this thing, I want everybody in the room to have a look at this thing, and I am not sure that we shouldn't ask the State Department. I am just saying this: Stop this by-passing through the Polish Embassy.

MR. PEBLE: It is easy to stop, but it is a serious responsibility.

MR. KLOTZ: It is a terrible thing to try to do.

MR. PELLE: It is something--

H.M.JR: Mrs. Klotz, it has got to be done. They have so much information they are going to get that. Who is going to be blamed? Are they going to say, "These Orthodox people are going through non-censored avenues directly to Finland," which is what they are going?

MR. PELLE: In effect, and the person who would spread this all over is the Office of Censorship. The Office of Naval Censorship is very reactionary.

H.M.JR: Somebody has spread this plenty.

MR. PELLE: They were responsible for leaks before, and they would do it now.

H.M.JR: What has happened is that some kind friend has come to warn me, but I give my word of honor I won't tell where--

MR. PELLE: It is a very bad story.

H.M.JR: It is a terrific story, isn't it, Herbert?

MR. GASTON: They could make a bad thing out of it. This Polish thing worries me a little. If we get information officially that there is stuff in the pouch that doesn't belong in the pouch, it is our duty to stop that pouch and send it back to the State Department.

MRS. KLOTZ: You don't know definitely it is happening; you have heard gossip, but you haven't--

MR. PELLE: We haven't any official information.

H.M.JR: But you made a direct statement, John, that they have a direct way of communicating with Switzerland.

MISS HODEL: They have admitted that.

MR. DuBOIS: We know that.

H.M.JR: If we are sitting on information that the State Department doesn't officially know, that the Poles are using this pouch to transmit unauthorized information, that is bad for us, too.

H.M.JR: It is being done all the time, one hundred different ways.

MR. DuBOIS: There is lots of that being done not alone for that purpose.

MR. GASTON: I know.

H.M.JR: That argument doesn't--the interpretation--I mean, the thing that you gave can be given an interpretation that will make it impossible to do anything more for any Jews.

MR. PENLE: That is true, too.

H.M.JR: And because these people--I have had that argument of saving lives, and I don't have to defend my own position, but I think serious consideration should be given to formally telling the State Department please to look into this thing. Would that be all right, Herbert?

MR. GASTON: You mean State, using the channels of information? Oh, yes, it is their responsibility. They are supposed to be responsible for all foreign pouches.

MR. DuBOIS: Bear in mind that if you do it at this point, it has been going on for about a year.

H.M.JR: That doesn't make any difference.

Miss Hodel, I am not in any way censoring you.

MISS HODEL: That is all right.

H.M.JR: But I am not. It is just a combination of a lot of people, and you have nothing to do with the fact

that the Foreign Funds thing isn't tightened up, so don't see it as being wholly in the Treasury War Refugee Board.

MR. AARONS: It was my mistake, Mr. Secretary, in not clearing it with you.

H.M.JR: No, no, no. It is not to be cleared with me. I have an Administrative Assistant whose job it is to do that, and I have been trying to drive that into everybody's head. The thing should be cleared with my Administrative Assistant, and if he has any doubts, he comes to see me.

MR. KLOTZ: You are not talking about the issuing of the license.

MR. GASTON: You are talking about two different things; you are talking about organization, and he is talking about the question of the license.

MR. AARONS: I am talking about the license.

MISS HODEL: General O'Dwyer and I informed you of this, and I believe I told you what we were going to recommend.

H.M.JR: Not that you were going to issue the license. I don't know--I think it is important enough, at least it is today. I don't know what I would have said yesterday, but yesterday--I just don't know.

MR. AARONS: I had understood you knew about it.

H.M.JR: Up to the point you were going to put it in McClelland's name so Busy couldn't touch it; that was the last I heard about it. Is that right, Miss Hodel?

MISS HODEL: I thought we had advised you we were going to recommend that it be issued.

H.M.JR: If you say so, I will take your word, but I have too many things--

MR. GASTON: That bothers me about the careful preparations for paying this money, but it seems to put us, the War Refugee Board, right in the middle of a transaction which probably we ought to turn our backs to-- I mean, the War Refugee Board and the Foreign Funds Control Division of the Treasury.

MR. PEHLE: You can't do it if the Treasury is going to issue a license.

MR. JACOBSON: The things happened. The Orthodox rabbis have one and done this thing on their own. They get the people out. They don't have the money, and then they go to the JDC and say, "We want nine hundred and twenty-five thousand dollars," and this fellow Hymon -- is that his name--down there. He says, "Well, we don't like it, but what can we do?" Well, he hasn't been too careful who he has told that to. And they don't tell us. But if the thing goes wrong--and not only the future treatment of Jews in Europe is at stake, but the whole question of anti-Semitism in this country--and I think that the people who are largely to blame are these Orthodox Jews that have gone ahead and not told us. They haven't the money, and then they go ahead and want the money.

MR. GASTON: My impulse would be to put it up to a Joint Distribution Committee, "Do you want to transfer some money to Switzerland for that general purpose?" All right, you do that, and we don't want to know what you do with it.

MR. DuBOIS: I would like to say this one thing, that if we were to be concerned every time--and that is within the last year--with what the refugees are about, issues like that, Mr. Secretary, we wouldn't have saved a single soul. You have got to take those risks. That is a terrific job. There has been danger in so many things we have done. This is just an example of it, one example.

MR. JACOBSON: You can't have three top ranking members of the Government on the Board and not keep them informed.

MR. PEHLE: No, they ought to be kept informed. They ought to have carefully detailed reports of everything that is going on.

H.M. JR.: The only other thing is this--well, anyway, you bring this thing up to date. Is it the general opinion here that we should call a meeting of the War Refugee Board and put it up to them, this license?

MRS. ROBEY: That's all right.

MR. GASTON: I think so.

H.M. JR.: Will you talk to that Mr. General O'Dwyer?

MRS. ROBEY: Yes.

H.M. JR.: I think at that meeting you ought to review this whole series of negotiations and put everybody officially on notice that the minutes show they know exactly what is going on.

MRS. ROBEY: Do it carefully. They have been advised of it; they get copies of everything.

H.M. JR.: Is that the way it stands?

MISS HOEDEL: We will call a meeting.

H.M. JR.: Do you have any answer?

MR. GASTON: No, just what Joe said, don't make it appear as though they are getting their first information about these transactions now.

H.M. JR.: No. I will have a little meeting before we go over there with this same group again so I am thoroughly up to date as to what the situation is, see?

MISS HOEDEL: Yes.

H.M. JR.: I have got a terrific week, but if you can find time, I can make time, but I have got an awful schedule this week. If you can get Stimson the first thing in the morning--

MR. O'CONNELL: I don't see why we should have strings tied to the money, either. It seems unnecessary to me.

H.M.JR: The other thing this informant told me is that the Russians were very much displeased with this.

MR. PERLE: Generally speaking, they don't like it at all.

MR. DuBOIS: Does the Secretary know of that cable?

MISS RODUL: I sent him a cable which we received from Moscow advising the State Department that our Embassy there would not inform the Russians of this particular transaction.

H.M.JR: I haven't seen it. Where is it?

MISS RODUL: I sent it to you the other day. I will get another copy.

H.M.JR: This informant has got all that information.

MR. PERLE: That sounds like something that came out of the State Department. Censorship wouldn't have that. Somebody at State that doesn't like it is trying to--

MRS. KLOTZ: Sure.

MR. DuBOIS: I can almost name the guy.

H.M.JR: Well, anyway, the only way the Board can do the job is to be sure that it moves, as far as the Administration is concerned, on a united front, both Mr. Stimson and the Secretary of State. Now, we will see.



Joel Brandt, a member of the Hungarian Jewish community, was sent from Budapest to Istanbul, arriving there on August 10, 1944, and acting as a courier from Vienna, carrying with him a German offer to halt the deportations and extermination of the Jews in return for 100 tons of tea, 100 tons of coffee, 10 million cases of food, and 10,000 trucks "to be used only on the Russian front." After careful consideration, this offer was turned down by the Allied governments and Joel Brandt was never permitted by the British authorities to return to Budapest.

II. JOEL BRANDT'S LAST ATTEMPT, AUGUST 1944

In the face of obvious German displeasure because of Brandt's failure to return to Budapest, an effort was made by Jewish circles in Budapest to keep the negotiations with the Gestapo going by raising goods and valuables from local sources and by stating that a credit of 2 million Swiss francs would be obtained in Switzerland to purchase tractors there as well as sheepskins in Slovakia. These offers were made as a stopgap in the desperate hope that in the meanwhile, Joel Brandt's negotiations would prove successful and thus render superfluous these other make-shift deals.

Gestapo representatives then expressed a desire to meet in Lisbon with Dr. Joseph Schwartz, chief European representative of the American Jewish Joint Distribution Committee to discuss with him the terms of payment and release of Jews who would be permitted to go to Spain. Schwartz, an American citizen, was refused permission by the United States Government to meet with the Gestapo representatives.

At this point, the Germans proposed to meet on the Austro-Swiss frontier on or about August 13 with Saly Mayer, a Swiss citizen and the representative in Switzerland of the American Jewish Joint Distribution Committee.

In view of the rapidly changing military situation and in view of the fact that any time gained would operate in favor of the endangered Jews, Roswell D. McClelland, the War Refugee Board



On January 24, 1945, the State Department informally advised the War Refugee Board that a representative of the Vaad Hanatzala had just advised the State Department of a plan which had been developed by Sternbuch in Switzerland for the rescue of 300,000 Jews at a total cost of \$5,000,000. The plan involved the delivery of 15,000 people a month in return for the payment of \$250,000 a month. This was the first time that the Board had heard of this particular plan. A cable was immediately dispatched to McClelland asking him to report at once on any information he might have or be able to obtain on the foregoing plan.

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McClelland, on January 2, 1945, received information from Sternbuch, who had received a personal invitation from Himmler, to attempt to rescue the surviving Jews in concentration camps and to transfer them to Germany. Sternbuch reported to McClelland that the release of Jews to Germany would be in the interest of Germany and that it would require some favorable treatment of the Allies. Sternbuch reported to McClelland that Lusy was not interested in offering the Germans money, or in attaining any personal gain. Sternbuch pointed out that the Germans were interested in obtaining a compromise peace for their negotiators it was too late and before the Russians overtook Germany.

On February 7, the Yund Shatzkale telephoned the War Relieff Board to advise that a cable had just been received through commercial channels notifying the Yund of the arrival in Switzerland of 1200 Jewish deportees from Theresienstadt and that the convoy was released from Germany as the result of the intervention of Lusy with the Germans. Under date of February 8, Lusy and Sternbuch issued a press release on the arrival of the convoy, stating that the refugees had been released as the result of personal negotiations with Himmler.

Under date of February 8th, McClelland notified the Board of the arrival in Switzerland of this group of 1200 Jews as the result of Lusy's negotiations with Himmler. Lusy advised McClelland that this was to be the first of a series of like convoys to follow at intervals of one week. Lusy claimed that he had induced Himmler to release these Jews, particularly those not suited for hard labor. Lusy also claimed that Schellenberg, one of the top SS triumvirate under Himmler, strongly supported Lusy in his negotiations.

The only string attached to the negotiations as reported by McClelland was a token payment of 5,000,000 Swiss francs which was to be deposited to an account in Lusy's name after the delivery of the first convoy. Lusy assured McClelland that this money would stay in Switzerland and as McClelland reported Lusy "intimated that in all probability the Nazis would release it to the ICRC as an additional gentlemanly 'gesture', some time in the future." The 5,000,000 Swiss francs were expected to be supplied by Sternbuch. Sternbuch explained to McClelland that he was not

McClelland advised Sternbuch to staff an official office in the long term.

On January 10th, the State Department advised the British Embassy in Washington of the ongoing negotiations and pointed out that they were in no way connected with the ongoing negotiations of which the British Government had been kept informed. A cable was also sent to the United States Embassy in Moscow giving full and complete information should the Soviet officials inquire as to the significance of the Swiss press reports on the matter.

On February 13, the Board was advised by the representatives of the Vaad to facilitate the issuance of a license permitting the transfer of the Swiss Franc equivalent of \$987,000 to Sternbuch. It was explained that Sternbuch had cabled urgently for this money through channels other than United States Government facilities. On February 14th, the Board and Department advised McClelland that the Vaad had requested the issuance of such a license and McClelland was asked to find out from Sternbuch whether Rusy would agree to a deposit in the names of Rusy and McClelland, no part of such fund to be expended or committed for expenditure without the express prior approval of the United States Government. On February 17, McClelland advised the Board and Department that Sternbuch had been successful in securing a paper credit of 5,000,000 Swiss Francs, 3,000,000 of which had been guaranteed by Michel Olian who is on our Proclaimed List. Sternbuch also advised McClelland that Rusy appeared to be satisfied with the paper proof that Sternbuch was holding the 5,000,000 necessary and that Rusy did not insist that the money be deposited in his name at least not at the moment. McClelland recommended that he not go on a joint account with Rusy in view of the fact that McClelland was a member of the Legion staff and in view of the highly unsavory and suspicious nature of Rusy's reputation and negotiations with the Nazis. McClelland suggested as an alternative that a joint account in the names of Sternbuch and McClelland be set up. McClelland advised that Rusy had now refused to pursue his negotiations for the release of further convoys



CONTINUED