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Personal

*not by
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21 April 1947

STATE-WAR-NAVY COORDINATING COMMITTEE

DECISION ON SWNCC 342/4

TREATMENT OF MONETARY GOLD, NON-MONETARY GOLD,
CURRENCIES AND LOOTED SECURITIES FOUND IN GERMANY

Note by the Secretaries

By informal action on 21 April 1947, the State-War-Navy
Coordinating Committee approved SWNCC 342/4.

H. W. MOSELEY
W. A. SCHULGEN
V. L. LOWRANCE
Secretariat

To
ROBERTS

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E.O. 11652, Sec. 3(E) and 5(D) of (E)
and Letter, Apr. 12, 1974
BY *[Signature]* DATE 1980 8/2/76

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By <u>WJ</u> NARA Date <u>1/17/71</u>

IX-17/2

CONFIDENTIALCOPY NO. 66SWNCC 342/48 April 1947Pages 21 - 26, incl.STATE-WAR-NAVY COORDINATING COMMITTEETREATMENT OF MONETARY GOLD, NON-MONETARY GOLD,
CURRENCIES AND LOOTED SECURITIES FOUND IN GERMANY

- References:
- a. SWNCC 204/2
 - b. SWNCC 204/22
 - c. SWNCC 336
 - d. SWNCC 342
 - e. SWNCC 342/1/D
 - f. SWNCC 342/2/D
 - g. SWNCC 342/3/D

Note by the Secretaries

The enclosure, a report by the State-War-Navy Coordinating Subcommittee for Europe, is circulated for consideration by the Committee.

H. W. MOSELEY

W. A. SCHULGEN

V. L. LOWRANCE

Secretariat

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IX-17/3

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CURRENCIES AND LOOTED SECURITIES FOUND IN GERMANY

Report by the
State-War-Navy Coordinating Subcommittee for Europe

THE PROBLEM

1. To reply to the questions from OMGUS contained in CC 7792, 23 January 1947 (Enclosure, SWNCC 342/1/D) and CC 7904, 3 February 1947 (Enclosure, SWNCC 342/3/D).

FACTS BEARING ON THE PROBLEM

2. See Appendix "A".

DISCUSSION

3. See Appendix "A".

CONCLUSION

4. See Appendix "A".

RECOMMENDATION

5. It is recommended that SWNCC approve the cable to OMGUS contained in Appendix "B", and after approval by SWNCC the Joint Chiefs of Staff be requested to dispatch the cable to OMGUS.

SWNCC 342/4

- 21 -

Enclosure

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IX-17/4

CONFIDENTIALAPPENDIX "A"

Facts bearing on the questions raised by OMGUS, and Discussion and Conclusions thereon, presented seriatim to correspond to paragraphs in draft cable:

2A. Under the Paris Reparation Act all monetary gold found in Germany is to be placed in a "gold pot" for eventual distribution to the countries whose gold supplies were looted by the Germans. Monetary gold is defined by the Act to include gold coins except those of numismatic or historical value. To distinguish monetary gold coin from gold coin of numismatic value OMGUS has adopted the rule that a gold coin is a numismatic coin only if its numismatic value exceeds its monetary value. This rule is considered sound. Since numismatic gold coins are not subject to transfer to the "gold pot" it is possible to assign such numismatic gold coins which qualify under the terms of WX 85682 to the IGCR.

2B. W-90078 (Appendix "F", SWNCC 342) was intended to deal with currencies generally, including coins of all types, except gold coins, which by international agreement this Government is obliged to place in the "gold pot" (see 2A, above), and except coins of numismatic value only.

2C. It is considered that W-90078 requires that currencies in general be transferred to countries of issue, without regard to the fact that they may in some cases actually have been looted from countries other than the countries of issue. This principle is deemed to be sound and is consistent with the position of the United States on this matter as expressed on other occasions.

2D. WX 85682 has no precedence over any other disposal directive. Although the same kind of property (such as securities) may be covered by both WX 85682 and the restitution directives, the difference lies in the fact that WX 85682

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IX-17/5

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relates to looted property, the restitution of which is impossible, whereas the other directives relate to looted property which can be returned. A problem does, however, arise in the case of currencies, which W-90078 provides shall be returned to the countries of issue, rather than the country from which removed. Thus there is in W-90078 a determination of "national origin" in the sense of WX 85682 for all currencies, and disposition of certain currencies to the IGCR under the latter directive in spite of this fact would create, in regard to currencies only, a precedence for WX 85682. The references in W-90078 and WAR 88566 to the non-monetary gold directive WX 85682 were not intended to extend the scope of that directive. However, the practical consequences of applying the non-monetary gold directive to currencies and securities are not clear at this time. For this reason OMGUS is instructed to suspend such application until full information can be received concerning the amounts and types of these assets involved.

2E. The reference directives did not authorize unilateral disposition by OMGUS of the property involved. However, it is now believed that there is little likelihood of early Control Council agreement in regard to disposition of securities or currencies, either on the basis of the American proposals as enunciated in SWNCC 204/22 and SWNCC 342, or on any other basis. Since further delay in disposition of this property is undesirable, authorization for unilateral action in regard to currencies and identifiable looted securities is now provided. Such authorization is not contrary to the ACA agreement on restitution (CONL/P/(46)3 Rev.) as suggested by OMGUS. Identifiable looted securities will be returned in accordance with the terms of the ACA agreement (i.e., to the countries from which removed). In regard to currencies, they can not in most cases be considered identifiable in the sense of the ACA agreement and disposition thereof is therefore outside the scope of that agreement. Non-monetary gold to be turned over

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to the IGCR is not subject to restitution because it is unidentifiable, and here again there is therefore no conflict with the ACA agreement.

2F. As pointed out in 2D above, there will be no transfer of securities to the IGCR at this time. The question raised by OMSUS that unilateral disposition to the IGCR would be contrary to the position taken by the United States can be answered by stating that this position was directed not against the disposition of looted unidentifiable property (which in this case is made on the basis of the international agreement on non-monetary gold), but against the Soviet contention that foreign securities legitimately owned in Germany are German internal assets subject to unilateral disposition by the Zone Commanders. There is, accordingly, no conflict.

3. This section in the draft cable is self-explanatory.

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APPENDIX "B"

DRAFT CABLE

WX-96654

Reurads CC 7792, 23 Jan 47, CC 7904, 3 Feb 47. Replies ur questions CC 7904 as follows:

2A. Monetary gold to go entirely to gold pot. Your distinction between monetary gold coin and numismatic gold coin on basis value (numismatic if market value exceeds gold value) considered sound. Numismatic gold coin which meets conditions WX 85682 will go IGCR.

2B. All coins included W-90078 except gold coin and coins of numismatic value.

2C. Under W-90078 no claims to be received from occupied countries for currencies unoccupied countries. Any claims this type to be settled between countries concerned.

2D. WX 85682 generally not an exception to restitution directives, since it covers only property where restitution can not be made under present practice and concepts. WX 85682 is disposal directive for one type property only, i.e., that of victims Nazi persecution, if it can not be returned to a govt or if heirless. Therefore, basically no conflict with restitution directives. Re currencies and securities para 4 W-90078 and para 3 e (1) WAR 88566 hereby changed to provide merely your retention currencies, securities which are presumed looted from Nazi victims and national origin of which in strict sense unknown. Further instructions re these currencies and securities will be transmitted on receipt from you detailed info re amounts, types, values. Request this info soonest.

2E. You are hereby authorized dispose of currencies as per W-90078 with exception noted 2D without awaiting ACA agreement. You are also authorized to effect restitution identifiable lots of looted securities if you deem such action

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IX-17/8

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appropriate, bearing in mind ACA negotiations entire US plan looted securities. CONL/P/(46) 3 Rev. deals with identifiable property only. Non-mon gold by definition unidentifiable. Currencies also largely unidentifiable in strict sense. Therefore unilateral disposition these two not violation ACA agreement. Restitution identifiable securities appears accord with CONL/P/(46) 3 Rev.

2F. Securities falling within WX 85682 to be retained pending full info amounts types values involved. However, disposition thereof to IGCR not considered contrary US position ACC inasmuch as they are, for the most part, not German assets or identifiable loot subject to usual restitution procedure.

3. No directives disposition this type property (except monetary gold) can be issued until there is full info re amounts available, categories, value, source (if known), etc. Such info requested soonest. Your recommendations disposition such property welcomed. Re WX 85682, it clearly applies only to property presumed to be loot, excluding all other property though it may be of same kind.

4. Foregoing was discussed with Bennet during his visit Washington.