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ADMINISTRATION OF GERMAN OFFICIAL PROPERTY IN PORTUGAL

BY JOINT ALLIED COMMITTEE FOR GERMAN AFFAIRS

June, 1945 - May, 1947

FM 800.515/6-848

REPRODUCED AT THE NATIONAL ARCHIVES

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I.

ASSUMPTION BY PORTUGUESE GOVERNMENT
OF CUSTODY OF GERMAN OFFICIAL PROPERTIES

Following Germany's unconditional surrender and in response to the joint request of the heads of the American, British and French Missions in Lisbon, the Portuguese Government took into its custody the German Legation and all other German official establishments and installations in Portugal and its colonies, together with all the archives, cash, valuables and movable property pertaining to them. Commencing on May 3, 1945, the premises of all German buildings were sealed by the local authorities and placed under the guard of the Portuguese public forces. In taking this step the Portuguese Government declared that it felt bound to guarantee the conservation of the properties of the former German State in order that they might in due course be delivered intact to whatever entity might be formed to exercise the attributes of German sovereignty.

II.

DELIVERY OF OFFICIAL GERMAN PROPERTIES
TO CUSTODY OF ALLIED AUTHORITIES

In identical notes presented by the three Missions on June 6, 1945, the Portuguese Government was requested to hand over to their jurisdiction all official German property and archives in the territory of Portugal and its colonies, by virtue of the authority contained in the Berlin Declaration of June 5, 1945 under which the Governments of the U.K., U.S.A., U.S.S.R. and France assumed supreme control over Germany. The Portuguese Government acceded to this request on the same date and, commencing with the handing over of the German Legation premises on the evening of June 6 to representatives of the three Missions, all German official establishments and property in metropolitan and colonial Portuguese territory were formally delivered into Allied custody during the ensuing weeks. A list of the official German establishments thus transferred is set forth in Annex A.

The German Hospital and the German School in Lisbon were turned over by the Portuguese Foreign Ministry to the Allied representatives for inspection on June 29, 1945. Although evidence was found of a close connection between the German Government and the School and Hospital, including proof of an annual subsidy from the German Legation of 700 contos, the Portuguese authorities insisted on the return of these properties to their custody on the ground that they belonged to the Brotherhood of St. Bartholomew, a German society duly incorporated in Portugal. The Allied representatives agreed to return the School and Hospital on the understanding that the Portuguese authorities would not allow them to continue operating as German institutions, in view of their diversion to political purposes under the former

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German Government. On July 5, 1945 the Brotherhood of St. Bartholomew filed a certified declaration with the Portuguese Commercial and Banking Inspection Service, in accordance with Decree Law No. 34,600 requiring the declaration of all private German assets, which reported assets of 2,581,126,000 escudos.

III.

FORMATION OF COMMITTEE REPRESENTING AMERICAN, BRITISH AND FRENCH MISSIONS, AND PROCEDURE ADOPTED

Following several preliminary meetings of members of the American and British Embassies in May, 1945, it was agreed that a working committee should be set up composed of representatives of the American, British and French Missions to handle problems in connection with the taking over of the official German properties and archives as well as matters relating to the control of local German officials and residents. This committee, known as the "Joint Allied Committee on German Affairs in Portugal" was duly established and held its first meeting on June 9, 1945. As originally constituted, the Committee consisted of:

- For the American Embassy - Mr. Halleck L. Rose
- For the British Embassy - Mr. John Curle
- For the French Legation - Mr. Gerald Priestley

After the departure of Mr. Rose from Lisbon in February, 1946, Mr. Joseph J. Wagner served in his place until April 22, 1946 when Mr. William Barnes took over the duties of American member. Mr. Curle relinquished his position as British member to Mr. Harry Morris in July, 1946, and the latter was in turn replaced by Mr. Robin Hooper on April 15, 1947. Mr. Priestley has served throughout the life of the Committee as French member except for several months in the summer of 1946 when Mr. Bernard Blanger acted as his alternate.

The Committee also had the assistance of Mr. William M. Wheeler of the American Embassy who assumed responsibility for carrying out the Committee's decisions with respect to the administration and liquidation of German official properties and otherwise aided in security investigations of German nationals and in the repatriation of German officials and agents. Following Mr. Wheeler's departure from Portugal in December, 1946, Mr. Rudolph E. Gomez, Attache to the American Embassy, replaced him in this capacity. Mr. John Mockford of the British Embassy also served in an advisory capacity, accepting responsibility for the preparation and periodic revision of the list of local Germans subject to repatriation under the orders of the Allied Control Council and for the physical arrangements in connection with the various repatriation movements, for which purpose he was designated as the Committee's "Movement Control Officer." Mr. Mockford

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also maintained liaison with the Portuguese police on security matters involving German nationals. He was assisted by his colleague, Mr. W. F. Dorrington, who assumed primary responsibility for dealing directly with local Germans, performing certain quasi-consular functions for them, and transmitting their requests for travel authorizations to the Committee for consideration.

During the two years of its existence the Committee has met periodically, in the initial stages several times a week and later less frequently, to discuss and make decisions with respect to matters arising in connection with the administration and disposal of German official properties and the repatriation and control of local Germans. Certain specific instructions, mentioned later in this report, respecting the procedure to be adopted in handling these matters were received from the members' Governments in the period immediately following the Committee's establishment; in general, however, the Committee's decisions on problems arising from day to day were taken on an ad hoc basis in the light of broad Allied directives and in accordance with what the members believed was in the best interest of the three Missions. The purely local character of most of the problems and the numerous individual decisions that had to be made compelled the Committee, as a practical matter, to assume considerable discretionary authority. However, no action was taken without the approval of each member, the "sense of the Committee" rather than the votes of individuals being made the basis for every decision. A detailed record of the proceedings at each meeting of the Committee has been kept by the American member, with copies being furnished to his British and French colleagues. Since these minutes run to some 250 typewritten pages it was impractical to transmit copies of them with this report.

IV.

GUARDING OF GERMAN PREMISES

Immediately upon the delivery of the German premises into the custody of the Allied authorities, volunteer guards recruited from the personnel of the three Missions were placed on duty at the various German buildings in Lisbon. These were subsequently replaced by some 24 American and British military guards who were assigned to Lisbon at the request of the three Missions to provide the necessary security protection for the numerous German buildings pending the removal of the property and archives contained in each to the German Legation for examination and inventory. Upon the completion of this task in late August, 1945, the guard detachment was reduced to 10 American military personnel who remained on duty, with replacements, at the German Legation through

January 30, 1946.

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January 30, 1946. Effective security protection was provided by these Allied guards, and no instance occurred of any unauthorized entry into the German premises or removal of property without Allied permission.

V.

EXAMINATION OF ARCHIVES AND THEIR DISPOSITION

Preliminary examination of the German Legation archives revealed that a considerable portion of these had been shipped to Berlin prior to the sealing of the premises by the Portuguese and that other confidential papers had been destroyed. However, material was discovered of sufficient interest to warrant a careful examination. Among the items preserved intact were the following: copies of private and commercial correspondence including a report on Allied bases in the Azores; personal files of members of the Legation; list of German decorations awarded to Portuguese nationals; numerous items concerning the Nazi Party in Portugal and file of party members; complete card file on Germans resident in Portugal; and cryptographic material, including coding machines and code books. Of lesser interest were the archives of the German Consulates at Oporto and Portimao; the records of the latter were transferred intact to Lisbon but in the case of the former, only those records that appeared to have some intelligence value were sent to the capital.

The responsibility for examining and classifying the German archives was entrusted to a 4-man team of American documentary specialists equipped with micro-filming apparatus, who were sent to Lisbon by SHAEF. They were aided by a British examiner assigned here for the purpose by the Foreign Office at London and by a French assistant locally recruited. These experts arrived in Lisbon on June 24 and spent the following six weeks in ordering and inventorying all the German documents, with the exception of those pertaining to the offices of the former German Military, Naval and Air Attaches, the responsibility for the examination of which was given to the American, British and French Service Attaches. Upon the completion of their work the documentary specialists submitted a report to the three Missions, a copy of which was made available to SHAEF. A similar report was drawn up by the Allied Service Attaches on the results of their examination of the material found in the offices of the German Service Attaches and copies furnished to the three Missions.

The American Embassy sought the views of its Government with respect to a suggestion that the German archives be forwarded to Washington and was informed that it was the firm policy of the United States Government that the former German archives abroad were not to be dispersed. This policy was endorsed by the

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British Embassy and the French Legation, and the archives have remained in storage in the former German Legation building where they have subsequently proved most useful for reference purposes.

With respect to the German cryptographic material, an American technician was sent to Lisbon to inspect this material after which it was shipped to London for examination by a joint Allied board.

VI.

OFFICIAL GERMAN FUNDS UNDER ALLIED COMMITTEE'S CONTROL

A search of the German Legation premises which included examination of all safes, strong boxes and desks yielded the sum of 2,693,890 escudos and 95 centavos, in addition to £5000 in gold sovereigns and £2500 in bank notes, 525,953.90 Spanish pesetas, and relatively small amounts of Argentine pesos, Brazilian milreis, Swiss francs, French francs, reichsmarks and American dollars. Two former officers of the German Legation voluntarily turned over an additional 4,477,817.30 escudos, which, when added to the escudos found on the premises made a total of 7,171,503.25 escudos. With the approval of the three Governments concerned, this sum was made the initial deposit in a joint account opened with the Bank of London and South America on June 29, 1945 denominated "Joint ACC Account of the British French and American Missions in Lisbon." Under the terms of the account it was provided that all checks drawn must bear the signatures of the American, British and French members of the Committee. Specimens of these signatures were furnished to the Bank and as changes occurred in the composition of the Committee specimen signatures of the new members were transmitted to the Bank.

Subsequently, an additional sum of 235,868.65 escudos, representing further cash balances found in the German Legation and Consulate in Lisbon and in the German Consulate at Portimao, was deposited to the credit of the account.

During the period from July 1, 1945 to May 31, 1947 there was received and deposited in the account the sum of 1,793,123.95 escudos which, with the exception of 100,000.00 escudos in official German funds received from the Allied Missions at Madrid, represented the proceeds of the sale of official German property in Portugal. A table recapitulating the receipts and expenditures of official German funds is appended as Annex B. The supplement to Annex B lists the amounts of foreign currencies and coin found in the German Legation which items were placed in a strong box in the Bank of London and South America in the name of the Committee.

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The 525,956.90 Spanish pesetas found in the German Legation was subsequently increased to 533,218.90 by the discovery of an additional sum of 7,265 pesetas in the German Legation premises. These pesetas were sent by pouch to the American Embassy in Madrid for the use of the Allied Missions there in connection with their management of the German official properties in Spain. An additional 667,000 pesetas which were voluntarily turned over by a German intelligence agent in Portugal were likewise transferred to Madrid for the same purpose. The same agent delivered \$14,000 in American currency plus 13,172 Spanish pesetas and an additional \$1,000 in U.S. currency was received from another agent.

The itemization of official German funds received by the Committee, which is contained in Annex E and the supplement thereto, represents a complete list of all such funds that came into the Committee's possession. It does not by any means, however, represent all German official funds in Portugal. Mention should be made in this connection of a deposit of 20,320,000.00 escudos made on June 21, 1945 with the Bank of Portugal by Dr. G. A. Von Halem, the former German Minister. This deposit was made by Von Halem on the pretext that these funds, which were formerly owned by the German Government, were to be considered as part payment to the Portuguese Government of debts owing to it by the former German Government. When Von Halem's action in depositing these funds came to the attention of the three Missions the Foreign Ministry was requested to transfer the money to them. The Portuguese Government, however, indicated that it would take such action only if the Allies would give assurances that the Luso-German debt settlement would be made locally and not have to await action by the Allied Control Commission. The three Missions were unable to give such assurances and the disposition of the funds deposited by Von Halem is still awaiting settlement by the Portuguese and Allied Governments, under the terms of the Portuguese Safehaven Accord of February 21, 1947. By far the largest part of the German official funds in Portugal, however, is represented by an item of 187,500,000.00 escudos resulting from the sale of certain German ships to the Portuguese Government during the war. These funds are blocked in Portugal and their eventual disposition is awaiting the implementation of the Portuguese Safehaven Accord. As indicated above, the Allied Committee never had any control over these funds, and they are mentioned only in passing by way of illustrating the relatively small amount of the known German official assets in Portugal for the administration of which the Committee was responsible.

VII.

INVENTORY OF OFFICIAL GERMAN PROPERTY

After taking possession of the premises of the various German entities in Lisbon, the Allied Committee proceeded to have inventories made of the movable property contained

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contained therein. This property included furniture, radios, typewriters, electrical equipment and office supplies as well as 23 automobiles and 2 trucks operated by the former German Mission in Lisbon. There were also some 20,000 books belonging to the libraries of the German Legation, Consulate and Cultural Institute in Lisbon and the German Cultural Institute in Coimbra.

Inventories were made by the office of the Legal Attache to the American Embassy of the property of the following German entities in Lisbon:

- German Consulate
- German State Railways Office
- Office quarters at Rua Buenos Aires 25-27 rented by the German Legation
- German Press Office
- German Chancery
- Office of the German Naval Attache - Inventory made by the U.S. Naval Attache
- Offices of the German Military Attache (Inventory made and Military Attache for Air) by the U.S. Military Attache

Copies of the inventories which listed 1909 separate items were distributed to the three Missions.

Upon completion of the inventories, the Committee had all the property removed from the rented German premises for storage pending its eventual disposition, which task was concluded at the end of August, 1945. The German Legation which, with the exception of the German Club, was the sole property owned by the former German Government in Lisbon did not contain sufficient space to house all the property thus removed and the bulk of it was therefore stored in a warehouse at Poca do Bispo rented by the Committee from a Portuguese firm.

A complete inventory was also made of the 20,000 books pertaining to the libraries of the former German entities in Portugal, copies of which were mimeographed and distributed to the three Missions.

An inventory of the property of the German Consulate at Porto was made by the British Vice Consul at that place after which that property was transported to Lisbon and stored with the rest of the property here. Similar action was taken with respect to the property found on the premises of the German Cultural Institutes at Braga and Coimbra. In Oporto, on the other hand, the American, British and French Consulates made inventories of the German official property in that city, which was retained there with the exception of part of the archives and 3 automobiles sent to Lisbon for disposition.

A complete inventory and appraisal of the furnishings and other movable property in the German Legation building was made by a local firm which placed a value of 704,067\$00 escudos on this property.

PROPERTY

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VIII.

PROPERTY LEASED BY GERMAN GOVERNMENT

The only real property in Portugal owned outright by the German Government was the German Legation building and the German Club in Lisbon and the German School in Oporto. All other premises occupied by German official entities in Portugal were leased. Following the removal of the movable property and archives from the leased German premises, these premises, with one exception, were turned over to their respective landlords and the leases canceled after payment of rent and utility expenses for the period during which the Allied representatives were in occupation. The exception was the building formerly used as the German Chancery located at Rua Pau de Bandeira no. 7-9, Lisbon.

The Chancery premises were retained because they housed the bulk of the German Legation archives and also served as a convenient storage place, adjoining the Legation building itself, for a portion of the property removed from the leased German premises. Early in July, 1945 the Committee decided that the Chancery building would be needed until December 31, 1945, and after authorization had been obtained from the three Allied Governments for the payment from official German funds of any rental charges necessarily incurred in connection with the administration of German property, negotiations were opened with the landlord for a new rent contract until the end of the year.

After protracted negotiations an agreement was signed with the landlord in November 9, 1945 by a representative of the Allied Committee under which the Allied Missions contracted to vacate the building by December 31, 1945, paying a rental of 5,000 escudos per month for the period of their occupation, and to pay the cost of restoring the building to the condition in which they received it. Subsequently the landlord maintained that this agreement obligated the Allied Missions to pay for the cost of repairing the damages caused to the premises by the Germans which he estimated at some 225,000\$00 escudos. He refused to accept the Committee's check for rent and damages incurred during the Allied occupation, which were appraised by a local building expert at some 23,000\$00 escudos.

In the face of the landlord's attitude, the contract with him was not carried out and no further action in the matter was taken until November, 1946 when the landlord took up his claim with the Ministry of Foreign Affairs and requested its assistance in reaching a settlement. In response to informal representations from the Ministry on the landlord's behalf, the Committee turned the matter over to a reliable local attorney with instructions that he determine the Committee's liability under Portuguese law and negotiate a settlement.

The attorney's

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The attorney's opinion was that the Allied Missions were liable for the payment of 15,000\$00 escudos per month rent for the period in which they were technically in occupation of the Chancery premises on the ground that the rents had not been paid within the legal period, that is, within the first nine days of each month, and that consequently, the Committee was liable under Portuguese law for the payment of rent at the rate of three times the 5,000\$00 escudos per month which the Germans had formerly paid. For the 20 months from June, 1945 through February, 1947 the liability amounted to 300,000\$00 escudos. This amount was reduced by negotiation to 250,000\$00 escudos, which sum was paid by the Committee as a full and final settlement of the claim and was so acknowledged by the landlord in his receipt.

IX.

DISPOSITION OF MOVABLE PROPERTY

The movable property contained in the various German premises consisted of a large and variegated assortment of items of which the most valuable were automobiles, furniture, typewriters, office supplies and equipment, radios, and electrical appliances. As previously stated, the inventorying of this property and its removal to storage was completed in August, 1945. All items found in the former German premises in Lisbon listed in Annex A were so removed with the exception of (1) personal property of Portuguese citizens which was returned to them upon reasonable proof of ownership, and (2) clothing and other articles of everyday necessity of small value belonging to German nationals which were likewise delivered to them upon reasonable evidence of ownership. In addition to the movable property found in the German establishments in Lisbon, the furniture and books of the former German Cultural Institute at Coimbra and of the German Consulate at Portimao and eight automobiles operated by the former German Consulate at Oporto, which items had been transferred to Lisbon, were also sent to local storage.

All three Missions sought instructions of their Governments regarding the disposition to be made of this property, recommending that they be authorized to retain only such items as were required for the maintenance of the German Legation and sell the remainder locally. In telegram No. 1053 dated June 30 from the Department of State, such authority was given to the American Embassy in terms which were approved by the British and French Missions. This authorization specified that the automobiles and other movable property might be utilized in the management of German assets and that any surplus property might be stored in the German Legation, if space there was adequate, or otherwise, in rented facilities. If it was considered undesirable or impractical to

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store all or any of the property, authority was given for its local disposition, subject to the depositing of the proceeds into the joint Allied account.

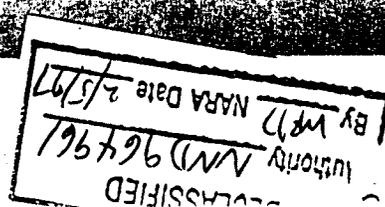
It was also proposed to the respective Governments that the three Missions be permitted to take over for their own use by mutual agreement, and without payment therefor, any office supplies and equipment they might desire. This proposal was rejected by the Department of State on the ground that all German property taken over must be held in a trusteeship for the eventual benefit of all nations entitled to reparations from Germany and should not, therefore, be appropriated by the local Allied Missions without payment. The Department expressed the view that any sale of official property should preferably be by public auction in order to obtain the highest possible prices. The American Embassy was authorized to purchase such items as it might need but was forbidden to purchase anything prior to public sale. The French and British Missions agreed to this interpretation of the trusteeship principle. Prior to the settlement of this question, the three Missions, as well as the U.S. Army Transport Command in Lisbon had taken on loan a number of items of office furniture and equipment. These items were accordingly returned or acquired by cash purchase.

Twenty automobiles and three trucks which came into the committee's possession were sold by sealed bid and the proceeds totaled 307,086\$50 escudos. In January, 1946, a local sale of German property at public auction realized the sum of 978,471\$00. A stock of aviation gas, formerly belonging to the German civil air transport company, Lufthansa, was sold to the Portuguese Government for 107,882\$75 and an additional 2,460\$00 was realized from the sale of automotive gasoline found in the German Legation. The further sum of 147,423\$70 was realized from the sale of miscellaneous German property not disposed of at the public auction sale. The grand total of receipts for the property sold in Lisbon was 1,543,323\$95 which sum was deposited in the joint Allied account. To this was subsequently added the sum of 150,000\$00 representing part of the proceeds derived from a public auction of German official property in Oporto held by the Allied consular representatives in that city. This sale netted a total of 202,000\$00, and the balance of 52,000\$00 was held in Oporto for current expenses in connection with the administration of the German School building.

The Allied consular officers at Oporto have been instructed to keep complete accounts of their receipts and disbursement of official German funds, and such accounts, together with any report that may be prepared by them on their administration of official German property in that city, will eventually be submitted to the three Governments as a supplement to the present report.

In Lisbon

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In Lisbon all official German property has been disposed of with the exception of the real property and furnishings of the German Legation, the contents of the former German libraries in Portugal consisting of some 20,000 books, and large collections of recordings, mostly of German classical music, and of propaganda films. The French and British Governments desire to acquire certain of the books and one private American institution, The Hoover Library of Leland Stanford University, California, wishes to purchase a portion of the propaganda materials. A distribution of these items at nominal prices will shortly be effected among the interested parties, and it is planned to sell the balance of the material locally.

X.

GERMAN LEGATION PREMISES

With the exception of the German School in Oporto and the German Club in Lisbon, the only property owned outright by the German Government was the German Legation building and grounds in Lisbon, which, for the period from June, 1945 to May, 1947, were under the control and administration of the Committee which exercised full responsibility for their upkeep and maintenance. From the first, the United States Government has been interested in acquiring this property for official purposes but due to complications and delays in the formulation of a satisfactory procedure for the allocation of German diplomatic properties abroad, it has not been possible for the United States Government to acquire title thereto. Similarly, the French Government has been interested in acquiring the German School in Oporto.

In April, 1946, it was agreed by the Allied Powers concerned that the Inter-Allied Reparations Agency at Brussels should act as the medium for the definitive distribution of German diplomatic and consular properties in neutral countries, which were regarded as subject to reparations under IARA control. Acting on instructions of Dept. of State, the American Embassy forwarded to Brussels on May 20, 1946 a complete inventory of the German diplomatic property in Lisbon for Minister Russell H. Dorr, American delegate to the IARA. In this inventory the estimated value of the property was given as \$80,000 U.S. currency, which figure was based on the price originally paid for it by the Germans in 1927.

In anticipation of the IARA's approval of an allocation procedure, the Embassy obtained the agreement of the British and French Missions in Lisbon to the figure of 6,375,000 escudos (approximately \$275,000 U.S. currency) for the German Legation grounds, buildings and contents as representing a fair valuation of the property at the present time. This figure of \$275,000 has been approved by the British Government and

accepted

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accepted by the French Government, which have been informed of it by their respective Missions in Lisbon. The Department of State's approval of this figure was received by the American Embassy early in January, 1947.

This amount was arrived at by averaging estimates of the property's value submitted after a survey by building contractors attached to the French and British Missions, it having developed that these Missions were unwilling to accept the figure of \$80,000 U.S. currency previously mentioned as a fair valuation in view of the appreciation of real estate values in Lisbon during the past twenty years. After considerable delay, the following procedure for the disposition of German diplomatic properties in neutral countries was agreed to by the Department of State with the approval of the British Government:

1) A resolution would be introduced into IARA providing that when a German diplomatic or consular property is acquired by an IARA member, that member can charge the cost against its reparation share.

2) The U.S., British and French Missions in a country where diplomatic property is available for disposition would circularize the IARA Secretariat advising that property is available, giving upset price (or, as in the case of the German Legation at Lisbon, stating the fact that a bid has been received meeting upset price without revealing the identity of the bidder). The IARA Secretariat would advise IARA countries of the availability of such property and allow one month for bids to be received.

3) U.S., British and French Missions in countries where property is available would notify non-IARA United Nations of the availability of such property, requesting bids within a limited period and statement of currency in which payment would be made.

Under this proposal the properties would be disposed of to the highest bidder with the respective amounts being charged to the shares of the corresponding countries in German reparations. The bids would, however, have to meet a minimum or "upset" price agreed upon by the local American, British and French Missions. The bid of \$275,000 U.S. currency submitted by the U.S. in the case of the German Legation property in Lisbon meets this condition, and so far as is known the U. S. is the only Allied country interested in the property. Subsequent to the communication of the acquisition proposal to Mr. Dorr at Brussels, the American Embassy at Paris reported on February 22, 1947 that the French were not disposed to go along with the U.S.-U.K. proposal and had expressed the view that the matter was outside the competence of the IARA and that German official properties abroad should be sold under tripartite supervision at public auction open to all bidders, public entities or private individuals. Subsequently, the French Government

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modified its position to the extent that it agreed that the disposition of the German Legation property in Lisbon need not be made by public auction but that it could be sold to the United States Government by joint agreement of the British, French and United States Governments, without admitting, however, that the IARA had any jurisdiction in the matter.

As the matter stands at present, therefore, action to acquire the German Legation property is awaiting the overcoming of the French objections to the submission of the proposed allocation procedure to the IARA, the approval of the procedure by the IARA, and the receipt of appropriate instructions from that agency and from the Department of State regarding the specific steps to be taken in Lisbon for the acquisition of the property.

Pending a decision as to the disposition to be made of the property, it has been administered under local Allied control at an average monthly expense of 15 to 20 contos which represents the cost of paying the salaries of a small custodial staff, utility expenses and necessary maintenance and repair work. On June 1, 1947, the responsibility for the maintenance of the German Legation was turned over by the Committee to the Safehaven officers of the British, French and American Missions in Lisbon.

XI.

UTILIZATION OF OFFICIAL GERMAN FUNDS
AND ACCOUNTING PROCEDURE

In telegram No. 1053 dated June 30, 1945 from the Department of State, the American Embassy was instructed that pending further specific authorizations, the official German funds should be used only to conserve and manage the property belonging to the former German Government and only for expenditures considered absolutely essential. The British Embassy and the French Legation concurred in this limitation imposed upon the use of the funds.

There is given in Annex B, under "Expenditures," a recapitulation of the payments made from German official funds for the period June 29, 1945 through May 31, 1947. The items numbered 1 through 9, inclusive, totalling 1,139,625.05 escudos were expended in connection with the conservation and administration of German official property. They include expenditures for providing guard details for the German premises; examination of archives and inventory expenses; transport and storage of property; auto storage, towage and repair charges; rentals, utility and repair costs of German leased premises; salaries of custodial staff at German Legation; cost of utilities, maintenance and repair of German Legation; and the personal transportation of Allied personnel on German business. In connection with Item No. 6 entitled "Leased Premises, Rentals, Utility

and Repair

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and Repair Costs," the Department of State in a telegram No. 1011 dated June 25, 1945, specifically authorized the use of official funds for repairs, cartage, hire of movers, maintenance expenses, and the payment of rental charges over a short period while the Allies were in occupation of the German leased premises in Lisbon. This authorization was approved by the French Legation and the British Embassy.

Item No. 10 under "Expenditures" requires some explanation. This shows a total payment of 67,671\$55 escudos during the period under review for hospital bills and miscellaneous expenses of Kurt Adlich, a German naval rating who was included in a German-British prisoner-of-war exchange. On July 31, 1945, the Committee approved the payment from official German funds of sanatorium fees and miscellaneous expenses of Kurt Adlich who was hospitalized locally with tuberculosis. This action was based on the fact that Adlich was included in an exchange of prisoners of war and that the Germans had carried out their obligation by releasing a British seaman of the same rank. The British Government stated its opinion that these expenditures were a proper charge on the German official funds, and this view was concurred in by the French and American Missions. Accordingly, the payment of Adlich's sanatorium bills and miscellaneous expenses continued to be made from German official funds through May, 1947 when he was released from the hospital and repatriated to Germany at the Committee's expense in accordance with an undertaking signed by him at the beginning that he would consent to be repatriated as soon as he was well enough to travel.

Item No. 11 consists of 400,698\$40 escudos expended in the repatriation of German officials and agents and includes the cost of investigations carried out with a view to locating individuals wanted for repatriation. From the first, the three Missions considered that authority to provide transportation to Germany from official German funds for any persons on the Allied repatriation list without financial means was implicit in the instructions they had received concerning the repatriation of German officials and agents. Specific authority in this sense was received by the American Embassy in telegram No. 1322 from the Department of State dated November 26, 1945, which sanctioned the use of German official funds, if necessary, in effecting the repatriation of Germans.

Item No. 12 amounting to 128,989\$40 escudos was expended by the British Passport Control Office in performing quasi-consular functions for Germans. The plans of the Allied Control Commission for the control of German residents abroad contemplated the early establishment of Interim Offices for German Affairs which would perform consular functions for German nationals, handle the issuance of passports and travel permits, and exercise general control over German communities abroad. However, these plans did not materialize, and it was

considered

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considered necessary in the Allied interest to perform some of these functions with a view to retaining some measure of control over the activities of the German community in Portugal. These functions were assumed, on behalf of the Committee, by the British Passport Control Office, which was therefore required to incur considerable expense outside the scope of its normal operations, such as payments for the services of two additional secretaries and extra postal, telegraphic and transportation expenses. In the Committee's opinion, the degree of control which the Committee was able to exercise over local Germans by performing these functions, particularly in the matter of travel permits, amply justified the relatively small amount expended for this purpose.

Item 13 shows an expenditure of 262,870\$00 escudos for legal services and for the settlement of a claim. Of this amount, 250,000\$00 escudos corresponds to the settlement of the claim brought against the Committee by the proprietor of the former German Legation Chancery premises, the circumstances of which have been fully described in Chapter VIII. The balance of this item was expended for legal services in connection with the settlement of this claim.

Under Miscellaneous Expenses, (Item 14), total 22,336\$00 escudos, there is included an item of 21,000 escudos representing personal funds belonging to a local German national found in the German Legation which were returned to him upon his presentation of satisfactory proof of ownership.

Total expenditures from German official funds over the period June 29, 1945 through May 31, 1947, amounted to 2,022,190\$40 escudos. On June 19, 1947, a check for 7,151,518\$50 escudos was handed to the Safehaven officers of the Allied Missions, who from that date assumed responsibility for the administration and disposition of the German official funds hitherto in the custody of the Committee. An additional 6,991\$95 escudos representing cash on hand for operating expenses as of May 31, 1947 was also turned over to the custody of the Safehaven officers. In as much as the Safehaven officers did not feel empowered to continue the payments to the British Passport Control Office to cover the expenses of its work in handling German affairs, the sum of 50,000\$00 escudos was retained by the Committee for expenditure in this connection.

Detailed accounts of receipts and expenditures of official German funds were kept by Mr. Wheeler and later by Mr. Gomez, of the American Embassy, for the period June 29, 1945 through May 31, 1947. These accounts were submitted in a format approximate in so far as possible the accounting requirements of the three Governments concerned. In addition to a balance sheet for each month, they comprise monthly schedules covering the joint bank account, cash account, disbursements and receipts.

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receipts. Copies of these accounts have been furnished to the three Missions for submission to their Governments. Receipts covering all disbursements made are on file in the American Embassy.

XII.

GERMAN OFFICIAL PROPERTY
IN PORTUGUESE COLONIES AND ISLAND POSSESSIONS

Upon the receipt on June 6, 1945 of the assent of the Portuguese Government to the delivery of all official German establishments and property in metropolitan and colonial Portuguese territories, a circular telegram was sent to the British, French and American consular representatives in the island possessions of the Azores and Madeira and in the Portuguese colonies instructing them to take over all official German property and archives. They were further instructed to make proper inventories of all property received, to safeguard the archives, and to deposit any funds received in a joint Allied account. Necessary expenses incurred in taking over and maintaining German properties and archives were authorized to be paid from such funds. Authority was also given to the consular officers to dispose of any property which it was considered impracticable or undesirable to store subject to the depositing of the proceeds in a joint Allied account.

Reports subsequently received from the Consular officers in the Portuguese island possessions and colonies reveal that only in the colony of Mozambique was there any considerable amount of German official property taken over. The American Consulate General at Lourenço Marques has reported that as of January 10, 1946 the American, French and British consular representatives in that city had joint custody of 654,647\$81 in official German funds. This sum represented the funds taken over from the former German Consulate General at Lourenço Marques and those transferred from the former German Consulates at Beira, Pebane and Porto Amelia as well as the proceeds of an auction sale of German property held in Lourenço Marques from which the sum of 135,062\$00 was realized. The Consulate General also reported that the archives of the three former German Consulates mentioned had been transferred to the British Consulate General at Lourenço Marques and that the archives of the former German Consulate General in that city were being held jointly by the British and American consular representatives there.

The office equipment, archives and other property of the former German Consulate at Luanda, Angola, together with a small amount of cash were delivered to the custody of the three Allied consular representatives by the local colonial authorities, according to a telegram dated June 21, 1945 from the American Consulate in that city. The funds transferred amounted to the equivalent

of

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of \$130 U.S. currency and were entirely expended in defraying the cost of moving the office equipment and furniture to storage in the warehouse of a local British firm.

In other Portuguese territories there were either no German official establishments or no property of value was found in the existing offices. Thus, in a despatch dated January 9, 1946, the American Consulate General at Bombay reported there was no German Consulate or other official property in the Portuguese possessions in India. Similar reports dated June 28, and September 11, 1945, respectively, were received from the American Consuls at Horta and Ponta Delgada in the Azores. From Madeira the American Consul reported on June 16, 1945 that the German Consulate there had been turned over to the three Allied consular representatives but that no official funds or items of value had been found with the exception of cipher material which was subsequently sent to Lisbon. Similarly, no items of value were found in the former German Consulate at Sao Vicente, Cape Verde Islands, according to the British Consulate there which, on July 22, 1945, was instructed by the British Embassy in Lisbon to ship the German archives to the Portuguese capital.

Except for the relaying of instructions received from their respective Governments concerning the custody and disposition of German official property and archives, the three Allied Missions in Lisbon assumed no responsibility in connection with such property outside continental Portugal. The various Allied consular representatives in the Portuguese island possessions and colonies who were called upon by the terms of these instructions to take over official German property reported directly to the three Governments concerning their action in taking custody of German properties, furnishing proper inventories and accountings for funds received as accompaniments to such reports.

REPORT SUBMITTED BY:

for American Embassy: William Barnes
William Barnes

for British Embassy: R. W. Hooper
Robin W. Hooper

for the French Legation: Gerald Priestley
Gerald Priestley

Lisbon, Portugal
May 27, 1948

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I CONTINENTAL PORTUGAL

Lisbon

German Legation and Chancery,
Rua Pau de Bandeira 9.

German Consulate,
Rua Joaquim Antonio Aguiar, 19.

Legation Press Section,
Rua Castilho, 35.

German Propaganda Office,
Rua Buenos Aires, 25-27.

German Service Attaches' Office,
Predio da Rua de S. Domingos a Lapa 25.

German State Railway Office,
Rua Garrett, 2-6.

D.N.B. Office,
Rua dos Sapateiros, 159, 30.

German Cultural Institute,
Rua do Quelhas 28-30.

German Hospital and School,
Estrada de Bemfica, 69.

German Club,
Rua do Passadico, 86.

Coimbra

German Cultural Institute,
Rua Fernandes Tomas, Couraca da Estrela.

Oporto

German Consulate

German Cultural Center

German School

D.N.B. Offices

Braga

German Cultural Institute

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Porto

German Consulate

II PORTUGUESE COLONIES

Cape Verde Islands

German Consulate,
Sao Vicente

Angola

German Consulate,
Luanda

Mozambique

German Consulate General,
Lourenco Marques

German Consulates at
Beira, Pebane and Porto Amelia

III ISLAND POSSESSIONS

Madeira

German Consulate,
Funchal

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ANNEX B

**GERMAN OFFICIAL FUNDS
 RECAPITULATION OF RECEIPTS AND EXPENDITURES
 June 1, 1945 - May 31, 1947**

	Portuguese Escudos	Portuguese Escudos
RECEIPTS		
Initial deposit of German official funds in Bank of London and South America, Ltd.	1,171,408.25	
Additional deposit on recount of cash	100.00	
Cash on hand retained for operating expenses	30,000.00	
Additional German official funds found on German premises, Lisbon, and received from German Consulate at Portimao	235,868.65	
Escudos received from Allied Missions, Madrid	100,000.00	
Sale of gasoline	110,342.75	
Sale of furnishings, office equipment and supplies and other miscellaneous German official property	1,125,894.70	
Sale of automobiles	307,086.50	
Received from Allied consular officers at Oporto, representing partial proceeds of sale of official German property in that city	150,000.00	
Total	9,230,700.85	
EXPENDITURES		
Expenditures from German official funds as indicated below:		
1) Guard details for German premises (Salaries, subsistence, allowances, transportation and misc.)		173,327.75
2) Examination of Archives		29,100.00
3) Inventory expense		21,499.00
4) Transport and storage of property		390,510.85
5) Auto storage, towage and repair charges		15,238.55
6) Leased Premises-rentals, utility and repair costs		190,181.85
7) German Legation-Salaries custodial staff		148,830.00
8) German Legation-cost of utilities, maintenance and repairs		162,906.05
9) Personal transportation of Allied Mission personnel on German business		8,031.00
10) Hospital bills and miscellaneous expense of Kurt Adlich, German naval rating, included in POW exchange		67,671.55
11) Cost of repatriating German officials and agents and of locating individuals for repatriation		400,698.40
12) Expenses of British Passport Control Office in performing quasi-consular functions for Germans		128,989.40
13) Cost of legal services and settlement of claims		262,870.00
14) Miscellaneous		22,336.00
Total Expenditures		2,022,190.40
Transferred to Safehaven officers of Allied Missions, Lisbon, June 11, 1947		7,151,518.50
Balance in cash fund for operating expenses May 31, 1947, transferred to Safehaven officers		6,991.95
Balance retained by Committee to cover expenses of British Passport Control Office in handling German matters		50,000.00
Total		9,230,700.85

SUPPLEMENT TO ANNEX B

GERMAN OFFICIAL FUNDS RECEIVED
IN OTHER THAN PORTUGUESE CURRENCY

<u>Currency</u>	<u>Amounts</u>
Sterling:	
Gold Sovereigns	5,000.00
Bank Notes	2,500.00
Argentine Pesos	35.00
Brazilian Milreis	1,310.00
Swiss Francs	1,200.00
French Francs*	29,738.60
Reichsmarks	530.00
U.S. Dollars:	
Found in German Legation	223.50
Turned over by Friedrich Moelhausen, German agent	14,000.00
Turned over by Van Borch, German agent	<u>1,000.00</u>
	15,223.50
Spanish Pesetas:	
Found in German Legation	533,218.90
Turned over by Moelhausen	<u>667,000.00</u>
	1,200,218.90
Additional sum turned over by Moelhausen	13,172.00

* Also found were two I.O.U.'s from Ribeiro & Lopes, Lda., Rua Aurea 105, Lisbon, exchange dealers, one for 6,000,000 French francs and the other for 2,700,000 Moroccan francs.

** Remitted to Allied Missions, Madrid

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