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# HQ US FORCES EUROPEAN THEATER

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TO  
TO

COMMANDING GENERAL OFFICE OF MILITARY GOVERNMENT  
FOR GERMANY FOR DICEA FOR MISTER R.A. NIXON,  
ACTING DIRECTOR.

FROM

: UNITED STATES FORCES EUROPEAN THEATER MAIN  
SIGNED MCHARNEY

REF NO

: S-33373

CITE : ETGEC

T00: 301700A

Subject : Preliminary survey of the War-Time activities of the Bank for International Settlements.

1. A significant by product of the gold studies, conducted by DONALD W. CURTIS AND WILLIAM V. DUNKEL of the External Assets Census Branch, was the repeatedly encountered evidence of the Reichsbank's remarkably close and solicitous relationship with the bank for International settlements throughout the war, which raised strong suspicion of still unrevealed war-time advantages accruing to the Reichsbank and to the German Reich in general from their relationship with the B.I.S.

2. Preliminary investigations in GERMANY have revealed some of the war-time activities of the B.I.S. which were of obvious advantage to the Germans and probably explain their concern for its continuance and welfare. This evidence from German sources is sufficient to raise serious question as to the legitimacy of much of the war-time business of the B.I.S. and to warrant further investigation of the following specific charges.

A. Acceptance of looted gold

3. Substantial quantities of gold looted by GERMANY from various occupied countries were accepted by the B.I.S. either after processing of such gold in BERLIN by the Reichsbank or, in one case, by direct delivery from the country from which it was looted. The most notorious case is that of the Belgian gold, a part of which according to testimony of former Reichsbank Vice President PUHL was accepted by the B.I.S. after ~~WAXMANN~~ and other officials of that bank had been fully informed that it was Belgian gold for which payment offered by the

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Reichsbank had not been accepted. The Germans used this gold and the B.I.S. accepted it on the basis of the fungible theory of the German Lawyers which assumed that the Belgians could be repaid with other gold of equivalent amount; but PUHL has also testified that the B.I.S. officials not only failed to place in Escrow any equivalent amount of gold to protect themselves against this contingent liability but also made no effort to ascertain whether or not the Germans had sufficient non-looted gold to meet this liability at some later date.

4. The B.I.S. continued to accept this gold while President MCKITTRICK and WEBBER, as chairman of the administrative council, were fully aware that German gold shipments to SWITZERLAND during the war had far exceeded the Reichsbank's published reserves of legitimately acquired gold; The records show that such shipments to the Swiss National Bank during the period from March 1940 to the end of the war alone totalled 378,000,000 dollars worth of gold, compared with the Reichsbank's published gold reserves of 29,000,000.

5. In September 1944, when the Germans were confiscating the Italian gold in Northern ITALY, the B.I.S. arranged with the Reichsbank to have a part of this gold delivered directly to them in payment of Italian obligations to them.

B. Contrasting Disposition of Gold of Occupied Countries in B.I.S. Custody.

6. Within 3 days after the occupation of PRAGUE the B.I.S. is known to have acceded to the instructions of the German dominated Czech bank to transfer their gold deposited with the B.I.S. to the account of the German Reichsbank; PUHL testifies that no significant objections to this transaction were made in the B.I.S.

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REF NO : S-33373 30 Nov 45 (CONTINUED)

7. By contrast, in July 1940 when the Central banks of LITHUANIA, ESTHONIA, and LATVIA in a similar fashion ordered delivery of the gold in their B.I.S. accounts to the Russian State bank whom they declared to have purchased it, the B.I.S. refused to recognize these instructions. This action was based upon legal opinion which concluded that: "These orders apparently did not result from the free will of the 3 banks, but have presumably been influenced by the will of the Soviet Russian Government or of the political party controlling the latter."

### C. Assistance of Reichsbank in Salvaging its Assets Threatened by Blocking in Neutral Countries.

8. FUHL has explained in some detail how the facilities of the B.I.S. were used to withdraw Reichsbank assets from various neutral countries just prior to blocking in those countries, by book transfer of balances in the B.I.S., and that the B.I.S. in many cases was the party with whom the Germans were able to dispose of the balances so withdrawn.

### D. Domination of B.I.S. Management by the Axis Powers.

9. It is clear both from correspondence and testimony that the management of the B.I.S. during the war was "In the hands of the Administrative Council, in which the Axis representatives have an authoritative influence", and that in 1941 the Germans favored the reelection of President MCKITTRICK whose "Personal opinions" they characterized as quote "safely known."

### E. Continued Payment of B.I.S. Dividends to Occupied Countries in the Face of Certain Confiscation by the Germans.

1. The Reichsbank's sacrifice of foreign exchange and gold during the war for continuation of interest payments and for some repayment of principle on B.I.S. continues throughout the war to declare dividends and to deliver such dividend payments to the various occupied countries where, of course, the

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REF NO. : S-33373 30 Nov 45 (CONTINUED)

were subjected to German foreign exchange control. This combination of transactions helped to keep up the presumption that the German investments of the B.I.S. were not frozen, but the actual sacrifice of the Reichsbank was less than would appear on the surface, insofar as the gold given up to the B.I.S. was partly off-set by the dividends indirectly acquired in Swiss France.

F. Provision of Financial Intelligence to the Reichsbank.

11. PUHL testifies that the B.I.S. was of great value to the Reichsbank during the war as an "Open window to financial information about the outside world"; among other things he says:

a. That MCKITTRICK, on his return from the UNITED STATES in 1943, reported to him directly on the "General picture of the current opinions and the financial problems in the UNITED STATES."

b. That while "The Currie mission was in the beginning of February. We got information about the Currie mission in late December or the beginning of January."

G. Remarks and Recommendations.

12. Inasmuch as the above listed charges are the basis for any further investigation, it is felt that they should not yet be publicized.

13. It is to be reiterated that tracing of the Belgian and other looted gold accepted by the B.I.S. from the Reichsbank is dependent upon access to the Swiss National bank's records concerning the Reichsbank's gold depot which was maintained there and through which nearly all these gold shipments were washed.

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ORIGINATOR : MILITARY GOVERNMENT (OF GERM)

REPORTING : SGS  
SGS MURPHY  
AG RECORDS

AUTHORIZATION: C.L. ARCOCK  
MAJ. GEN.

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