

IX-16/1

C O P Y

OFFICE OF MILITARY GOVERNMENT FOR GERMANU (U.S.)
AG CABLE CONTROL
OUTGOING MESSAGE

4 Feb 47

C O N F I D E N T I A L
P R I O R I T Y

*Non-Monetary Gold ✓
Currencies
Securities
Precious Metals*

TO : AGWAR FOR JCS
FROM : OMGUS SIGNED CLAY
REF NO : CC-7904

TOO: 031437Z FEB 47/ehd

Reurads WX-85682, WX-88566, WX-85965, W-90087, and ourads CC-7486, CC-7239, CC-7792.

1. The only financial assets released to date in bulk from custody of foreign exchange depository or other US custodial agencies in Germany acting under specific authorizations have been 813 bags rubles to USSR, 33 tons monetary gold to Hungary 40 tons silver as loan to German economy. There are still held bulk quantities of currencies as defined WX-85965 and W-90078, securities as defined WX-88566, monetary gold as defined final act Paris conference on reparations, non-monetary gold as defined WX-85682, silver and other precious metals, and other foreign exchange assets. Marshalling and inventory of such assets will eventually reach stage of completion where action can be taken in compliance with disposal directives. Turnover of non-monetary gold to inter-governmental committee on refugees is imminent as the next bulk release of assets from custody. Since action to be taken under WX-85682 will be the first under existing or future disposal directives, important to have clear understanding WX-85682 so that non-monetary gold fund will be properly constituted and conflicts this and other directives during or after consummation of turnover will be avoided.

2. Therefore request clarification WX-85682 in particular, especially respecting its relation to other urad references, on the follows:

A. What disposition is to be made on monetary gold falling under WX-85682?

B. Whether the term "currencies" in W-90078 includes, in addition to paper money, coins of silver, gold or other metals.

C. Whether W-90078 directs that currencies of United Nations never under German occupation will not be restituted to another United Nation formerly under German occupation even if a claim by the latter United Nation is established. Application of WX-85965 and W-90078 appears subject 2 interpretations (1) restitution of any identified owned currencies looted from occupied United Nations under WX-85965 prior to delivery of residue currencies to issuing countries under W-90078, or (2) delivery of currencies to issuing countries under W-90078 without receipt of claims from occupied United Nations, which claims would be matter for later settlement between governments.

D. Determination of the order of precedence of WX-85682 compared with any other disposal directive, especially as to whether WX-85682 is to be treated as a

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standing exception to all present and future restitution or disposal directives, as is indicated in W-90078 and WX-88566.

E. Whether United States unilateral action is to be taken under existing disposal directives, such as WX-85682, W-90078 and WX-88566, prior to agreement or despite absence of agreement this specific subject within Control Council, as pointed out ourads CC-7239 and CC-7792, and despite fact that definition of restitution (CONL/P(46) 3 Revise) in general terms controls disposition of all property according to removal from occupied United Nations.

F. Whether securities falling within WX-85682 may be exempted or suspended from delivery to inter-governmental committee on refugees due to:

- (1) Their insignificant value compared to bulk of loot,
- (2) The obstacles which would be encountered in their liquidation, and
- (3) The United States position taken in Control Council which has been contrary to the disposal principle now embodied in WX-85682.

3. It is pointed out that no directive or proposals have been received on disposition of (A) monetary gold, and (B) other precious metals including silver, platinum, and gold which is neither monetary or non-monetary under WX-85682 such as gold nuggets and large quantity gold deposited under Law 53 without suggestion or presumption of loot. Also to be considered is uncertainty arising from disposition of property as defined WX-85682, since such property includes all categories subject to disposition under other existing or future directives concerning which full clarity and agreement has not yet been attained.

4. The urgency of the turnover to inter-governmental committee on refugees is understood and initial deliveries can be made upon return of inter-governmental committee on refugees representatives in March 1947, of all assets falling under WX-85682 about which there are no unsettled questions. Such items consist unidentifiable jewelry and precious stones, dental gold, scrap metal, all obviously looted from concentration camp inmates. There exists considerable quantity and value of such property. However, complete non-monetary gold fund cannot be determined until some time hence.

5. Bennett, Director Finance Division, expects to be in Washington early part February and would be available to discuss these questions.

WX-85682 is AGC IN 41877
 WX-88566 is AGC IN 45289
 WX-85965 is AGC IN 15174 (Dec 15)
 W-90078 is AGC IN 47048

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