

*IX-15/1*

OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)  
 Finance Division  
 Foreign Exchange Depository

26 January 1947

SUBJECT: Disposition of Valuables

TO : Director, Finance Division  
 Office of Military Government for Germany (U.S.)  
 APO 742, U. S. Army

1. The attached Report reflects the current status, possible future action, and major existing questions in connection with the disposition of valuables for which the Finance Division has responsibility.

2. This Report consists of:

- a. A Staff Study, recommending a cable to the JCS, embodying major questions, and,
- b. Analyses covering:
  - I Monetary gold
  - II Non-monetary gold
  - III Currencies
  - IV Securities
  - V Precious metals.

FOR THE CHIEF OF BRANCH:

*Frank C. Gabell*  
 FRANK C. GABELL  
 Deputy Chief

Incls:

- 1 - Staff Study
- 2 - Analyses - in 5 parts.

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Authority: 100775059  
By SL NARA Date 3/1/97

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OFFICE OF MILITARY GOVERNMENT FOR GERMANY (U.S.)  
FINANCE DIVISION  
APO 742

AO 123 (FD)

29 January 1947

SUBJECT: Disposition of Valuables

TO : The Chief of Staff

I. DISCUSSION.

1. The Office of Military Government for Germany (U.S.) is responsible for the disposal of millions of dollars worth of valuables and foreign exchange assets. To discharge this duty properly, a clarification of directives issued or proposed by the Joint Chiefs of Staff is necessary.

2. These assets, consisting of large quantities of securities, paper currencies, coins, gold bullion, silver, platinum and gold in various forms, jewelry and precious stones, were either uncovered in Germany by the Allied Forces or received as foreign exchange under Military Government Law 53, and are now in the custody of the Foreign Exchange Depository, Frankfurt, and the German Land Central Banks, U. S. Zone.

3. a. A directive has been received covering the disposition of so-called "non-monetary" gold (TAB A), and proposals have been received concerning the disposition of looted securities (TAB B) and currencies (TAB C).

b. In the application of the directives or proposals received, difficulty will be encountered, since related directives cannot be reconciled due to the possibility of more than one interpretation.

c. Delivery of valuables to the Inter-Governmental Committee on Refugees is expected to commence in March 1947 and a clarification of the application of the directive at TAB A is urgent.

d. Inasmuch as these and future disposal directives are all inter-related, and since the disposition of all assets cannot be simultaneous, action taken under directive at TAB A must be clear-cut so as not to be in conflict with subsequent directives.

4. Answers to the questions raised in Para. 2 of proposed cable (TAB D) will clarify the application of the directive at TAB A.

FOR. EXG. DEPOSITORY

II. ACTION RECOMMENDED.

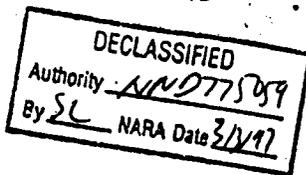
5. That the cable at TAB D be approved.

III. CONCURRENCES.

Economics Division, Restitutions Branch	(	)	(	)
Legal Division	(	)	(	)
Office of Political Affairs	(	)	(	)

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E.O. 11652, Sec. 3(E) and 5(D) or (2)  
GSA Letter, Apr. 12, 1974  
BY ST DATE 8/2/76

T. H. DRAFF  
JACK BENNETT  
Director



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## Part I

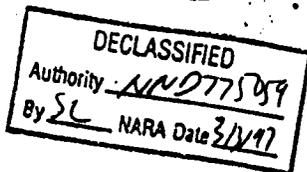
I. Monetary Gold

1. At part III Section A of "Final Report on the Paris Conference on Reparation" submitted by James W. Angell, U.S. Representative, it states that "Monetary gold refers to gold bullion and to gold coins found in Germany. The distinction is between gold which is in such form as to be a medium of exchange and gold which is in such form as to indicate its use for dental, artistic and adornment purposes." By a special reservation coins of "numismatic or historical value" are also excluded from Monetary gold.

2. Substantial amounts of Monetary gold as defined above are held in at least twenty or more shipments (not SS loot) and have been counted, weighed and set aside in compartments under seal. It is known, that additional amounts of gold bars and coin will be encountered in smaller quantities in shipments originating from concentration and prisoner of war camps, Nazi agencies and officials, Reichsbanks under Law 53 and other sources.

3. As outlined in the Paris Conference on Reparations the Monetary gold is restitutable in accordance with the so-called "gold pot" principle to those countries, whose gold was wrongfully taken by Germany, with the exception of the U.S.S.R. which makes no claim to gold captured by the Allied troops in Germany. Each U.N. country is required to establish its total losses of gold to Germany and will participate in the gold pot in the ratio which its own loss bears to the total losses of all countries overrun by Germany. The United Nations Gold Declaration of February 22, 1944 warned the Neutral countries that Allied studies showed that Germany had exhausted the gold reserve with which she entered the war, with the result that gold offered to the Neutrals on or after the date of the Declaration would have of necessity, been looted. Recent studies indicate that certain Neutral countries are in possession of gold which was looted by Germany from U.N. countries. Negotiations are under way to recover such gold and add it to the gold pot. In the absence, however, of records, many of which have been destroyed, the tracing of all international gold movements is difficult.

4. In view of the clear and unequivocal definition of Monetary gold "gold bullion and gold coins found in Germany" it is possible that the term includes gold in such



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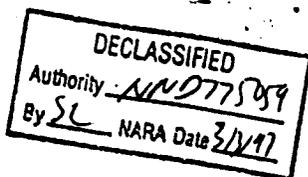
form even if found among the effects removed from racial and political victims of the Nazis. For example, in the portion of the Merkers Mine shipment described as S.S. loot removed from concentration camp inmates gold coins, unidentifiable as to ownership, have already been found to the approximate value of \$65,000. In another concentration camp shipment the valuables are in separate envelopes bearing names and nationalities of inmates. The definition of Monetary gold apparently leaves no alternative if the inventory reveals the presence of gold bars and coins in these envelopes, even the claims in the names of surviving inmates or their legal heirs are subsequently received through governmental channels. In short the source has no bearing; it is the form that decides the category. If it is in the form of a gold bar acceptable as a medium of exchange or if it is in gold coin form then it is monetary gold for disposal via the gold pot. If it is any other form then it is not monetary gold. If it is gold coins of numismatic or historic value then it is excluded from monetary gold.

5. The following items therefore are not monetary gold and are excluded from the gold pot:

- a. Gold in such form as to indicate its use for dental, artistic and adornment purposes.
- b. Gold coins of numismatic or historic value.
- c. Gold nuggets and unsmelted gold.
- d. Gold actually in the form of dental work, ornaments, jewelry.
- e. Mutilated gold coins.
- f. Gold bars or bullion which are not in such form as to be a medium of exchange.
- g. Alloys of gold and other metals.
- h. Gold in ingot form which ingot has resulted from melting down any of the foregoing or melting down monetary gold.

6. A distinction must be maintained between:

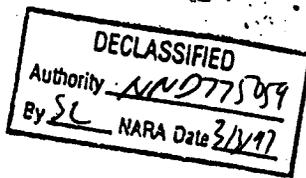
- a. Monetary gold



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- b. Not monetary gold (para 5)
- c. Non-monetary gold (Part II)  
(which for the most part is not gold at all).

7. Applying the foregoing no difficulty is expected in recognizing and segregating monetary gold from non-monetary gold. It is believed that most of the latter class will further be classified non-monetary gold and delivered to IGOR. It is necessary for any portion not so classified to be disposed of separately under a future directive covering precious metals.



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## Part II

II. Non-Monetary Golda. Held by Foreign Exchange Depository.

Subject to possible classification as non-monetary gold are items, in various quantities, of securities, currencies including coins, jewelry, tableware both useable and in scrap condition, items such as fountain pens, alarm clocks, silver and other precious metals such as platinum, iridium, a large gold nugget, small bars of gold, gold coins, dental gold, bars of smelted down gold objects. The inventory of such items is far from complete as is also the study of their source, possible ownership, identifiability. Currency and coin of 65 countries have been inventoried. Jewelry is in form of boxes of rings, bags of beads, valuable ornaments, cut diamonds and semi-precious stones.

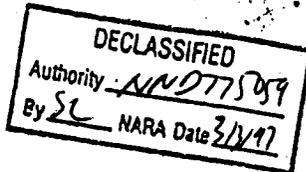
b. References.

- ( 1) WX-85682 20 Nov. 46
- ( 2) JCS 1570/9 9 Nov. 46
- ( 3) Final Act of Paris Conference on Reparations
- ( 4) Report on Paris Conference on Reparations - Angell
- ( 5) WX-87858 18 Dec. 46
- ( 6) CG-7486 11 Dec. 46
- ( 7) P-6228 21 Nov. 46
- ( 8) WX-84429 1 Nov. 46
- ( 9) CG-4770 3 Oct. 46
- (10) WX-9112 23 Aug. 46
- (11) USPOLAD 804 2 Apr. 46
- (12) WX-86619 1 Dec. 46
- (13) USPOLAD 380 21 Nov. 46

c. Discussion.

(1) Since non-monetary gold may include securities, currencies, coin, silver, directives on the disposition of such items must be considered in the application of WX-85682. Questions may arise as to which directive is applicable.

(2) Paris Agreement on Reparations provided a share or reparation consisting of all the non-monetary gold found by the Allied Armed Forces in Germany shall be allocated for the rehabilitation of victims of German action.



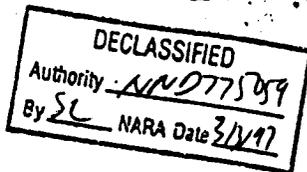
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(3) A liberal interpretation should be given in the definition of non-monetary gold. The intention of the Paris Reparation Agreements was to make available those valuables seized from Nazi victims, which were not capable of being restituted to their owners. WX-85682 is broader than the agreements in applying to areas in addition to Germany and including valuables other than gold. The source is limited to loot seized from Nazi victims, which cannot be restituted. (Refer-2) In the definition of non-monetary gold and its application to specific cases the most liberal interpretation should govern. (Refer-10) All property will be made available to IGCR unless available evidence clearly is to the contrary. (Refer-1) Any property made available to IGCR will lessen a financial burden on the U.S. (Refer-2) Thus in interest of U.S. to make IGCR fund as large as possible.

(4) The non-monetary gold is to be turned over to IGCR as quickly as possible. (Refer 1-2-3-8-10)

(5) Since the term "non-monetary gold" grew out of the Paris Agreements (Refer 3-4) it was necessary to define it before action could be taken. The Final Act (Refer 3) does not define it. Mr. Angell uses the term in his report (Refer 4 page 65-86) but does not define it. During the Reparations Conference the U.K. view seemed very limited (Refer 4 page 241 - "As regards the German assets to be allocated, we see no great difficulty about non-monetary gold, which we understand to consist primarily of gold objects seized from the Jews.") The French reaction to WX-85682 was that it constituted a substantial amendment to the Paris Reparation Agreement. (Refer 13) The first attempt at definition was the U.S. State Dept. view of USPOLAD 804 (Refer 11) that the term "includes jewelry, stones, currency securities, etc." or the entire unidentified contents of boxes of valuables taken from victims. The final definition of non-monetary gold now exists as WX-85682. This entire cable is a "definition". (Refer 2) The U.S. view is to make this fund as large as possible by broadening the definition; this intention is shown in Refer 2 Para 5-6 and 12 Para 4.

(6) Since "monetary" gold includes gold bullion and gold coin and is specifically dealt with in Part..... of the Reparations Act, these two items cannot be included or considered in dealing with "non-monetary" gold dealt with later in Part..... of this Act. The disposition of gold



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coins is governed by the Gold Pot concept and they are not to be included as non-monetary gold. It would not be wise to apply the U.S. expanded definition of non-monetary gold to gold coins and thus encroach on the Gold Pot to the detriment of other nations. Therefore it is believed that gold coins and gold bullion, even though falling squarely within the scope of WX-85682, should be retained for the Gold Pot and not be delivered to IGOR. Furthermore since no country is on a free gold standard no individual lawful owners exist, other than a government. No Nazi victim could have been the lawful holder of monetary gold coins or bullion.

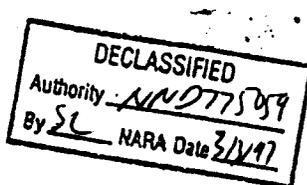
This view is apparently held by USFA in its application of WX-85682 to the "Hungarian loot train" (Refer 7 - "Hungarian loot train will be disposed of as directed except monetary gold other than coins of numismatic value will be turned over to Gold Pot.").

It is estimated that there will be \$100,000 worth of such gold as is discussed here.

(7) With the exceptions of:

- (a) Gold bullion and gold coin (see above)
- (b) Ownerships interests in real property located in Germany
- (c) German currency
- (d) Instruments of exchange payable in German currency and
- (e) Jewish books, manuscripts and literature of cultural or religious importance
- (f) Personal property the title to which is vested in the ACO
- (g) Ordinary items of furniture, clothing and other personal property of small intrinsic value, every other kind of valuable personal property may constitute non-monetary gold.

As to securities (see WX-88566 Para 3 (e) 1) non-identifiable securities which are within the provisions of WX-85682 will be turned over to IGOR. As to currencies (see W-90078 Para 4), those falling within the provisions of WX-85682



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will be treated in accordance therewith. USFA also states (Refer 7) that non-German paper currency from "loot train" will be handled in same manner as non-monetary gold. It is believed that coins, except gold coins, are to be treated as currencies. (View needs concurrence). Fountain pens, clocks, silver, smelted gold, dental gold, etc. fall within valuable personal property and may constitute non-monetary gold.

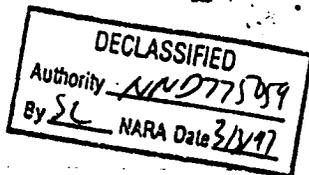
(8) In considering any conflict of present or future disposal directives we believe first preference should be given to WX-85682. This is shown by W-90078 Para 4, and W-88506 Para 3 e wherein currencies and securities are to be restituted in certain manners except that currencies and securities falling within WX-85682 are to be disposed of to IGOR. See W-90078 Para 4 in particular. This interpretation needs clarification. If it is correct then all items of assets held by FED will:

- (a) First be examined to see if they fall under WX-85682 by applying tests stated Para 9 below.
- (b) If asset does not fall under WX-85682 then it will be disposed of under other directives.

We believe this procedure mandatory and the above interpretation therefore correct, inasmuch as FED will begin deliveries to IGOR in March 1947 regardless of the status of other disposition directives. No future directive could affect any asset which had been already delivered to IGOR under WX-85682.

(9) In deciding which of this property (Para 7 above) goes to IGOR the following tests must be applied:

- (a) Was it seized or obtained under duress?
- (b) Was it obtained by the Nazi Government, its satellite governments or nationals thereof?
- (c) Was it obtained from a political, racial or religious victim?
- (d) Was it found, seized, or confiscated by USFET or local authorities acting for USFET?



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(e) Is determination of national origin impractical?

(f) Is determination of individual ownership impractical?

When applied to a specific item of valuable personal property, in order to determine whether it is non-monetary gold, the answer to all of the above questions must be "Yes". If this is true, then this property will be delivered to IGCR.

In the determination of "practicality" under Question e and f the following matters will be considered:

- (1)
- (a) The extent of commingling with other property.
  - (b) The difficulty and expense of determining ownership or national origin in comparison with the value of the property.

In considering all questions (a to f inc.) it will be kept in mind that unless available evidence is clearly to the contrary the property falling under WX-85682 will be made available to IGCR.

(2)

By "national origin" is meant the country from which the property came into Germany, or the country to which the property would be restitutable. In the case of currencies or securities it is not limited to mean the country of issue, printing or incorporation.

(3)

The word "victims" in WX-85682 is primarily limited to mean individuals, but may be as otherwise defined in restitution laws.

(10) In a discussion with Mr. Haraldson, (OPA) he:

- (a) Concurred in C-1, 2, 3 (especially) 4, 5, 7, 8 (in principle) 9 (in principle).
- (b) He did not concur in 6 feeling when any evidence existed that property was looted and from concentration camp victims it should go to IGCR even if such property is gold bullion and gold coins.

(11) Securities as non-monetary gold: Para 7-8 indicate that securities may be part of the non-monetary

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 By SL NARA Date 3/1/97

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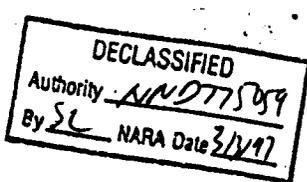
gold fund. The release of such securities to IGCR may conflict with U.S. position taken in Control Council. Further, the quantity of securities inventoried so far from concentration camps is of small value. It is also believed that IGCR would be unable to obtain clear title to any registered securities and thus be unable to liquidate them. The government of the registered owner may also claim such securities as against IGCR. Since the title to "bearer" securities passes with delivery, the IGCR may not have these difficulties in liquidating such securities. In view of all questions, permission should be obtained to retain all securities until policies are firm or conflicts resolved.

(12) Assets which are not covered by existing restitution or disposal directives, should not be released to IGCR before such missing directives are published, unless it is definitely established that WX-85682 is a standing exception to both existing and future directives (see C-8, D-1-E). Since non-monetary gold includes property of all categories it is uncertain to dispose of property believed to be non-monetary gold before directives regarding all categories are firm.

**d. Conclusions**

(1) Foreign E. D. can finally establish the IGCR fund when the following points are clarified:

- (a) Disposition to be made of monetary gold falling under WX-85682.
- (b) Clarification as to whether the term "currencies" includes both paper and coins.
- (c) Clarification of the term "national origin" in WX-85682 para 1 especially in connection with currencies and securities.
- (d) Clarification of the word "victims" as used in WX-85682 para 1 especially as to whether or not the word is limited to mean individuals or persons.
- (e) A resolution of the order of precedence of WX-85682 compared with any other directive, especially as to whether WX-85682 is to be treated as a standing exception to all present and future restitution or disposition directives.



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- (f) Agreement that securities and possibly also currencies falling under WX-85682 are to be withheld from IGCR at this time until conflicts within the ACA are settled or unilateral action is decided.
  - (g) Clarification of points brought out in draft cable.
- (2) In establishing the fund, the principles and procedures established in this paper will be applied.