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EMBASSY OF THE UNITED STATES OF AMERICA

No. 1061

Lisbon, October 12, 1944

DIVISION OF COMMUNICATIONS

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Subject: Transmission of a memorandum prepared by Financial Counselor of the British Embassy, Lisbon, regarding gold imports into Portugal.

NOV 1 1944

The Honorable  
The Secretary of State,  
Washington, D. C.



Sir:

With reference to Department's various communications regarding "SAFEHAVEN", I have the honor to transmit as of interest in this connection a copy of a memorandum prepared by Sir Stanley Wyatt, Financial Counselor of the British Embassy, Lisbon, regarding gold imports into Portugal.

The data contained in this memorandum have been derived from information supplied by Allied intelligence services in Portugal. While definitive proof is difficult to establish in a given instance, the material is believed to indicate beyond doubt that Portuguese gold importers have been at great pains to conceal the sources of the large amount of gold bars which have arrived in Portugal during the war, and that they are endeavoring diligently to exchange this gold for gold of unchallengeable origin.

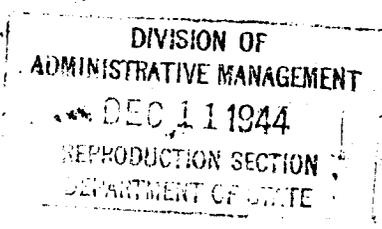
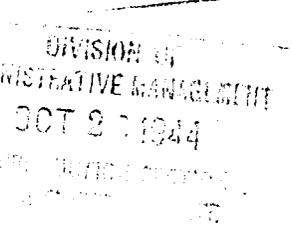
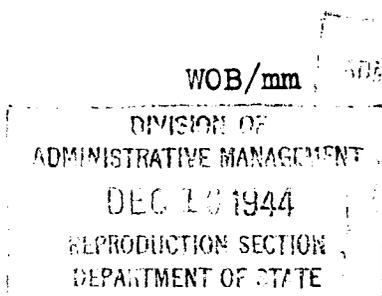
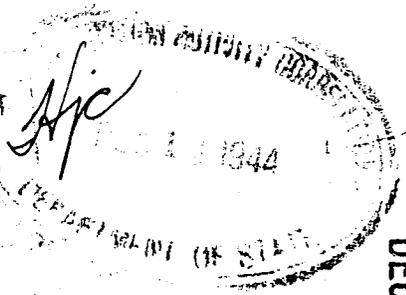
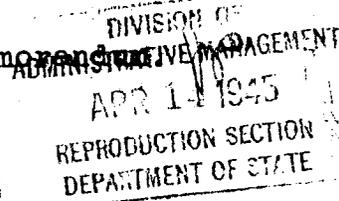
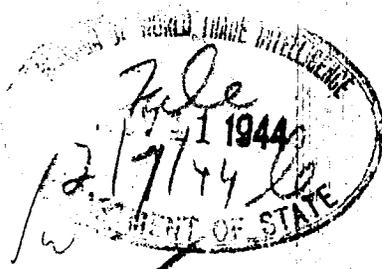
Respectfully yours,

For the Ambassador:

*Charles E. Dickerson, Jr.*  
Charles E. Dickerson, Jr.  
First Secretary of Embassy

Enclosure:

Copy of Memorandum



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DEPARTMENT OF STATE  
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SECRETGOLD IMPORTS INTO PORTUGAL - TWO ASPECTSI MEASURES TAKEN TO ELIMINATE EVIDENCE OF ORIGIN OF GOLD BARS

1942

A report stated that in 1942 the Bank of Portugal purchased from or through the Banque Nationale Suisse gold bars bearing the official Soviet markings.

Another report stated: "It would appear from the markings on the bars that the greater part of this gold originates from occupied countries". (This referred specifically to about 11,000 kilos purchased by the Bank of Portugal from the Banque Nationale Suisse during January, February and March 1942.)

27 Feb. 1942

A well-placed source reported that Portuguese banks, notably Banco Espirito Santo and Fonseca, Santos & Viana, are making every effort to exchange the gold bars recently received from Switzerland for British and American gold coin.

Examples:

20 Mch. 1942 The Banco Borges & Irmao sold to the Bank of Portugal 19 kg. of gold bars in exchange for 632 gold \$20 coins.

Between 25 Mch. and 25 May 1942 Banco Fonseca, Santos & Viana sold to the Bank of Portugal 83 kgs. of gold bars in exchange for gold coins.

April 1942 Banco Almeida Basto sold to the Bank of Portugal gold bars for 266 gold \$20 coins.

1942

It was reported that, as the Bank of Portugal had gold in Switzerland and the Banque Nationale Suisse had gold in Canada, the Bank of Portugal by arrangement took over the latter and the Swiss Bank took over the former in June 1942, the amount thus exchanged being 4,020 kilos. (The gold in Canada was pre-war but that in Switzerland was probably tainted - S.W.)

Early 1943

A report stated: "It is believed that the reason for the non-delivery by Switzerland since 4th March 1943 of the gold purchased by the Bank of Portugal from the Reichsbank is that Switzerland fears that the United Nations will hold her responsible for it at some future date, in view of the fact that a great proportion of the gold has come from occupied countries".

July 1943

It was reported that on 13 July the Bank of Portugal had sold gold bars (of 12 kg. to 13 kg.) bearing the Reichsbank mark and the Swastika to a number of Lisbon exchange dealers. Previously, only bars of American origin had been sold to them.

Just after/

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Just after that, it appears that the B.B.C. broadcast a warning that all gold bearing German marks would be considered by the Allied Governments as stolen and conteminated. This statement caused the Lisbon dealers to demand of the Bank of Portugal an exchange of such bars for gold of unchallengeable origin. Unless the Bank agree, persons having Reichsbank gold in their possession intend to have it melted down to Portuguese one kilo and half kilo bars in order to sell it as Portuguese gold. Source added that it is suspected that Reichsbank bars, at any rate some of them, are composed of gold coins issued by the Latin Union (France, Belgium, Switzerland, Italy and Spain), such bars having a gold tenure of 90% which is identical with that of such coins.

12 July 1943 The Banco Espirito Santo a short time ago had for sale a quantity (about 200 kilos) of gold bars of 12 kilos each, believed to result from an overdraft to the Germans (possibly Italians) guaranteed by the gold bars which bore the mark of Rothschild (1925). The bars were subsequently melted down into 1 kilo bars and were sold locally at Esc. 33\$00 per gramme. Part of this bar gold has gone to Italy and Spain.

3 Aug. 1943 It was reported that gold ingots, transferred by the French Government (? Banque de France) to the Bank of Portugal at the time of the French collapse, are now being melted down, recast in smaller moulds and stamped with the Portuguese mark. Informant suggested that this may be being done in connivance with Vichy and to avoid Allied control.

It was also reported that, between the 14th July and the 2nd August 1943, 791 bars bearing German markings and 123 bars with French and American markings had been delivered to the Bank of Portugal.

Aug. 1943 It was reported that gold despatched by the Banque Nationale Suisse to Portugal is stamped with the mark of various occupied countries.

18 Sept. 1943 It was reported that of the gold sold by the Reichsbank to the Bank of Portugal, some is delivered direct to the Bank of Portugal by the Reichsbank and some through the Banque Nationale Suisse. On receipt of the gold, the Bank of Portugal sends it to the Mint for transformation and for cancellation of the marks of origin which are substituted by Portuguese markings. Many of the bars of the earlier sales bore the Russian mark (hammer and sickle) and the Polish and Czech marks, whereas more recent bars bore marks of occupied countries and some German markings. The bars are beaten in the Mint and in the workshops of A. L. de Sousa, 16/18 Rua da Misericordia, Lisbon.

7 July 1944 It was reported that early in July the Goldsmiths' Gremio sold to goldsmiths in Lisbon gold

bars bearing/

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bars bearing a marking which was almost illegible but in which the word "Preussen" could be read, indicating that the gold was of German origin. These bars have now been melted down.

17 Aug. 1944 Source states that the Bank of Portugal is now endeavouring to liquidate the larger part of its gold holdings in Switzerland. These consist almost exclusively of German gold deposited by the Reichsbank. The Bank intends to utilise these deposits to cover imports from Switzerland or Sweden.

(The Bank's recent gold sales out of their stock in Berne have been:

1944			
June	345	kilos to Deutschebank	
July	152	" do.	
"	1100	" to Banque Nationale Suisse	
Aug.	795	" do.	
Sept.	960	" do.	
"	35	" to Reichsbank - S.W.)	

25 Aug. 1944 It was reported that the Bank of Portugal has been negotiating with the Banque Nationale Suisse for the repurchase by the latter of all the remaining gold held in deposit in Switzerland on behalf of the Bank of Portugal and acquired from the Reichsbank.

9 Sept. 1944 An arrangement has just been made between the Portuguese Government and the Bank of Portugal under which 15,477 kilos of gold held for some years past by the former in New York is being transferred into the Bank's name in New York against the transfer to the Government of a like quantity of gold purchased by the Bank from the Reichsbank (and so marked) and held in Portugal. It is stated that the Bank's object is to get rid of gold purchased from the Reichsbank through the Banque Nationale Suisse.

Sept. 1944 The following gold bearing German marks was sent to the Mint and to the Casa A.L.Sousa for re-smelting -

11-22	Sept. 1944	271 kg. for making into gold leaf.
20	Sept. 1944	161 kg. for melting into 1 kg. bars.

During the seventeen days from the 5th to the 22nd September 1944 the following quantities of gold were sold by the Bank of Portugal to the local Banking houses and Exchange dealers and to the Gremios -

<u>Bankers &amp;c.</u>	<u>Gremios</u>
Grammes	Grammes
232,199	241,451

This is believed to be a good deal more than was sold up to a few weeks previously when the average total sales to Bankers &c. and Gremios were about 200 kilos a month.

14 Sept. 1944/

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14 Sept. 1944 The Bank of Portugal has sold and continued to sell large quantities of gold lying in its safe deposits and, at present, is persuading Banks, Bankers, foreign exchange dealers and jewellers to buy bar gold for melting down.

22 Sept. 1944 It was reported that gold is coming into Portugal from Stuttgart or Berlin by plane to Barcelona where it is transshipped to an Iberia plane and flown as "goods in transit" to Lisbon. This gold is to build up a post-war credit for the Germans. Most of it comes originally from Russia. That and German gold is being melted down here and remade into Portuguese ingots. Pressure is being brought upon the Goldsmiths Gremio to increase the gold trinkets and jewellery output.

27 Sept. 1944 Gold ingots coming into Portugal vary in size and markings. For the purpose of local sales these ingots are smelted down into small bars of 1000 and 500 grammes. The smelting capacity of the Mint is limited, the weekly output during the past three months having been of a value of about £200,000. (i.e. about 700 kilos). The small half kilo bars are made at the A.L.Sousa factory as a supplement to the Mint.

### Observations

Considering the period which the above information covers and the separate and reliable sources from which it has been obtained, there can be no doubt that for some time past the Bank of Portugal and other holders (Bankers and individuals) have been taking various steps to cover up evidence of the origin of the large quantity of gold bars imported from Germany and Switzerland during the war or to exchange what may be called "tainted" gold for gold of unchallengeable origin.

It is unlikely that these reports represent all which have been received on the subject but they are sufficient to enable one to draw the above conclusion.

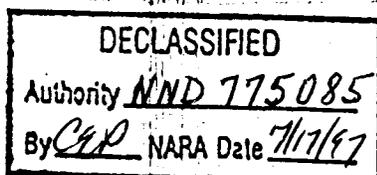
It is not impossible that more precise information may yet be obtained.

## II GOLD BELONGING TO INDIVIDUALS

We have knowledge that at least 320 kils of gold (value say £90,000) arrived by German planes at a Lisbon airport and was taken away by German Legation cars at end June/early July 1944:-

1944  
26 June 4 bags each containing 20 kils of gold bars brought by two couriers. As the bags were under diplomatic seal the contents were not verified by the Customs Authorities.

29 June/



- 29 June 2 unsealed bags each containing 40 kilos of gold brought by two couriers and opened by the Customs. The similarity between these 2 bags and the 4 which had arrived on the 26th left no doubt that the four also contained gold.
- 1 July 2 unsealed bags each containing 40 kilos of gold brought by two couriers and opened by the Customs.
- 4 July 80 kilos of gold in unsealed bags and opened by the Customs.

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It was also reported that on the 9th July couriers arrived by a German plane bringing a parcel "about 20 inches long and about 30 inches in circumference" which was under diplomatic seal. The contents rattled as if they were coins or other pieces of metal. The plane was met by an official of the German Legation.

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We do not know whether any more gold for individuals came to Lisbon by German planes, before or since those dates.

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On the 19th July 1944, two distinct sources reported separately that the gold in question (320 kilos) had since been transferred from the German Legation to the Bank of Portugal.

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Early in September 1944 it was reported that for some time past considerable quantities of gold, diamonds, bonds, banknotes and other valuables had been smuggled into Portugal in diplomatic bags by cars and planes by various people including Dr. Caeiro da Mata, Carlos Guermendez (Uruguayan Minister) and officials of Portuguese Legations and Consulates in Germany and France and other occupied countries. Amongst those involved in the transactions is Friedrich Kraus, acting for the German authorities, who worked in close collaboration with Dr. Caeiro da Mata, his son D. Basilio Caeiro da Mata and Manuel Caldeira (Kraus's secretary), the last-named being able to effect large sales of the valuables in view of his close relations with several of the banks. During his stay in Vichy, Dr. Caeiro da Mata frequently sent valuables through the diplomatic bag to his "homme de confiance" Jose Marques, who is employed in the Bank of Portugal. Dr. da Mata is an Administrator of the Bank of Portugal and retained his private office in the Bank while at Vichy.

It was stated that much of the gold which had entered Portugal illicitly since the Decree of June 1942, under which the Bank of Portugal was given sole control of imports and exports of gold, is deposited with the Banco Fonsecas, Santos & Viana, the Banco Espirito Santo, the Banco Ultramarino, the Monte Pio Geral and the Companhia Geral de Credito Predial Portuguese.

Other consignments/

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Other consignments of gold have been deposited from time to time with the Bank of Portugal on behalf of the German Ambassador "in a special account" and certain Directors of the Bank of Portugal intervened with the Ministry of Foreign Affairs and the Ministry of Finance and obtained legislation for the entry of the consignments in question.

On 5th September 1944 it was reported from a new source that two Directors of the Bank of Portugal have arranged the necessary facilities to enable gold from Germany belonging to private individuals to enter Portugal. It will remain in the custody of the Bank of Portugal at the disposal of the German Minister.

On the 27th September 1944 a source reported that gold had been sent by the German Minister in Berne to the German Minister in Lisbon. It was held in a "separate account" at the Bank of Portugal whilst enquiries were made whether it belonged to Madame Hoyningen-Huene or whether it was a Nazi transaction between the two Ministers. Ultimately, and whatever was the result of the enquiries, diplomatic immunity of some kind was arranged. (This may refer to the 320 kilos - S.W.)

Source also added that the following are suspected of smuggling gold -

Don Nicolas Franco (Spanish Ambassador) who is said to use his privileged position as General Franco's brother to aid in the transfer of gold through Lisbon to the Argentine through the Banco Espirito Santo and the Fonsecas Viana Bank.

Sr. Guermendez (Uruguayan Minister).

Sr. Matta (former Minister to Vichy and now Minister for Education). Whilst at Vichy he is said to have done quite a bit of smuggling of French francs and subsequently he is said to have arranged gold shipments from Switzerland through the Portuguese Legation there by car under diplomatic seal to Portugal. One such car is said to have arrived within the past fortnight, i.e. during the latter half of September 1944.

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Observations

The foregoing pieces of information come from at least four separate and distinct sources which are all looked upon as reliable and are so placed that they are in a position to know. It does not follow because it is all of recent date that information of a similar kind was not obtained in earlier months and years but, if so, it did not happen to come to me.

S.W.

9/10/44

