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OFFICE OF THE U.S. HIGH COMMISSIONER FOR GERMANY

OFFICE MEMORANDUM

file E/PY

To: E/Deputy Director - Mr. Frank J. Miller

Date: June 27, 1951

From: E:PY - Mr. William G. Daniels *WGD*

✓ Subject: Liquidation of Property Division

This memorandum outlines the steps which have been taken by Property Division in effecting its liquidation and, where residual duties and responsibilities remain in certain fields, indicates what those responsibilities are and the offices within HICOG which shall discharge them beginning July 1, 1951.

Administratively, all necessary actions have been taken with respect to US and German personnel, MR property charged to the Division, and the files and records which were in its custody. Certain files and reference materials were transferred to the offices which in the future will perform the specific residual duties assumed by them; the balance of such material was either returned to Files and Records or destroyed.

By agreement, the Office of General Counsel and the Office of Public Affairs will assume the residual duties and responsibilities for Internal Restitution (including General Claims) and Cultural Property disposition (including External Restitution). The Office of Economic Affairs is thus relieved of any future direct interest in them, except for Committee responsibility in connection with contractual agreements and the relinquishment of the reserved power in the field of restitution.

The other programs in which Property Division had operational responsibility are either completed or are advanced to the stage where it may be expected that only isolated questions will arise in the future. As agreed by Mr. Cattier, these residual duties will be performed by the following Divisions:

External Assets - E/FN
 External Restitution, Water Craft - E/IND
 External Restitution, other than Water Craft and Cultural - E/FN
 Reparations Removals - E/IND

Following is a brief summary of the status of each program:

I. Internal Restitution(a) US Military Government Law No. 59

The Internal Restitution program under Military Government Law No. 59 is approximately 50% completed, with 58,252 of the 117,246 petitions

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received by Restitution Authorities having been disposed of as of May 31, 1951. Almost 90% of all dispositions were voluntary settlements. The total estimated value of property restituted to May 31, 1951 is 626,888,809 DMs.

The cases which have been disposed of include 13,242 JRSO claims, with a value of approximately 24 million DMs, which were covered by the JRSO bulk assignment to Land Hesse. Negotiations toward bulk settlements in the other three Laender are continuing (an agreement has already been reached with Land Bremen, and is expected to be formalized within the next few days). If similar JRSO bulk settlement agreements can be reached in all Laender an additional 79,300 cases would be disposed of and the figure of dispositions would rise to almost 70% of all cases received.

The target date for the disposition by the Agencies of all individual (non-JRSO) cases is December 1951. From present indications this goal will be reached by all but perhaps three or four of the larger Agencies. Approximately 80% of all cases filed under the Law are expected to receive final disposition in the Agencies, leaving about 20% to be disposed of by the Courts.

(b) General Claims

A total of 257,371 petitions were received under the General Claims Laws, enacted by the four Laender of the US Zone. Of these, a total of 47,926 cases, involving payments of 111,300,000 DMs, have been settled or adjudicated to date. German authorities estimate that about 1,000,000,000 DM will be required to cover the payment of claims under the US Zone Laws. Thus, approximately 10% of the estimated total payments have been made.

Upon liquidation of Property Division on June 30, 1951, responsibility for these programs will be assumed by the Office of General Counsel. One American and six German Property Division employees are being transferred to the Office of General Counsel, Administration of Justice Division, effective July 1, 1951, to assist in the carrying out of these responsibilities.

II. Cultural Property

(a) Restitution

Although claims for external restitution to Governments are no longer accepted by US authorities, an exception is made in the case of cultural properties. The performance of this function and the responsibility therefor will, as of July 1, 1951, be assumed by the Office of Public Affairs. External Restitution of cultural properties will continue to be a direct function of HICOG as long as the reserved power over restitution is retained by the Allies.

The Inter-Governmental Study Group at London agreed that the Federal Government should be required to undertake restitution of art objects, including antique furniture, jewelry and silverware, and to establish the

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necessary legislative basis and administrative machinery therefor as a condition to abandonment of the reserved power in this field (see IGG/P(51)89, Final, May 4, 1951). The implementation of this decision, when finally approved by Governments, will be the joint responsibility of the Office of Public Affairs and the Finance Division, OEA, since all questions pertaining to restitution are dealt with in the Finance Committee.

(b) Disposal of Cultural Properties held at the Wiesbaden and Munich Collecting Points

The services of Messrs. Howe and Faison, and of at least part of their German staffs, are being continued for the month of July to permit the closing down of HICOG operations at the Wiesbaden Central Collecting Point and the completion of the processing of the Alt-Aussee items at Munich. Any residual problems will be taken care of by the Office of Public Affairs (Mr. Breitenbach) which, as stated above, is assuming general responsibility for cultural property disposition.

It is planned that the cultural properties in the temporary trusteeship of the Laender Bavaria and Hesse will be transferred to the custody of the Federal Government. The US High Commissioner proposed this transfer to the Federal Chancellor in a letter of April 16, 1951. All details of this arrangement, including the reply which the Federal Chancellor will make to the US High Commissioner's letter, have been worked out with the Germans and agreed upon by HICOG. The Chancellor's reply, expected shortly, together with the High Commissioner's letter of April 16, 1951, will embody the formal agreement between HICOG and the Federal Government.

Full particulars of all details of the foregoing have been made available to the Office of Public Affairs. Pertinent files and documents have also been turned over to that office.

III. Reparations

The program of reparations removals from the US Zone is completed. Following the decisions to retain the Toeing and Kugelfischer equipment in Germany, appropriate notifications to this effect were given to IARA and, in the case of the Kugelfischer material, the Federal Ministry of Economics was authorized, by letter on May 16, to arrange for its utilization in the German economy as a part of the approved capacity of the ball and roller bearing industry.

The International Study Group's paper on reparations (IGG/P(51)112, Final) has been submitted to Governments. When finally approved, implementation thereof will have to be undertaken in HICOM. This responsibility on the US side, at Division level, will be assumed by Finance Division.

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IV. Property Control

(a) Zone

The only properties remaining under Property Control in the US Zone (except those covered by the Hungarian restitution claims) are in the duress category. Authority, heretofore reserved by HICOG, to approve certain administrative acts affecting properties under control has been delegated to the Hauptbuero, which was in turn authorized, at its discretion, to pass such authority on to the LCAHs. With this delegation of authority, and the application by German authorities of existing procedures and practices in Property Control administration, it is not anticipated that any matters requiring attention by HICOG will arise.

For some time past complaints and other questions regarding the administration of properties under control, or formerly under control, have been sent to the Hauptbuero for appropriate action. This practice should be continued.

The release of duress properties also follows a standard procedure. Inasmuch as their release is in fact part of the restitution process, any future questions with respect to this phase of Property Control will be dealt with by the Office of General Counsel.

(b) Berlin

The position taken by the British prevented putting into effect our proposal which would have transferred to the Magistrat the responsibility for custodianship and administration of duress and CC Directive 50 properties. Although the matter was considered by the Council at its meeting on May 31, no agreement was reached and the Council deferred further consideration until a later date. The question should again be placed on the Council's agenda in the near future. We have prepared a brief for this purpose.

Except for properties in the above categories, only about a half dozen units will remain under control in Berlin on June 30 (the Lithuanian Consulate property and real estate acquired in 1945 by the Soviets are the only ones of any importance).

Arrangements have been made by HICOG, Berlin Element, in connection with the assumption by Legal Affairs Division of responsibility for the Internal Restitution and General Claims program, to retain the services of Mr. McNulty until September. He will thus presumably also be in a position to attend to any residual "Property Control" questions.

V. External Restitution

(a) Ships

There remain for final settlement a few cases involving INT craft.

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The relevant files and information and a detailed memorandum concerning these cases have been given to Industry Division (Mr. Dekeron), which will have future responsibility for these matters and any other isolated questions involving restitution of water craft.

(b) Non-Cultural

(i) Hungarian

The delivery of the properties notified to the Hungarian Delegation determined to be available for restitution is well along as of this date. Releases were issued for the entire lot, but receipts have not as yet been signed for the Bavarian properties. Finance Division (Mr. De Keyserlingk) will attend to any unfinished aspects after June 30. We have submitted a memorandum on this subject to that Division, and turned over our case file.

(ii) Other

The only other current outstanding item of importance is the restitution to Yugoslavia of certain silver and silver coins held in FED, which will also be handled by Finance Division.

(c) Cultural

(See separate Section of this paper.)

A number of general files and other material on external restitution (other than ships and cultural) have been transferred to Finance Division (Mr. De Keyserlingk), and will thus be available for reference in the event of future need.

VI. External Assets

(a) External Assets Investigation Program

The External Assets Investigation Program within Germany is officially completed. (The member nations of IARA were informed on October 30, 1950 that US authorities in Germany are no longer in a position to service requests for investigations in Germany. Property Division received, subsequently, a small number of external assets inquiries from the American Embassy at Rome, and the Supreme Commander for the Allied Powers, which have been completed.) HICOG may receive in the future a few isolated inquiries from the US Missions in Rome, Madrid, and Portugal which should be referred to Finance Division (Mr. De Keyserlingk) which may be able to obtain the required information from the "Dienststelle fuer Auslandsvermoegen", the office which has on file all MGAX(1) declarations on foreign assets filed in the US Zone of Germany and the US Sector of Berlin.

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(b) Legal Action

In implementation of ISG recommendations contained in ICG/P(51) 112, Final, the FIC-Sub-Committee has prepared a memorandum requesting the Law Committee to draft a law divesting title to German external assets and to take the necessary action with respect to depriving certain portions of Law 5 of effect in the Federal territory. Responsibility for further Committee action with respect to the foregoing lies with Finance Division.

(c) Service of Citations in Germany required by the Terms of the Portuguese Accord

Mr. De Keyserlingk, Finance Division, has been given a comprehensive memorandum containing detailed information with respect to action that must still be taken in this field.

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