

## I. Introduction

Gold, silver, platinum, precious stones, pearls, and other valuables enumerated in the *Order of the Reich Protector regarding Jewish Property of June 21, 1939* represented assets liable to unrestricted expropriation from Jewish individuals and legal entities. Such expropriation based on racial criteria was carried out on the territory of the Protectorate of Bohemia and Moravia in the years 1939-1945. The persecution process of restricting ownership rights of Jewish individuals and entities, as well as the subsequent expropriation of valuables owned by Jews was executed on the basis of complex and often overlapping laws and regulations which, in addition, allowed ambiguous interpretation. The various institutions involved in the expropriation process - its administration, supervision, and practical execution - often employed the same individuals. These institutions were complex and subject to constant change (both on the level of the German Reich and the Protectorate). Each of them was equipped with special powers. However, the extent and content of such powers varied in individual time periods of the existence of the Protectorate Bohemia and Moravia, and the respective institutions sometimes engaged in competence disputes.

It is important to state that confiscations, forced sales and subsequent transfers of gold, silver, platinum, and other valuables were carried out separately from the confiscations of the gold belonging to the pre-war Czechoslovak state and/or to the Czechoslovak National Bank (i.e. the central bank of issue of the Czechoslovak Republic).

Given the total volume of the so called Aryanized property, the value of precious metals, precious stones, and valuables made of such materials certainly represented only a small fraction. Nevertheless, they were important for the German war economy: they served as an irreplaceable means of payment in foreign trade with the neutral states and permitted Germany to purchase various strategically important raw materials. The above named materials were also used in industry, medical applications, etc., and served as bank reserves.

The process of curtailing Jewish property rights and other proprietary rights and the subsequent illegal confiscations of the aforementioned assets occurred in several stages. These stages can be delimited as follows:

Stage 1: March 15, 1939 - January 29, 1940. Verification of the extent of Jewish property; restrictions of disposal rights; first confiscations carried out by the Gestapo.

Stage 2: January 29, 1940 - October 12, 1941. Forced deposits in exchange banks of the above mentioned assets; subsequent forced sales of the deposits under conspicuously disadvantageous conditions. Concurrently, further confiscations were carried out by the Gestapo.

Stage 3: October 12, 1941 - war's end. Forfeiture of Jewish property in favor of the German Reich (carried out in connection with the mass deportations of the Jewish population to concentration camps). During the initial period of this stage culminated the process of expropriation of the above mentioned category of Jewish assets.

**Jewish Gold and other Precious Metals, Precious Stones, and Objects made of such  
Materials - Situation in the Czech Lands in the Years 1939 to 1945**

Unlawful Infringement of Property Rights and its Scope; Subsequent Fate of the Jewish  
Assets affected by this Infringement

Report by a Team of Experts Created by the Joint Task Force based on Decision No. 773  
of the Czech Government of November 25, 1998.

**Prague, September 1999**

The distinctive features of the individual stages and the state of the surviving and/or accessible sources available to the team of experts have conditioned the following structure of the present report:

- I. Introduction
- II. Legal and Institutional Framework
- III. The Role of the Protectorate Bank of Issue in the Process of Dispositions of Jewish Gold, Platinum, and Silver
- IV. Sales of Illegally Seized Gold, Platinum, Silver, and Precious Stones on the Internal Markets (Protectorate, German Reich) and Abroad
  - 1) Internal Markets (Protectorate German Reich)
  - 2) Foreign Markets
- V. Scope of the Illegally Seized Assets Consisting of Gold, Platinum, and Precious Stones (Reconstruction)
- VI. Fate of the Jewish-owned Gold Purchased by the Protectorate Bank of Issue; Post-War Fate of Jewish Movable assets unsold by the Germans until the End of World War II
- VII. Summary

A thorough reconstruction of the legal and institutional framework was a necessary prerequisite for the actual analysis of the process which led to restrictions of Jewish ownership rights and expropriations of the above mentioned category of Jewish assets. Subsequently, the authors of the present study evaluated the role played by various specialized branches of the Protectorate administration in handling the assets seized from Jews (i.e. sales of the assets to prospective buyers and appropriation of the proceeds by the German Reich). The lowest link in the sales procedure were several privileged private entrepreneurs.

Another objective of the present study was to establish the total volume of the seized Jewish assets consisting of gold, silver, platinum, precious stones, pearls and objects made of such materials. Intentionally, we refer only to quantities expressed, whenever possible, by weight rather than by their money value which varied due to many factors.

Finally, we provide an insight into the previously unexplored subject of assets consisting of gold, silver, platinum, and precious stones unsold by the German institutions until the end of the

war; we also provide new information regarding the fate of the monetary gold reserves held by the National Bank for Bohemia and Moravia where a certain portion of the impounded Jewish gold was deposited.

## II. Legal and Institutional Framework

### II.1. General principals implemented in our evaluation of the illegal interventions in Jewish property rights undertaken in the years 1939-1945 with respect to gold and other precious metals, precious stones and valuables made of such materials.

The evaluation of any legal issues involving the problem area of World War II necessarily reflect the following basic legal facts:

1. After the proclamation of the formally independent Slovak state and the simultaneous military occupation of the truncated Czech Lands which resulted in the creation of the Protectorate Bohemia and Moravia (March 14 - 16, 1939), the entire territory of the pre-Munich Czechoslovak Republic came, in one way or another, under the direct or indirect administration of the neighboring countries: Germany (areas separated after Munich), Poland (the region of Těšín/Cieszyn and certain areas in Northern Slovakia), and Hungary (territory ceded after the so called Viennese Arbitration). Each of these parts of Czechoslovakia experienced a different legal development during World War II.
2. According to the Czechoslovak judicial opinion, the Czechoslovak state did not cease to exist after the conclusion of the Munich Agreement or the developments of March 14-16, 1939. A factual expression of the uninterrupted legal existence of the Czechoslovak Republic became the so called Provisional Government System established in London. The Provisional Government System was represented by the Czechoslovak President Dr. Edvard Beneš, and further by the Czechoslovak exile government, and the government's advisory body, the State Council. In the years 1940-1943, this fact was gradually accepted by all important allied states who de jure recognized the exile government of Czechoslovakia and Mr. Edvard Beneš as the Czechoslovak president.
3. Through its exile organs (and, after World War II, also through its government and its provisional National Assembly), the Czechoslovak state declared the period between September 30, 1938 and May 4, 1945 to be a time of dependance. Any laws enacted during this time (with certain precisely specified exceptions which did not effect confiscations and other ways of illegal expropriation) were not included in the Czechoslovak legal system. For this reason, any laws and regulations enacted by the government of the Second Republic (1938-1939) headed by its Prime Minister Rudolf Beran or by the successive governments of the Protectorate or the Slovak Republic (1939-1945), as well as any laws and regulations enacted by the German Reich or the German administration in the Protectorate of Bohemia and Moravia are, in view of the Czechoslovak law, invalid. We refer to such laws and regulations only as to certain realities which, under the specific historical situation existing during World War II, authorized the persecution of the Jewish population on the territory of Pre-Munich Czechoslovakia and provided a normative basis for the violation of property rights perpetrated for the benefit of the German Reich. The persecution of the Jewish population in the Protectorate of Bohemia and Moravia (the situation existing in the regions separated from Czechoslovakia after the conclusion of the Munich agreement is described below; the Slovak State is mentioned only with respect to trade relations between the war-time Slovak State and the Protectorate of Bohemia and Moravia) was based upon certain Czechoslovak laws and regulations issued during the time of the so called Second Republic, i.e. before March 15, 1939, regulations issued by the Protectorate government after March 15, 1939 as well as the laws and regulations of the German Reich. However, the validity of the individual laws and regulations was derived from the *Decree of the Führer and Reich Chancellor creating the Protectorate Bohemia and Moravia* of

March 16, 1939 and from Hitler's *Order of the Statute Law in the Protectorate* of June 7, 1939.<sup>1</sup> Therefore, there is no doubt that the laws of the German Reich had precedence over laws of the Protectorate: the Reich Protector was authorized to issue orders and could affect the validity of Protectorate laws, alter them or rescind them. In many cases, the laws and regulations of the German Reich were applied directly on the territory of the Protectorate of Bohemia and Moravia. In the same light appears the position of the "autonomous" Protectorate organs vis-a-vis the Reich authorities since the entire administration of the formally autonomous Protectorate Bohemia and Moravia was perforce derived from the needs of Nazi Germany in the sense of "assuming the protective role by the German Reich". While accomplishing their administrative tasks, all Protectorate authorities had to obey the instructions of the German occupation administration which had a binding character.

4. The key significance in view of the purpose of the present report has the legal categorization and the status of the population of the Protectorate of Bohemia and Moravia. In fact, the following categories of citizens existed in the Protectorate: Reich citizens; Protectorate citizens; Protectorate citizens subject to special racial regulations. The racial regulations resulting in restrictions of property rights and illegal expropriations applied to individuals as well as legal entities. Speaking of individuals, it becomes necessary to explain who was affected by the racial legislation introduced in the protectorate of Bohemia and Moravia. The first Protectorate regulation specifying who was to be considered Jewish was the *Order of the Reich Protector regarding Jewish Property of June 21, 1939*. This Order was based on the concept introduced by the Nuremberg Laws (i.e. *Law of the Reich Flag, Law of the Reich Citizenship, and the Law of the Protection of German Blood and German Honor*, Reichsgesetzblatt ["Imperial Gazette" - "RGBl", I. 1935]). According to Section 6 of the aforementioned Order, every descendent of at least three fully Jewish grandparents was deemed to be a Jew. Fully Jewish was considered, without any other presumption, every grandparent who had belonged or still belonged to the Jewish religious community. Under the aforesaid Order, the so called Jewish half-breds - descendants of two fully Jewish grandparents - were considered Jewish if they had been members of the Jewish religious community as of September 15, 1935 or became members of such a community after the above specified date; those who were married to a Jew as of September 15, 1935 or entered into matrimony with a Jew after the above specified date; further those who were born in Jewish wedlock entered after September 15, 1935; and finally those who were born out of wedlock after July 31, 1936 and "came from an extramarital connection with a Jew".

With respect to legal entities, Section 7 of the *Order regarding Jewish property* defined the notion of a Jewish firm as follows: a firm was considered Jewish if its owner was a Jew in the sense of the aforementioned Section 6. Public trading partnerships or limited partnership companies were considered Jewish if one or several personally liable partners were Jewish. Other legal entities were considered Jewish

a) if one or several individuals authorized by law to represent a firm or one or several members of its board of directors or board of trustees were Jewish;

b) if any Jewish individuals had the controlling interest in the given firm due to their capital share or voting right. The presumption of the controlling interest based on capital share was confirmed if more than one quarter of the capital belonged to Jewish subjects; the presumption of the controlling interest according to the voting right was confirmed whenever the Jewish votes reached at least one half of the total number of votes.

However, the Order provided the possibility to declare Jewish any legal entity which was "effectively under the decisive influence of Jews". The same rules applied to Jewish associations of individuals or legal entities.

Similar definitions contained the *Order of the Protectorate Government No. 136/1940 Sb. z. a n. [Collection of Laws and Regulations]* of June 4, 1940 regarding the *Legal Status of Jews in the Public Life* and other regulations issued by the Protectorate government. Instrumental for the implementation of illegal interventions in property rights (examined by the present report) was the definition given by the Reich Protector.

5. From the very beginning, the Czechoslovak exile government in London took an active part in the preparation of a joint declaration adopted by the Allies on January 5, 1943 regarding expropriations on the territory occupied or controlled by the enemy.<sup>2</sup> Its signatories including Czechoslovakia reserved the right to pass a decision regarding the validity of any transactions affecting property rights and property transfers on the occupied territories or territories controlled by the enemy inclusive of "seemingly" legal transactions. In addition, the Czechoslovak exile government had already decided on October 17, 1941 to issue its *Government Declaration on Property Transfers effected under the Constraints of Enemy Occupation*.<sup>3</sup> In it, the government declared that it "has never acknowledged and will never acknowledge any transfers or disposal of funds and properties concluded after September 27, 1938 under the constraints of enemy occupation or under exceptional political circumstances. It was insignificant whether the respective property was transferred to citizens of Czechoslovakia or citizens of foreign states or whether it had belonged to the central or local governments or private subjects. Such disposals of property, including "seemingly voluntary" transfers, were declared null and void; the government reserved the right to stipulate "more specific conditions governing redress and/or modification of legal claims". This principle also applied, beyond any doubt, to all forms of illegal expropriations and disposals of Jewish property on the territory of Pre-Munich Czechoslovakia. Article 6 of the *Constitutional Decree of the President of the Republic No. 11/1994 (Official Czechoslovak Gazette) regarding the Renewal of Legal Order* of August 3, 1944 stipulated the principle that any court decision and/or decision passed by any organs of public administration during the time of dependence could be abrogated or altered upon the parties' motion whenever the laws and regulations on which such decisions were based were in breach of the democratic principles of the Czechoslovak Constitution or had a purpose prohibited by the Czechoslovak law. Article 12 of the said Constitutional Decree enacted the so called 'exception of special regulations' to ensure "reparation of damages ensued due to exceptional conditions"; the 'exception of special regulations' also applied to cases precluding reversion. This concept was based on the *Decree of the President of the Republic regarding the Nullity of certain Transactions affecting Property Rights concluded at the Time of Dependence enacting National Administration of Property belonging to Germans, Hungarians, Traitors, Collaborators and certain Organizations and Institutions No. 5/1965 Sb. of May 19, 1945* and the *Decree of the President of the Republic regarding Confiscations of Enemy Property and Funds of National Renewal No. 108/1965 Sb. of October 25, 1945*, according to which the funds and properties of the German Reich; of the Hungarian Kingdom; of public corporations; of the German National Socialist Workers' Party (NSDAP); of "other formations, organizations, enterprises, institutions, interest groups, funds, and endowments owned by the aforesaid regimes or connected with them; and of other German or Hungarian legal entities"; as well as individuals of German and Hungarian nationality, with the exceptions defined in Article 1 of the latter Decree, became the property of the Czechoslovak state. To resolve the above mentioned issue of illegal property transfers during the time of dependence, the method of assertion of individual restitution claims was adopted. Its principle was applied in the aforementioned presidential *Decree regarding the Nullity of certain Transactions affecting Property Rights concluded in the Time of Dependence introducing National Administration of Property*

*belonging to Germans, Hungarians, Traitors, Collaborators and certain Organizations and Institutions* which, in the year 1946, was replaced by the *Act of Parliament ("National Assembly") No. 128/1946 Sb, of May 16, 1946 regarding the nullity of certain property transfers effected during the time of dependence and other interferences effecting property rights*. The process itself, its actual extent and, in particular, the actual settlement of individual restitution claims is not described in the present report.

## II.2 Legal regulations and institutions of the German and Protectorate administrations connected with the illegal encroachment upon property rights of Jewish subjects with respect to gold, other precious metals, precious stones, and objects made thereof

Soon after March 16, 1939, the German occupation authorities introduced certain regulations to sequester Jewish property and funds. Besides orders issued by the civil administration heads and commanders of German military groups stationed in Bohemia (March 29, 1939) and Moravia (March 20, 1939), these regulations included a circular issued on March 25, 1939 by the **Audit Department of the Protectorate Ministry of Finance**. The circular introduced several measures designed to protect the Protectorate currency; on its basis, the right of access to safety-deposit boxes and depositories maintained by financial institutions was restricted.

The key regulation governing the disposal of Jewish property in the Protectorate was the *Order of the Reich Protector of June 21, 1939 regarding Jewish Property* (Verordnungsblatt des Reichsprotektors in Böhmen und Mähren - "VOBl" - RP, 1939, p. 45); this Order was used to enforce wide-scale confiscations, restrictions of property rights, and unlawful transfers of property. The Order was officially published in the daily newspaper *Der Neue Tag* on June 22, 1939 and superseded the above mentioned measures previously enacted by the civil administration heads in Bohemia and Moravia. Pursuant to Section 5 of the aforesaid Order, Jews, Jewish enterprises and Jewish associations were required to register, by July 31, 1939, with the **National Bank for Bohemia and Moravia**, or with other organizations indicated by the occupation administration, any individually or jointly owned objects made of gold, platinum, silver, precious stones or pearls. Jewish individuals, Jewish enterprises, and Jewish associations were forbidden, as of the effective day of the Order, to acquire, to sell or to pledge such objects without a special permit issued by the **Exchange Department of the Protectorate Ministry of Finance**; this stipulation applied equally to all other jewels or works of art whose value exceeded 10,000.00 Czechoslovak crowns.

In addition, the Reich Protector appointed 'treuhänders' (trustees) to all individual Jewish enterprises; the treuhänders acted upon the Protector's orders and under his supervision. Instrumental for the ensuing confiscations of Jewish property including precious metals and valuables were the provisions contained in Section 10 of the aforementioned Order authorizing "confiscations of property" in cases of acts contrary to the said Order or its implementing provisions (see below). Punishable by law was also any attempted contravention of the Act or its implementing provisions and the property involved could be confiscated even if such acts did not warrant criminal prosecution against the respective person. All the above named provisions came into effect on June 22, 1939. In addition, these provisions applied retroactively, as of March 15, 1939, to immovable property and securities.

The implementation of the *Order of the Reich Protector of June 21, 1939 regarding Jewish Property* was governed by the so called implementing ordinances. Dispositions of precious metals

were regulated by several implementing ordinances: the *Second Implementing Ordinance of the Reich Protector of December 8, 1939 to the Order regarding Jewish Property* (VOBl. RP, 1939, p. 318) stated in Section 5 that as of the effective date of the said implementing ordinance, no objects made of gold, platinum, silver, precious stones or pearls could be sold in auctions. On the contrary, Section 6 gave the specified Protectorate authorities the right to impound such objects, specifically in accordance with the applicable tax regulations and fee schedules, and to dispose of them.

On January 26, 1940, the Reich Protector issued the *Third Implementing Ordinance of the Reich Protector to the Order regarding Jewish Property* (VOBl. RP, 1940, p. 44), regulating the prohibition of sales involving objects made of gold, platinum and silver, and the prohibition to alienate precious stones and pearls. From the date of issue of the above named Ordinance, such effects could only be sold to a specific legal entity entrusted with their liquidation. This legal entity (collection point) became the limited-liability company called **Hadega - (Handelsgesellschaft, Gesellschaft mit beschränkter Haftung Prag)**.

The *Fourth Implementing Ordinance of the Reich Protector of February 7, 1940 to the Order regarding Jewish Property* (VOBl. RP, 1940, p. 45) required all Jewish enterprises to register with the appropriate authorities their entire domestic and foreign operation assets, real estate, stocks and bonds and/or shares in proportionate ownership.

Specific economic persecution was made possible primarily by the *Fifth Implementing Ordinance of the Reich Protector to the Order regarding Jewish Property* (VOBl. RP, 1940, p. 81), of March 2, 1940. According to this Ordinance, Jewish individuals, Jewish enterprises, and Jewish associations (with the exception of foreign nationals) were obliged to deposit gold, platinum, silver, precious stones, and pearls (together with stocks, mine shares, fixed-interest assets, and securities) as a forced deposit in an exchange bank (as specified by the Notice of the Ministry of the Finance No. 160/1939 Sb. of July 8, 1939). The same obligation also applied to "non-Jewish holders" holding the values specified in the *Fifth Implementing Ordinance* (providing that such values were owned or co-owned by Jewish individuals, Jewish enterprises or Jewish associations) as estate administrators, pawnees, custodians or plenipotentiaries.<sup>4</sup> The deadline set to deposit such values was fourteen days from the effective date of the Implementing Ordinance; this deadline was subsequently extended and expired on April 30, 1940. Within the same deadline, authorized persons had the obligation to designate as Jewish any current deposits covered by the provisions of the *Fifth Implementing Ordinance*. The deposits had to be expressly designated as Jewish (consequently, no anonymous deposits were allowed); any release of such deposits had to be authorized by the **Office of the Reich Protector**. The same duty applied to any future acquisitions of the above named items, particularly by inheritance; generally, Jews were excluded from acquiring such items. The deposit of such assets was to be established in form of an open or closed safety-deposit box visibly marked by the letter "N". The creation and maintenance of the deposit was covered by a deposit fee; in case of default payments, the exchange bank could recover the loss incurred by a partial sale of the valuables deposited. Any sale of the above mentioned items was subject to approval by the Reich Protector. According to an interpretation of the *Fifth Implementing Ordinance* prepared by W. Utermöhle and Schmerling "the intended withdrawals will be approved if the owner of the deposit intends to sell the assets deposited".<sup>5</sup> Exceptions from the provisions of the Ordinance could be granted by the Reich Protector, in particular to treuhänders of Jewish firms. **The Office of the Reich Protector** could also grant exceptions from the rule of forced deposit if the assets involved were of "negligible value" and their legal regime was equal to that of items excepted from obligatory forced deposits in accordance with the *Notice of the Reich Protector of March 2, 1940* (see below).<sup>6</sup>

The buy-out of precious metals, jewels, and other valuables representing Jewish property was conducted in the following manner: the owner(s) offered such items, "voluntarily" or under pressure, to the **Hadega** Company. Through **Hadega**, the owner(s) simultaneously applied to the **Office of the Reich Protector** for the above mentioned authorization of the sale. When the sales permit was granted, the **Foreign-Exchange Division of the Office of the Reich Protector** notified the owner(s) of the respective items and the banks where the respective items were deposited for mandatory safekeeping. The hand-over of the valuables from the banks to the **Hadega** Company was, in most cases, duly recorded, and the banks conveyed their hand-over reports to the **Office of the Reich Protector**. After the concluded sale of precious metals or jewels to **Hadega**, the original owners received the sales proceeds less cost incurred by all the institutions involved in the process providing that the amount payable did not exceed 500.00 Protectorate crowns. Amounts exceeding such limit had to be remitted to the sellers' accounts which were maintained as blocked accounts in accordance with the notice of the **Audit Department of the Protectorate Ministry of Finance** of January 23, 1940 as published in the Gazette of the Protectorate Bohemia and Moravia No. 22 of January 27, 1940,

*The Notice of the Reich Protector* of March 2, 1940 (VOBl. RP, 1940, p. 82) governing the implementation of the above mentioned *Fifth Implementing Ordinance of the Reich Protector to the Order regarding Jewish Property* enumerated the following objects exempted from the rule of compulsory deposit: wedding rings belonging to the respective individuals and/or their deceased spouses; silver wrist/pocket watches; used silver cutlery (two four-piece sets consisting of one fork, one knife, one tablespoon and one teaspoon per person); other silver objects not exceeding the weight of 40 grams per object up to a total weight of 200 grams per person; personally used dental replacements made from precious metals.

On September 13, 1940, another *Notice of the Protectorate Ministry of Finance* was issued regulating further implementation details of the provisions of the *Fifth Implementing Ordinance of the Reich Protector regarding Jewish Property*. No later than on October 15, 1940, Jewish individuals, Jewish enterprises, and Jewish associations had to register with the **Audit Department of the Ministry of Finance** any objects made of gold, silver, platinum, precious stones and pearls valued at more 10,000.00 Czechoslovak crowns. Exceptions from this compulsory registration were analogous to those specified in the Notice of the Reich Protector of March 2, 1940. To implement this Notice, special forms were issued; the valuation of the items involved could be performed only by appraisers officially approved by the Ministry.

To a certain category of Jewish individuals - former Czechoslovak nationals who were residents of a community located within the borders of the "former Lands Bohemia and Moravia" and currently lived on the territory of the German Reich outside the Protectorate - applied the provisions of the *Order implementing the third Order on the basis of the Order on Registration of Jewish Property of December 23, 1940* (RGBl., 1941, p. 2) according to which such individuals were required to offer any objects made of gold, platinum, and silver as well as precious stones and pearls in their possession to a public trading organization.

*The Seventh Implementing Ordinance to the Order of the Reich Protector regarding Jewish Property* (VOBl. RP, 1940, p. 299) issued on July 10, 1940 made the trust administration of any Jewish property of the total value exceeding 100,000.00 Protectorate crowns subject to a special permit (license); this permit was entered in a public list maintained by the Office of the Reich Protector.

On January 26, 1940 the *Order of the Reich Protector regarding the Removal of Jews from the Protectorate Economy* (VOBl. RP, 1940, p. 41) was adopted. The Order was directed chiefly against "Jewish enterprises" in the sense of the Order of the Reich Protector regarding Jewish Property of June 21, 1939. Such enterprises were to be prevented from conducting business in the field of manufacture or any other area of the national economy; they had to be dissolved and liquidated. According to Section 6 of the said Order, "any stock existing on the effective date of this prohibition, ... [was to be] offered to an agency to be specified later, according to whose dispositions it will be proceeded."

In early 1941, three implementing ordinances were issued to complement this Order; these ordinances specified the types of business activities forbidden to Jewish enterprises.

In view of the aforesaid *Order of the Reich Protector of June 21, 1939 regarding Jewish Property* as elaborated by the respective implementing ordinances, the most important competencies in the process of expropriation of precious metals and other valuables were entrusted specifically to the **Office of the Reich Protector (Amt des Reichsprotectors)** as the highest authority of the German occupation administration in the Protectorate. Regardless of whether the individual acts of expropriation were carried out directly by the **Office of the Reich Protector** or by other authorities of the occupation administration, the precious metals and other valuables confiscated in the process were considered Reich property. Consequently, all other segments of the political occupation administration were obliged, pursuant to the *Decree of the Führer and Reich Chancellor regarding the Creation of the Protectorate Bohemia and Moravia* of March 16, 1939, to comply with the instructions issued by the **Office of the Reich Protector**. Individual departments of the repressive police force answered to the appropriate central security agencies of the Reich.

For the expropriation and subsequent disposition of this property answered the **2nd Department of the Office of the Reich Protector**, specifically its **Group One** (Economic Affairs) and, within its structure, the **II/1-3F Division** (Foreign-Exchange Affairs). During the entire occupation period, this branch was headed by the imperial bank-councillor Walther Utermöhle, b. July 1, 1895.

From August 1939, the **Foreign-Exchange Division** operated directly at the Protectorate **Ministry of Finance** where it administered and supervised the activities of the **Audit Department** of the Ministry authorized to commission transfers of precious metals and valuables. Through the Ministry, the **Foreign-Exchange Division of the Office of the Reich Protector** issued instructions to Protectorate authorities and bank institutions concerning the execution of the above mentioned implementing provisions to the *Order of the Reich Protector of June 21, 1939 regarding Jewish Property* or any additional implementing directives issued in form of Notices by the **Protectorate Ministry of Finance**.

The Foreign-Exchange Division filed reports on objects made of gold, precious metals, precious stones etc. which were subject to compulsory registration with the **National Bank for Bohemia and Moravia** by the respective individuals and organizations in accordance with Section 5 of the aforesaid Order regarding Jewish Property. In addition, the Foreign-Exchange Division regulated the mandatory buy-outs of precious metals and other valuables in accordance with the

economic needs of the Reich; its mandate included the power to use coercive measures. The Branch regularly consulted and coordinated its operations with **Group 6 (Banking)** of the Economic Department of the **Office of the Reich Protector** headed by Friedrich Müller who simultaneously acted as special emissary of the **Reich Bank (Sonderbeauftragter der Deutschen Reichsbank für Böhmen und Mähren** ['Special Emissary of the German Imperial Bank for Bohemia and Moravia']) to the **National Bank for Bohemia and Moravia**. The special emissary conveyed to the **National Bank** instructions of the **Reich Bank** and the **Office of the Reich Protector** (from 1943 **German State Ministry for Bohemia and Moravia**). The Branch's lower units represented the decisive element in the process of Aryanization of Jewish property; in this context, they were charged with supervising other government agencies in the Protectorate of Bohemia and Moravia. Relevant information and registration tasks (e.g. filing official reports and collecting information on Jewish property) were performed by the clerical staff of the **National Bank for Bohemia and Moravia** and other banking institutions.

Another string of interventions in Jewish property rights represented summary confiscations of Jewish property handled directly by the **Gestapo**.<sup>7</sup> Among all Nazi organs, the Gestapo offices were the first to enter the process of confiscating precious metals and valuables. From March 29, 1939 until the creation of the **Zentralstelle für jüdische Auswanderung** ['Central Office for Jewish Emigration'] (see below), the Gestapo offices ensured that all emigrants delivered their property in trust of a bank. The Gestapo issued exit visa only to those prospective emigrants who had complied with this requirement. At the same time, Gestapo offices began confiscating the entire property of all "illegal emigrants" including Jews. Finally, the third group of provisions authorizing garnishments and subsequent confiscations of property was based upon the above mentioned Section 10 of the *Order of the Reich Protector regarding Jewish Property* and included confiscations of property belonging to individuals who had committed crimes against the German Reich in the sense of the its criminal law. Nationals of the Protectorate of Bohemia and Moravia accused of committing serious criminal offenses were equal in law to Reich citizens; in addition, their criminal liability was determined in accordance with the *Law for the Protection of the Republic No. 131/1936 Sb. z.a n.* in the wording of the Order of the Reich Protector No. 39 (Gazette of the Reich Protector, 1939).

On May 24, 1939, all banks in the Protectorate of Bohemia and Moravia were ordered to report any assets of Jewish emigrants exceeding the value of 100,000.00 Protectorate crowns and to enter a confiscation notice in favor of the Gestapo in the respective bank records. Starting in December 1939, the police began confiscating (retroactively, as of March 16, 1939) the property of all other Jews who had emigrated between January 1, 1939 and July 10, 1939 including their bank accounts and contents of their of safety-deposit boxes.<sup>8</sup> The confiscated assets were administered by the **economic departments of the executive offices of the Gestapo**. Any relevant information regarding the individuals whose assets had been confiscated was sent by these departments to the Protectorate Ministry of Finance, attention of W. Utermöhle whose agency kept central records. The organizational pattern of the information flow corresponded with the corporative mode of operation of the Nazi administration. Information about Jewish valuables was obtained through the banking system existing in the Protectorate of Bohemia and Moravia. Technically, the Gestapo sent names and dates of birth of the respective Jewish individuals to the Association of Czech Banks which conveyed these personal data by circulars to the headquarters of the individual banking institutions; they in turn passed them on to their branches. The individual banks had the obligation to report to the Gestapo any accounts or storages of valuables belonging to Jewish individuals and legal entities.

Besides, the Gestapo confiscated the entire property of individuals and legal entities whose activities were, for political, ideological or economic reasons, considered hostile towards the Reich.

Precious metals and valuables confiscated in the course of arrestations and house searches were deposited in Gestapo safes. On May 13, 1941, in concert with the Reich Ministry of Finance, the Acting Reich Protector in Bohemia and Moravia Reinhard Heydrich issued an order to the executive offices of the Gestapo to transfer such assets and valuables to the **Reichshauptkasse - Beutestelle** ('**Central Reich Treasury - Booty Administration**') in Berlin.

From the fall 1941, confiscated jewels and other valuables were handed over to the **Vermögensamt beim Reichsprotector in Böhmen und Mähren** ('**Property Office of the Reich Protector of Bohemia and Moravia**' - ("**Vermögensamt**") created by the *Ordinance of the Reich Protector* of September 2, 1941 and charged with the administration of enemy property. The **Vermögensamt** continuously collected such property at the **Böhmische Escompte-Bank** ['**Discount Bank for Bohemia**'].

Precious metals and valuables represented only a small fraction of the property confiscated by the Gestapo and subsequently delivered in trust of the **Vermögensamt** ; therefore, its extent and value was not even included in the balance statement of December 1942 prepared by the executive office of the Gestapo in Prague. Furthermore, it must be stressed that the Gestapo did not confiscate only Jewish property but also that of other protectorate nationals; for this very reason, it would be very difficult to quantify the individual fractions of the seized assets since a certain part thereof consisted of valuables belonging to the persecuted non-Jewish Czech citizens.

The third level of the oppressive legislation represented the statutes regulating Jewish emigration and subsequently also deportations of Jewish citizens to concentration camps. These statutes were connected with further infringements of property rights of the Jewish population.

By the Ordinance of the Reich Protector of July 15, 1939, the **Central Office for Jewish Emigration (Zentralstelle für jüdische Auswanderung** - "**Zentralstelle**") was established<sup>9</sup>, initially only for the capital Prague; in February 1940, its competence was extended to the entire territory of the Protectorate of Bohemia and Moravia. In August 1941, the **Zentralstelle** was renamed **Central Office for the Solution of the Jewish Question - Zentralamt für die Regelung der Judenfrage**.

The role of the **Zentralstelle** in the illegal infringement of property rights of Jewish individuals and legal entities falls into two stages. From its inception until October 1, 1941, the **Zentralstelle** administered the assets of illegal emigrants from the Protectorate of Bohemia and Moravia. By the *Order of the Reich Protector regarding the Care of Jews and Jewish Organizations of March 5, 1940* (VOBl. RP, 1940, p. 77) the **Zentralstelle** was also charged with the administration of assets of dissolved Jewish legal entities - fraternities, endowments, communities, etc. By Section 5 of the above named Order, the Reich Protector created the **Auswanderungsfonds für Böhmen und Mähren** ('**Emigration Fund for Bohemia and Moravia**' - "**Auswanderungsfonds**"), a special legal entity (public fund) based in Prague to accumulate the assets of the **Zentralstelle**. The **Auswanderungsfonds** was subordinated to the commander of the security police of the Reich Protector; it was exempted from capital levies, and as a party to civil actions, it was subject to the exclusive jurisdiction of the German courts. In addition, this Order required the Jewish Religious Communities to assist all Jews in emigration matters. The Jewish Religious Community in Prague was directing all other Jewish communities in the Protectorate; they

had to follow its instructions. However, by further instructions issued by the Reich Protector, all Jewish Religious Communities were supervised by the **Zentralstelle**.

From July 28, 1939, the Protectorate Jews were allowed to emigrate only through the **Zentralstelle**. To exports of precious metals and valuables applied the following regulations which represented a considerable restriction of the property rights with respect to this category of Protectorate nationals:

Already the *Regulation No. 36/1939 Sb. of February 16, 1939 regarding the exports of valuables* issued by the government of the so called Second Republic had banned exports of valuables, i. e. objects made of gold, silver, and platinum, precious stones, pearls, jewels, collections or individual objects of collector value, paintings, antiques, furs, fur coats, as well as other objects of substantial value. An exception could be granted by the Audit Department of the Ministry of Finance for a fee up to 20,000.00 Protectorate crowns. The *Notice of the Minister of Finance No. 37/1939 Sb. z. a.n. of February 17, 1939* partially relieved the export restrictions regarding certain gold, silver or platinum objects of personal character (for example three gold or platinum rings per person, one gold chain, one pair of earrings or one kilogram of silver per person). The *Government Order No. 155/1939 Sb. of June 23, 1939* introduced an exchange control system. Pursuant the said order, exports of precious metals (i.e. gold, platinum, and silver, processed or unprocessed - Section 6) were subject to a special permit by the National Bank. The regulations governing legal dispositions of the aforementioned precious metals in the Protectorate of Bohemia and Moravia were tightened and the rule of compulsory sales offer was introduced with respect to such objects. According to Section 20 of the respective government order, the above mentioned restrictions applied fully to the so called emigrants. The *Government Order No. 156/1939 Sb. of July 4, 1939* enacted the obligation of inventory and compulsory sales offers regarding foreign currencies and precious metals, as well as securities and receivables/claims abroad. Each individual emigrant was allowed to take out of the country only his/her wedding ring and the wedding ring of his/her deceased spouse, one silver watch, two sets of silver cutlery, other silver objects of a total weight not exceeding 200 grams, and personally used dental replacements from precious metals. Official export permits regarding the above named objects were issued by the **Audit Department of the Protectorate Ministry of Finance** supervised by the **Exchange Division of the Economic Department of the Office of the Reich Protector**. Other valuables had to be deposited in exchange banks; the proof of deposit had to be submitted to the **Zentralstelle**.

A part of the valuables belonging to Jewish emigrants to which the **Zentralstelle** had the right of disposal was transferred, according the previous agreement with the **Exchange Division of the Economic Department of the Office of the Reich Protector**, to the **Hadega** Company for evaluation and sale. **Hadega's** profit share from the sale of such objects was transferred to the account of the **Auswanderungsfonds, Sonderkonto** [special account] **H 1116** at the **Böhmische Union-Bank**, a subsidiary of the **Deutsche Bank** from 1939.

Charged with the supervision of the foreign-exchange and customs regulations described below and with the tracing of the so called concealed property were the so called **Devisenschutzkommandos** and the **Zollfahndungsstelle** acting in concert with the **Gestapo offices**. The above mentioned agencies were authorized to perform seizures of concealed property and its subsequent confiscations. Persons who committed offenses against customs and exchange regulations had to surrender their valuables, depending on the total volume of the garnished assets, either in proceedings at law before the competent courts of justice or directly to the Gestapo. Jewish-

owned valuables and precious metals confiscated by the above mentioned agencies of the occupation administration were handed over to the **Hadega** Company which in turn transferred their profit share to their accounts.

The second stage of **Zentralstelle's** activities lasted from October 1, 1941 until the end of the war in Europe. In October 1941 began the mass deportations of Jewish citizens to concentration camps. In connection with the deportations, the **Zentralstelle** was authorized to liquidate the property belonging to the deportees. At the assembly camp, every adult assigned to a transport was required to surrender to the **Zentralstelle** employees those objects of precious metals which the Jews were still entitled to hold in accordance the *Fifth Implementing Ordinance of the Reich Protector regarding Jewish Property* (see above). Once at the assembly camp, persons assigned to a deportation transport were forced to issue a general power of attorney to the **Zentralstelle** authorizing it to take over any other assets including the above named deposits in blocked accounts and/or any other assets/property unknown or concealed at the time of the transport. This issue was regulated by the *Second Order of the Reich Protector regarding the Care of Jews and Jewish Organizations of October 12, 1941* (VOBl. RP, 1941, p. 555). The Order was issued on October 14, 1941, and it came into force on the promulgation date. The Reich Protector reserved the right to introduce further measures necessary to execute this Order. On November 27, 1941, the Gazette of the Reich Protector published the *Third Order of the Reich Protector regarding the Care of Jews and Jewish Organizations of November 12, 1941* (VOBl. RP, 1941, p. 642). The Order applied to claims of creditors and other entitled persons against the assets of the dissolved Jewish entities and Jewish emigrants taken over by the **Zentralstelle** for liquidation in accordance with the above mentioned *Second Order of the Imperial Protector regarding the Care of Jews and Jewish Organizations of October 12, 1941*. The claims of such third parties were forfeited ex lege; instead, it was possible to apply for compensation from the funds of the **Auswanderungsfonds**.

After the modified *Eleventh Order to the Law of Reich Citizenship of November 25, 1941* came into effect, the special *Order regulating the Loss of Protectorate Citizenship of November 2, 1942* (VOBl. RP, 1942, p. 301) applied to the Protectorate of Bohemia and Moravia, and stripped the deportees of the Protectorate citizenship; consequently, it became superfluous to issue any powers of attorney. The entire property of the deportees was forfeited ex lege in favor of the Reich and its liquidation remained within the scope of responsibilities of the **Zentralstelle** since the respective assets were to "support all objectives linked with the solution of the Jewish question".

After the dispatch of each individual Jewish transport, the **Zentralstelle**, in cooperation with the **Office of the Reich Protector**, issued an instruction to withdraw the valuables kept in banks and to transfer them either to the **Böhmische Escompte-Bank** or directly to the **Hadega** Company for immediate appraisal and sale. The remaining unsold valuables administered by the **Zentralstelle** were later found at the **Böhmische Escompte-Bank** in suitcases confiscated by the Soviet organs in 1945 (see Chapter VI). The share in the profit from the sales of valuables belonging to the deportees was transferred to the so called **Resettlement Account No. 1003 of the Auswanderungsfonds (Umsiedlungskonto 1003)**, maintained at the **Böhmische Escompte - Bank** at the time a division of the **Dresdner Bank**. Funds from this account and other accounts of the **Auswanderungsfonds** were, among others, used to cover the cost of the "final solution" of the Jewish question in Bohemia and Moravia including the operation of the Theresienstadt ghetto.

Its part in confiscations of Jewish property after the start of the deportations took also the Gestapo on the basis of an agreement with the **Zentralstelle**. Through its anti-Jewish departments,

the Gestapo conducted investigations of individual cases of the so called illegally transferred or concealed Jewish property. Any property impounded due to such investigations was entrusted to the **Zentralstelle**, more precisely to its **Auswanderungsfonds**. The Gestapo could also transfer to the **Zentralstelle** assets named in a power of attorney that had been given by the deportees to the **Zentralstelle**. The **Vermögensamt** was empowered to proceed in the same manner.

On the Czechoslovak territory directly annexed by Germany in 1938, confiscations of gold, silver, platinum, diamonds and objects made thereof were executed on the basis of the laws and regulations of the German Reich. The assets were confiscated on the basis of the following Reich laws and regulations: *Law regarding the Confiscation of the Property of an Enemy State on the Territory incorporated in the Bavarian Ostmark*, *Order regarding the Confiscation of Property of an Enemy State in Austria of November 18, 1938* (Czechoslovak territories incorporated in the administrative districts of Upper and Lower Danube [designation of Upper and Lower Austria under the Nazi regime]), and the *Order regarding Property Confiscations of an Enemy State in the Sudeten German Regions of May 12, 1939*.

After the start of the mass deportations in the fall of the year 1941, the *Eleventh Implementing Ordinance to the Citizenship Law of the German Reich* according to which individuals of Jewish extraction were deprived of their citizenship if their usual residence was abroad, i.e. stayed abroad under circumstances indicating that their stay abroad was not temporary. The loss of citizenship entailed the forfeiture of property in favor of the German Reich.

The trusteeship and appraisal of the confiscated Jewish property was entrusted to the Ministry of Finance which in turn delegated this task to the Offices of Senior Finance Presidents. The property confiscated by the local offices of the Gestapo was taken over by **Offices of Senior Finance Presidents**.

With the appraisals and sales of the confiscated objects made of precious metals was charged, in accordance with the respective instructions of the Reich Ministry of Finance, the **Zentralstelle bei der Städtischen Pfandleihanstalt** [**Central Agency at the Municipal Pawnbroker's Institution**] in Berlin which transferred the sales proceeds to the accounts of the Senior Finance Presidents.

It may be inferred from the contemporary sources that the objects of precious metals confiscated from Jews living on the territory annexed by Germany before 1938 represented an insignificant fraction of the total volume of assets confiscated from Czechoslovak citizens of Jewish extraction: according to the official statistics, only 612 persons were deported from the Czechoslovak territories annexed by Germany before March 15, 1939.

The reason was that the vast majority of Jewish citizens left the German-occupied areas immediately after September 30, 1938 and took their assets inland. If they had not transferred these assets abroad before March 15, 1939, it was later gradually expropriated on the territory of the Protectorate of Bohemia and Moravia.

Already at the end of the year 1938, police divisions and organs of state administration in the Sudeten area incorporated in the German Reich received the order to report any confiscated Jewish jewels in their custody. However, according to their reports of January 1939, no such assets existed. The Jewish cultic objects were destroyed or stolen during the so called Crystal Night on November 9-10, 1938 (an organized pogrom during which most synagogues on the territory ceded to Germany were burned or torn down).

## Chapter II - Footnotes

<sup>1</sup> Appendix 1. - The Decree of the Führer and Reich Chancellor regarding the Creation of the Protectorate of Bohemia and Moravia was published in the Reich Law Gazette, Year 1939, Part I ("RGBl" 1939, I). It was also published in the Collection of Laws and Regulations of the Czechoslovak Republic ("Sb.z.n.") under No. 75. The Order of the Führer and Reich Chancellor of June 7, 1939 regarding the Legislative Law in the Protectorate of Bohemia and Moravia see RGBl., Year 1939, Part I, p. 1039.

<sup>2</sup> The Czechoslovak exile government approved this declaration issued by the Allies by an act adopted at its session which took place on October 9, 1942. See the "Results of the 69th Session of the Ministerial Council" sent to Jan Masaryk by the Presidium of the Council of Ministers on October 10, 1942; Archives of the Ministry of Foreign Affairs of the Czech Republic, collection 'London Archives' marked confidential, Box No. 208. The text of the declaration was published in the Official Czechoslovak Gazette, year IV, No. 1, London 1943.

<sup>3</sup> Government declaration of October 17, 1941 regarding property transfers effected under the constraints of enemy occupation. Official Czechoslovak Gazette, year III, No. 2, London 1942.

<sup>4</sup> Appendix 5. Sequestration of Jewish Property. Interpretation and instructions concerning the Fifth Implementing Ordinance of the Reich Protector to the Order regarding Jewish Property of June 21, 1939, Prague 1940, SÚA ['Central' State Archives]; Prague, Archive Collection 'Ministry of Finance', Box No. 310.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> To the participation of the Gestapo in confiscations of Jewish Property see Bericht über die Tätigkeit der Staatspolizeileitstelle Prag bezüglich der Beschagnahme und Einziehung reichsfeindlichen Vermögens und Zusammenstellung der bis zum 1. Juli 1942 beschlagnahmten und eingezogenen Vermögenswerte. Prag, am 1. Dezember 1942 [Report on the Activities of the State Police Headquarters in Prague with respect to the Seizure and Confiscation of Property belonging to the Enemies of the Reich and Survey of the Property Values seized and confiscated before July 1, 1942. Prague, December 1, 1942]. SÚA, Archive Collection 'State Secretary of the Protectorate K. H. Frank', 109-4-1346.

<sup>8</sup> Ibid.

<sup>9</sup> Copy of the Ordinance of the Reich Protector by which the Central Office for Jewish Emigration in Prague (Zentralstelle für jüdische Auswanderung Prag) was established, see SÚA, Archive Collection 'Prague Gestapo' 101-662-4.

### III. The Role of the Protectorate Bank of Issue in the Process of Dispositions of Jewish Gold, Platinum, and Silver.

In the overall process of confiscation, processing, and distribution of valuables made of precious metals belonging to individuals of Jewish origin, Jewish enterprises and Jewish associations residing on the territory of the Protectorate was, by the decision of the Nazi authorities, involved the **National Bank for Bohemia and Moravia** acting as the Protectorate's central bank of issue. Though the German Reich and the occupation authorities formally respected its independence, in reality, the National Bank became a division of the German **Reich Bank (Deutsche Reichsbank) in Berlin**. From the onset of the German occupation, the National Bank was placed under the supervision of the **Reich Bank** carried out by its special emissary Dr. Friedrich Müller. In addition, any independent decision-making of the **National Bank** was paralyzed by co-opting the emissary of the **Office of the Reich Protector** Dr. Herbert Winkler to one of the key positions in the bank (he headed its foreign-exchange branch). This created a double-track management of the bank of issue: the agenda of the German emissaries was the decisive (and limiting) factor in the operational activities of the **National Bank**. Its statutory organs and business management were forced to execute instructions of the German authorities. Personal decisions regarding managerial positions in the bank were influenced by the **emissary of the Reich Bank** and the emissary of the **Office of the Reich Protector**. The main motive of their activities represented "the interests of the German Reich", including the total submission of the Protectorate to the economic needs of the German Reich.

At the same time, further steps were taken by the German occupation authorities which, in the final effect, weakened the role of the **National Bank** in the economic system of the Protectorate of Bohemia and Moravia. Immediately after the creation of the Protectorate, the German authorities took stock of the gold and foreign exchange reserves belonging to the financial institutions of the Protectorate, above all to the **National Bank**. Already on March 18, 1939, the National Bank was forced to transfer its gold deposited in London, England to the **Reich Bank** by transferring it to the **Bank for International Settlements** in Basel, Switzerland. Other transfers followed; consequently, the Germans obtained, during the period of occupation, the trusteeship of 42,899.00 kilograms of pure monetary gold.<sup>1</sup>

After the introduction of a customs union between the Protectorate of Bohemia and Moravia and the German Reich in October 1940, the status of the **National Bank** changed, as the until then independent external payment contacts of the truncated Czech Lands had been abolished. This measure affected above all the external economic autonomy of the Protectorate: this German creation ceased to be an independent subject of international relations. Beginning in the fall 1940, the Protectorate was no longer allowed to negotiate any international clearing/payment agreements or other international trade agreements. Any export claims held by the Protectorate in third countries were assumed by the German Reich and the Czech side was credited with their countervalue in reichsmarks deposited at the **Deutsche Verrechnungskasse** in Berlin. The customs union undercut the economic autonomy of the **National Bank** which had lost the opportunity to obtain foreign exchange and use it in the Protectorate economy. The Protectorate crown was not accepted abroad. Consequently, the Czech Lands mutilated by the loss of their border areas suffered an immense economic loss.<sup>2</sup>

The German administration used the subordinate status of the **National Bank for Bohemia and Moravia** in the process of confiscating property belonging to Jewish individuals, enterprises

and associations, particularly while confiscating objects made from precious metals, gold, silver, platinum, precious stones, and pearls. Under the supervision of the German managerial staff co-opted to the **National Bank** and to other financial institutions of the Protectorate, the German occupation administration was able to gather exact information regarding the valuables still in possession of Jewish individuals living on the territory of the Protectorate.

Based on the *Order of the Reich Protector for Bohemia and Moravia of June 21, 1939 regarding Jewish Property*, the banks were obliged to submit to the above mentioned German managers name lists containing a complete catalogue of all objects made of precious metals and precious stones; they had to indicate the gross weight, purity and approximate value of such objects in Protectorate crowns.<sup>3</sup> In case of concealing such valuables, their Jewish owners ran the risk of severe sanctions imposed by the Gestapo; equal sanctions applied to individuals of the so called Aryan descent who had accepted such Jewish-owned objects for safekeeping.

The **National Bank for Bohemia and Moravia** was hand-picked by the German occupation authorities and the **Reich Bank** as a suitable location to handle precious metals obtained from Jews because of its well-qualified staff and safe storage facilities (vaults). The precious metals obtained from Jews were handled by the **National Bank** in accordance with the orders and directives issued by the respective organs of the German political and economic administration both in the German Reich and the Protectorate of Bohemia and Moravia. In Berlin, it was particularly the **Reich Bank** and the **Reichsstelle für Edelmetalle** ['Reich Office for Precious Metals'], in Prague the **Economic Group at the Office of the Reich Protector** and the **Devisenschutz-Sonderkommando** ('Special Unit for the Protection of Foreign Exchange').

Under the pressure applied by the occupation authorities, the **National Bank** was forced to assume the role of a clearing office used for purchases of gold from the **Hadega** Company in Prague and, from 1942, also from the Central Office for the Solution of the Jewish Question - **Zentralamt für die Regelung der Judenfrage, Auswanderungsfonds für Böhmen und Mähren**. The activities of the **Hadega** Company centered upon purchases and resales of precious metals, precious stones and pearls from Jews, Jewish enterprises and Jewish associations. At the time of the mass deportations of Jews to concentration camps, gold ingots from recast Jewish jewels confiscated by the **Hadega** Company and/or by the **Auswanderungsfonds** were deposited at the **National Bank**. The right of disposal of this gold had the **Überwachungsstelle beim Ministerium für Wirtschaft und Arbeit in Prague** ('Inspection Department at the Ministry of Economy and Labor' - "Überwachungsstelle") created in 1942. In name, the **Überwachungsstelle** was a German inspection unit, in reality, it was the governing body of the Protectorate Ministry of Economy and Labor (the Ministry was administered exclusively by Germans). The **National Bank** was further obliged to accept for safekeeping (from **Hadega** and the **Auswanderungsfonds**) any confiscated and recast Jewish silver; the disposal rights of this silver had the **Reichsstelle für Edelmetalle in Berlin**.<sup>4</sup> Any gold purchased by the **National Bank** from the **Auswanderungsfonds** became part of the funds item called 'monetary gold acquired by purchase'.<sup>5</sup>

### Chapter III - Footnotes

<sup>1</sup> Main Accounting Department (Presidium), Archiv České národní banky Praha ('Archives of the Czech National Bank in Prague' - "AČNB"), Czechoslovak National Bank ("NB"), P XVII-103/18,23, Box No. 337; Central Accounting Department of the National Bank, AČNB, NB-P XVII-

334, Box No. 425. Compare: Jiří Novotný, Národní banka Československá ['Czechoslovak National Bank'] (1919-1950), in: Československé bankovky, stávkovy a mince ['Czechoslovak Bank Notes, Government Notes, and Coins'] 1919-1992, Prague 1993, p. 24-25.

<sup>2</sup> Jiří Novotný, Národní banka Československá ['Czechoslovak National Bank'] (1919-1950), p. 25.

<sup>3</sup> Application No. 79 387 of July 29, 1939 submitted by Dr. V. Spiegler to the National Bank for Bohemia and Moravia and registered with its foreign-exchange branch on July 31, 1939.

<sup>4</sup> Memo from the special emissary of the Reich Bank F. Müller to the National Bank management (June 18, 1942), AČNB Praha, NB-P XXV-257 (123-II), Box No. 787.

<sup>5</sup> Memo from the National Bank to F. Müller (Reich Bank's special emissary to the National Bank) (April 15, 1943), AČNB Praha, NB-P XXV-258 (123a), Box No. 787. For details see Chapter V.

#### IV. Sales of Illegally Seized Gold, Platinum, Silver, and Precious Stones on the Internal Markets (Protectorate, German Reich) and Abroad

##### 1) Internal Markets (Protectorate and German Reich)

##### 2) Foreign Markets

#### IV/1. Internal Markets (Protectorate and German Reich)

Acquisitions and sales of objects made from gold, platinum, silver, and precious stones were restricted to a small number of privileged business establishments and specialized agencies of the Reich and Protectorate administration. Central banks, i.e. both the **Reich Bank in Berlin** and the **National Bank for Bohemia and Moravia in Prague** could not be directly involved in the procuring or resales of Jewish jewels and other objects made of precious metals and precious stones. Naturally, the Reich-German occupation authorities were anxious to prevent any information leaks to the "Czech circles"; all transactions involving Jewish-owned jewels and similar valuables had to be kept secret. Therefore, the German authorities had searched for a dependable German-owned firm operating in the Protectorate that would purchase and resell such objects (analogically to the Central Pawnshop for the City of Berlin - **Zentralpfandleihanstalt der Stadt Berlin**). Their choice fell on **Hadega** which was transformed into the **Hakoma** Company in the course of the year 1943. While it was true that **Hadega** became engaged in exporting Jewish-owned valuables to foreign markets (both directly and through intermediaries), it conducted most of its business inside the Protectorate and the German Reich. In the Protectorate, precious metals offered sale by the **Hadega** Company were purchased mostly by the **National Bank**; the principal buyer based in the German Reich was the **Degussa** Company.

In 1938, the Prague-based **Hadega** Company became part of the syndicate **Kreditanstalt der Deutschen in Prague**<sup>1</sup> in the course of **Kreditanstalt's** fusion with a minor German-owned financial institution. At that time, **Hadega's** principal business activity was supposedly trading in precious metals and objects made of precious metals. However, the firm failed to fully develop its intended business activities and began experiencing financial difficulties; at this point, the **Kreditanstalt** decided to liquidate it. In the late months of the year 1939 and in early 1940, the German occupation authorities began looking for a wholesaler to deal with jewels and other valuables to be obtained by forced purchases from the Jewish population, and decided to use the **Hadega** Company. Acting on a recommendation by the **Devisenschutz-Sonderkommando**, the special emissary of the **Reich Bank** to the **National Bank for Bohemia and Moravia** Friedrich Müller approached the management of the **Kreditanstalt der Deutschen** with the request to select **Hadega** to manage the acquisitions and resales of objects still held by Jewish individuals, companies, and associations. Between the **Hadega Co.** and the **Kreditanstalt der Deutschen** existed close personal relations since many chief executives of this nationalist-German bank were also members of **Hadega's** supervisory board and board of directors. With the technical management of the **Hadega** Company and with appraisals and/or processing of Jewish valuables was charged Friedrich Grünfeld, the co-owner of the goldsmith firm Heinrich Grünfeld of Karlova Street in Prague. Based on an agreement with the **Special Emissary of the Reich Bank to the National Bank for Bohemia and Moravia**, **Hadega** obtained the right to keep 5% of the sales price; the initial estimate of the turnover amounted to twenty million crowns.<sup>2</sup>

Based on *Section 1 of the Third Implementing Ordinance of the Reich Protector of Bohemia and Moravia regarding Jewish Property* of June 1939 issued on January 26, 1940, **Hadega** was granted license to purchase valuables from Jewish individuals, firms, and associations who had been granted a written sales permit from the **Office of the Reich Protector**. During the first month,

**Hadega's** activities did not bring the expected results - to the dismay of the **Economic Group at the Office of the Reich Protector**; only about thirty Jewish individuals approached **Hadega** and sold it petty jewels valued at 320 to 850 Protectorate crowns each.<sup>3</sup> The situation began changing after the occupation administration increased its repressive approach, especially after the issue of the *Fifth Implementing Ordinance of the Reich Protector of Bohemia and Moravia regarding Jewish Property of June 21, 1939 issued on March 2, 1940* ordering individuals of Jewish descent to deposit their jewels and other objects made of precious metals in one of several specifically authorized banks; the objects deposited could then be sold only with the express permission of the **Office of the Reich Protector**. The opinion began spreading among the Jews that they would lose their assets at any rate; therefore, they were trying to salvage at least some of the value by selling off their valuables to **Hadega**. For jewels made from gold, silver, platinum, diamonds, and pearls, **Hadega** paid according to the price level of the year 1938 which was much lower than in the war years. By mid-October 1940, five thousand Jews applied for the permission to hand over their jewels to the **Hadega** Company for resale. **Hadega** paid out a total amount of 1.7 million Protectorate crowns but the real value of the purchased jewels was much higher.

In the period between February 15 and October 15, 1940 **Hadega** purchased a total of 47.112 kilograms of gold objects (gross weight after recasting); another 10 kilograms of gold objects were prepared for processing. **Hadega** further purchased 1724.145 kilograms of silver objects (total gross weight). This gold and silver was submitted to the **National Bank** which, in its capacity as a bank of issue, was the only institution in the Protectorate authorized to handle gold reserves and other valuables significant for the monetary system.<sup>4</sup>

In its report of December 12, 1940 released two months after the inception of the mass deportations of Jewish citizens to concentration camps, **Hadega** specified the amount of precious metals conveyed to the **National Bank** as follows: 56.815 kilograms of gold; 0.16 kilograms of gold coins; 1720,243 kilograms of silver rods; 5.296 kilograms of silver coins. Another 50 kilograms of silver objects were still to be recast. "On the open market", **Hadega** sold only a small amount of precious metals previously obtained from Jewish owners: 0.3826 kilograms of gold and 6.870 kilograms of silver.<sup>5</sup>

Until October 1941, when the **Auswanderungsfonds** obtained the authorization to liquidate the property of the deported Jews, **Hadega** was also approached by offices of the **Gestapo** with the requests to sell valuables made of precious metals and precious stones belonging to those Jewish residents of the Protectorate who had fled the country or emigrated. In mid-December, **Hadega** sold a large collection of objects from precious metals studded with precious stones for the total price of 2,019,304.00 crowns. The net proceeds of the sale less 5 per cent overhead expenses (1,918,339.00 crowns) were remitted (based on a directive of the **Zentralstelle für jüdische Auswanderung**) to the account of the Jewish Religious Community in Prague reserved for the emigration fund.<sup>6</sup>

**Hadega** sent the purchased diamonds (brilliant cut) to the Reich-German company **Diamant-Kontor** in Berlin. **Diamant-Kontor** sold them abroad for foreign currencies and remitted the proceeds to **Hadega** in reichsmarks. **Diamant-Kontor** was not interested in stones of lesser value like diamond bits, precious stones other than diamonds or semi-precious stones. Such stones could be sold only on the domestic market (i.e. inside the Protectorate and in the German Reich) but there was little demand for these items.<sup>7</sup> The approval by the **Office of the Reich Protector** regarding sales of Jewish jewels in the domestic market was obtained by **Hadega** in March 1941 on the condition that no potential buyer for such jewels could be found abroad.<sup>8</sup>

The jewels procured from Jewish residents of the Protectorate often found new owners in quite unconventional ways. For example W. Utermöhle purchased scores of such objects from **Hadega** for a strangely low price of 11,437.00 reichsmarks. After an audit, he maintained that he had not purchased the objects for himself but for two acquaintances from abroad who had visited Prague at the end of the year 1940: Marschhausen, a US citizen, and Hans Zieger, an "exchange foreigner" who acted as a intermediaries for exports of Jewish jewels to Portugal. Since the merchandise selected by Marschhausen and Zieger was not ready for sale during their stay in Prague, and since the measures taken by the United States after it had entered the war made foreign-exchange transfers impossible, the payments supposedly had to be made in reichsmarks covering 1/10 of the real price. Both Marschhausen and Zieger indeed deposited the amount of 13,000.00 marks in Utermöhle's private account at the **Böhmische Escompte-Bank** and instructed Utermöhle to settle with **Hadega**.<sup>9</sup>

**Hadega's** status was enhanced by the *Fifth Implementing Ordinance of the Reich Protector of Bohemia and Moravia of March June 21, 1939 to the Order regarding Jewish Property of February 1941* ordering the respective banks to "surrender Jewish-owned objects from gold, platinum, and silver, as well as precious stones and pearls deposited with them or kept in the safes of the **Hadega** Company on behalf of the Jewish owners."<sup>10</sup> Since the transfer of such objects from the bank depots or safety-deposit boxes was not legally impeccable, the banks feared possible future disputes with the Jewish principals. Therefore, the **Bankers' Union** approached the **Office of the Reich Protector** with the request to ensure the presence of the Jewish owner(s) and a **Hadega** representative at each individual hand-over of such objects. In its effort to obtain the largest possible volume of the most valuable objects made from precious metals and precious stones within a short time period, the **Economic Group at the Office of the Reich Protector** drafted a list of Jews who held the most valuable bank deposits and requested "certain Jewish individuals to sell their jewels to the trading company **Hadega**".<sup>11</sup> In other cases, the banks themselves were to request the Jewish principals to hand over to **Hadega** their jewels committed to the respective banks for safekeeping.<sup>12</sup>

The logical consequence of the *Fifth Implementing Ordinance* was the order of the **Reich Protector** of September 30, 1942 introducing the "general" transfer of all Jewish valuables made of gold, silver, platinum, and precious stones kept in safety-deposit boxes of various banks and/or deposited with such banks in sealed packages to a newly opened depository account of **Hadega** ("Sammeldepot jüdischer Schmuckgegenstände" [Collecting Depository of Jewish-owned Jewelry]).<sup>13</sup> The **Office of the Reich Protector** ordered that in cases of personal attendance of the Jewish owners at the opening of the safety-deposit boxes (or if these owners surrendered the keys to their safety-deposit boxes to the bank before their placement in the Jewish transport) their jewels had to be handed over to **Hadega**. If the Jews did not comply with this regulation prior to their transfer to a concentration camp, their valuables were assumed by the **Zentralamt für die Regelung der Judenfrage in Böhmen und Mähren**.<sup>14</sup> There was no change in handling gold coins - **Hadega** was not authorized to sell them; as before, gold coins had to be transferred to the **National Bank**.<sup>15</sup>

The order of "general" transfer of Jewish-owned jewels and similar valuables to **Hadega** apparently lead to frictions with the competing **Auswanderungsfonds**. Due to an intervention of the Sicherheitsdienst, the **Office of the Reich Protector** repealed its decision (by a memo of December 1, 1942) and halted the whole operation. It even revoked all accomplished transfers. The deposits belonging to Jewish owners had to remain at the respective banks; as before, such deposits could only be surrendered to **Hadega** on the basis of individual orders issued by the **Office of the Reich Protector** concerning specific individuals.<sup>16</sup>

The volume of Jewish-owned objects made of gold, silver and precious stones is indicated by the following numbers based on the balance of **Hadega's** business activities:

Proceeds from sales of valuables:

in the year 1940..... 15,000,000.00 crowns<sup>17</sup>

in the year 1941.....12,449,569.05 crowns<sup>18</sup>

in the year 1942.....44,823,385.05 crowns<sup>19</sup>

No balance of the **Hadega** Company (later renamed **Hakoma**) is available for the remaining war years. In 1942 changed the rules applying to jewels and similar valuables. From June 1942, diamonds were handled separately from precious metals. Objects made from precious metals (with the exception of gold coins) were recast.<sup>20</sup> Nevertheless, a considerable number of Jewish-owned jewels valued at 3,575,478.45 protectorate crowns remained in **Hadega's** possession (as of December 31, 1942).<sup>21</sup>

The proceeds from sales of precious metals and precious stones obtained in the years 1941 and 1942 (in terms of Protectorate crowns) can be derived from the following figures:

|                 | 1941         | 1942          |
|-----------------|--------------|---------------|
| Gold            | 267,531.20   | 3,012,421.10  |
| Gold Coins      | 20,217.50    | 46,906.20     |
| Silver          | 312,073.85   | 3,782,817.85  |
| Precious Stones | 6,281,652.55 | 37,969,266.80 |

**Hadega** transferred a considerable portion of the sales proceeds to the Sonderkonto ['special account'] H 1116 of the **Auswanderungsfonds** maintained at the **Böhmische Escompte-Bank**.

A large amount of silver originating from silver objects confiscated from Jews or sold by Jews to **Hadega** (mostly under pressure), was purchased from **Hadega** by the **National Bank for Bohemia and Moravia** which stored it in its vaults. The bank did not have any power of disposal to this Jewish silver; it could only be disposed of by the **Reichsstelle für Edelmetalle in Berlin**. This Reich-German institution issued orders to the **National Bank** to consign this silver to well-established firms, e.g. chemical plants to be processed for industrial purposes, above all to cover the needs of the arms industry. A prominent status among those firms had the Reich-German company **Deutsche Gold- und Silber-Scheidenanstalt vormals Rössler at Frankfurt on the Main** known under its acronym **Degussa**. The **Degussa** Company was not the only buyer of Jewish silver. In December 1941, the **National Bank** received a very unprofitable price for 942.038 kilograms of silver rods. Therefore, it approached (acting upon a recommendation of the **Reichsstelle für Edelmetalle in Berlin**) another Reich-based German company: **Staatliche Sächsische Hütten- und Blaufarbenwerke in Freiburg**. Subsequently, the **National Bank** obtained a better price for a consignment of 8579.598 kilograms of pure silver sold to this company.<sup>22</sup>

The surviving records documenting the business contacts between the **National Bank** and the **Degussa** Company are incomplete; however, it may be assumed that **Degussa** remained the major trade partner of the **National Bank** (though it later came to frequent frictions between the two and the bank conducted business also with other Reich-based German firms). For example in January 1943, the **National Bank** offered 6098.5 grams of platinum from its reserves (obtained mostly from Jewish individuals and institutions) to one of **Degussa's** subsidiaries, the **Deutsche Gold-und Silber-Scheidenanstalt in Hanau, Platinschmelze G. Siebert**. However, this subsidiary of **Degussa** requested platinum deliveries in rods and refused to accept the metal in granulated form. For this reason, the deal fell through and the **National Bank** approached (upon the recommendation of the **Überwachungsstelle beim Wirtschaftsministerium in Prague** responsible for transactions involving platinum) the **Staatliche Gold- und Silberscheidenanstalt in Halsbrücke** willing to purchase platinum in granulated form.

With the onset of the deportations of Jewish citizens to concentration camps in 1941, **Hadega** was faced with the competition from the **Auswanderungsfonds** whose competencies included the liquidation of assets belonging to the Jewish deportees including valuables made from precious metals and precious stones left in the vacated apartments and/or deposited in sealed packages or safety-deposit boxes of financial institutions; the **Auswanderungsfonds** was also authorized to conduct searches for third parties who had secretly accepted Jewish valuables for safekeeping. Through such activities, the **Auswanderungsfonds** amassed a considerable amount of gold, platinum, silver and precious stones for subsequent resale.

At the end of the year 1942, the **Auswanderungsfonds** sold to the **National Bank** 467 rods of pure silver in total weight of 6911 kilograms.<sup>23</sup> Since the **National Bank** asked the **Special Emissary of the Reich Bank to the National Bank for Bohemia and Moravia** whether to treat this silver in the same manner as that purchased from **Hadega**, it may be inferred that it was the first delivery made by the **Auswanderungsfonds**. Another delivery followed in April 1943 when the **National Bank** purchased 575 rods of silver (total weight of 1040.132 kilograms). The **Auswanderungsfonds** obtained the same status as **Hadega** vis-a-vis the **National Bank**. The silver confiscated from the Jews deported to Theresienstadt was recast and sold to the **National Bank**; as before, it was handled by the **Reichsstelle für Edelmetalle in Berlin**. To the **National Bank** was to be sold also the platinum handled by the **Überwachungsstelle beim Ministerium für Wirtschaft und Arbeit in Prague**. Through substantial changes went the operations involving gold purchased from the **Auswanderungsfonds**; this gold could now be incorporated in the gold reserves of the **National Bank**. Its gold could be disposed of only by a special permission obtained from the board of directors of the **Reich Bank** or by the permission of **Hermann Göring** in his capacity as **commissioner for the four-year plan**.<sup>24</sup>

In his effort to widen the potential market for jewels obtained from Jews, the **State Secretary at the Office of the Reich Protector** Karl Hermann Frank asked (at the end of the year 1942) the managing director of the **Dorotheum Company in Vienna** Dr. Jennewein to submit his recommendations for the reorganization of the trade with Jewish valuables. Dr. Jennewein immediately offered **Dorotheum's** services arguing that its auctions were well-known all over Europe. He was eager to establish subsidiaries of the **Dorotheum** in Prague and Brno (Brünn) and suggested to concentrate there all the jewels stored in different places (from the Gestapo to **Hadega**).<sup>25</sup> The **Dorotheum** was recommended to Frank by the Austrian-Nazi bosses. They argued that this institution possessed many foreign contacts and "already had many of offers from various interested parties abroad to purchase the jewels"; quite naturally, the foreigners preferred dealing

with a private company rather than the official Reich authorities.<sup>26</sup> The reason for this intervention of the Austrian Nazi bosses was the desire to participate in the sales of the contents of thousands of sealed Jewish apartments and ten warehouses containing the assets of the deported Jews, particularly in the sales of Jewish jewels administered by the **Auswanderungsfonds** which were valued at approximately two million reichsmarks.<sup>27</sup> Various sections of the German occupation administration debated what to do with the jewels but until the end of the year 1943 (the records are available only until then), their fate remained undecided.

The surviving documents from the archives of K. H. Frank only attest to the interest of the **Dorotheum in Vienna** (which had already gathered experience - and profits - from the sales of valuables belonging to the Austrian Jews) to act as an intermediary for sales of jewelry confiscated from Jews, Jewish businesses and Jewish associations in the Protectorate of Bohemia and Moravia. It seems that the different opinions and interests of the Reich Protector who was convinced that assets gained in the Protectorate (including Jewish assets) should be used for the purpose of "furthering the German element" on the Protectorate territory, and the SS-Wirtschafts- und Verwaltungshauptamt which pushed for sales of the property through the Viennese **Dorotheum** lead to the result that the Jewish jewels in possession of the **Auswanderungsamt** remained in the vaults of the **Böhmische Escompte-Bank** or the **Böhmische Union-Bank** which managed the accounts of the **Auswanderungsamt**. It is certain that these Jewish jewels, their parts, and other jewels of the same origin remained at the **Böhmische Escompte-Bank** until the liberation of Czechoslovakia. An open issue remains their quantification and further fate in the context of the Soviet war-trophy campaign.<sup>28</sup>

Whereas the jewels as such or the gold originating from purchases or confiscations of jewelry belonging to Jewish citizens was handled by **Hadega**, a different procedure applied to gold coins. Based on a decision of the **Reich Bank**, all gold coins obtained from Jewish individuals, Jewish enterprises, and Jewish associations had to be submitted to the **National Bank for Bohemia and Moravia**. This decision was not always respected. In January 1942, at the time of a rapid increase of the number of Jewish transports to concentration camps, the Protector had to remind all individuals and institutions involved of the necessity to comply with the above mentioned decision of the **Reich Bank**.<sup>29</sup>

Gold coins were obtained by the **National Bank** - not only from Jewish citizens but also in the course of official openings of bank safety-deposit boxes of non-Jews in accordance with the *Government Order No. 156/39 Sb. pertaining to the inventory, compulsory offer and surrender of foreign currency, precious metals, securities and receivables/claims abroad* or according to *Section 11 of the current exchange-control system*. The coins (and other explicitly named assets) confiscated in accordance with the above named regulation were sold. The sales proceeds were deposited in the owners' accounts at the respective bank.<sup>30</sup> The confiscated coins could also be included in the numismatic collection of the **National Bank**.

Gold (silver and other) coins of collector value had to be offered to the **Reich Bank** (or they were selected by the Reich Bank) for its **Geldmuseum in Berlin**. The first consignment of gold coins was received in Berlin in July 1940; unfortunately, it is now impossible to establish the kind and quantity of these coins.<sup>31</sup> Nevertheless, it seems that the **Geldmuseum der Deutschen Reichsbank** was not interested in the gold coins offered. For example: when the coin collection belonging to the Petschek Co. was confiscated, the museum showed no interest in any of the coins. The collection was later sold for 64,327.60 Protectorate crowns and the proceeds were deposited in

the budget account of J.Petschek (Treuhänder ['trustee administering a non-Aryan firm']) in Brno kept at the Prague Loan Bank.<sup>32</sup>

#### IV/2. Foreign Markets

Diamonds represented a special item within the group of assets obtained by confiscations. At the beginning of the year 1941, the value of all confiscated stones was estimated at about one million reichsmarks.<sup>33</sup> Diamonds and other precious stones and jewels were used to purchase scarce foreign currencies needed by the German war economy. Foreign exchange for Jewish valuables from the Protectorate was obtained in several ways. A certain part of the valuables was sold directly in Germany, in the domestic jewelry market (see chapter V/1); more often, the valuables were exported, above all to the so called neutral countries. The exports were effected through certain institutions or individuals holding permits issued by the competent institutions of the German Reich. Diamonds and other precious stones and jewels were sold to prospective buyers abroad either directly, for foreign currencies, or through clearing payments. The quantity of the precious stones and jewels used in the clearing trade was regulated in accordance with the development of the balance of payments between Germany and the respective state. Whenever an active credit balance was reached, the payments for the "merchandise" were deferred, and further sales of the valuables were restricted or halted. The foreign currencies obtained through the clearing trade were conveyed to the **Reich Bank** which in turn transferred some of them to the **National Bank for Bohemia and Moravia**.<sup>34</sup>

When the valuables obtained were sold directly for free foreign currencies, the process depended on the given circumstances. The decisive factor was whether the sale was effected through a person or a firm authorized by the Reich-German government or immediately by the **Office of the Reich Protector** in cooperation with the **Hadega** Company. If the sale was effected through a person or firm, the foreign currencies were conveyed to the **Reich Bank**; the Protectorate sellers then obtained reichsmarks; such payments were remitted to the account No. 3140 maintained by the **Hadega** Company at the **Kreditanstalt der Deutschen**. **Hadega** then transferred the funds (less cost) to accounts of the occupation authorities from which it had obtained the valuables; in cases of forced sales, the proceeds were also transferred to the blocked accounts of the Jewish owners.

From the spring of the year 1940, sales of diamonds and other precious stones and jewels obtained in the Protectorate effected in the domestic German market and abroad were managed by a company called **Diamant-Kontor**. This company was based in Berlin and later in Frankfurt on the Main. It maintained a subsidiary in Idar-Oberstein which received the valuables directly from the **Hadega** Company. **Diamant-Kontor** was established by the **Reichswirtschaftsministerium** ('Reich Ministry of the Economy') which was responsible for the trade in diamonds and precious stones. The **Diamant-Kontor's** role was to sell diamonds and other precious stones abroad for foreign currencies and remit all the proceeds to the aforesaid ministry; in return, it received funds from the ministry to cover its cost.<sup>35</sup>

The cooperation with the **Diamant-Kontor** Co. exporting valuables to Switzerland was considered inadequate by the **Office of the Reich Protector** and the **Hadega** Company - for two reasons. The first reason was the low foreign-exchange yield from the sales of jewels and precious stones, the second reason was the obligation to remit the proceeds in foreign currencies to the **Reich Bank**. Economically, direct trade contacts with foreign partners were considered more attractive.

Already at the end of the year 1940, the **Office of the Reich Protector** explored the possibility of direct sales of the requisitioned diamonds and jewels to customers in Switzerland, more precisely to

the **Meersmann** Company contacted through Dr. Knitter from Berlin. The reasons were obvious. For 207.95 carats of diamonds, the **Diamant-Kontor** obtained foreign currency equivalent to 12,450.00 reichsmarks (1940).<sup>36</sup> **Meersmann** offered to pay twice as much in foreign currency for the same amount of valuables.<sup>37</sup>

The occupation authorities in the Protectorate could only perform direct sales of the requisitioned jewels, diamonds, and precious stones to foreign customers with the consent of the competent Reich authorities. The **Office of the Reich Protector** applied for the respective permission on December 30, 1940 when it filed its application with the **Reichswirtschaftsministerium** and the management of the **Reich Bank**.<sup>38</sup> On January 11, 1941, the **Reichswirtschaftsministerium** informed the **Office of the Reich Protector** that if the direct sales brought a higher foreign-exchange yield (as compared with the sales presently effected through the **Diamant-Kontor** Company), the Ministry would raise no objection to them.<sup>39</sup> Only on the basis of this permit, the **Office of the Reich Protector** could, in cooperation with the **Hadega** Company, commence direct sales of the requisitioned valuables to foreign customers.

Apart from higher foreign-exchange proceeds, the **Office of the Reich Protector** considered direct contacts with foreign buyers of Jewish valuables an opportunity to transfer the foreign currencies directly to the **National Bank for Bohemia and Moravia** (as opposed to sales through middlemen when the foreign exchange obtained had to be remitted to the **Reich Bank**). Naturally, this change of procedure had to be approved by Berlin, more exactly by the management of the **Reich Bank**. The **Office of the Reich Protector** applied for this approval through the **Special Emissary of the Reich Bank to the National Bank for Bohemia and Moravia Dr. Friedrich Müller** on May 26, 1941. On June 3, Dr. Müller received a communication from the Board of Directors of the **Reich Bank** stating that the bank was ready to leave to the **National Bank** the free foreign currency obtained by sales of diamonds and other precious stones.<sup>40</sup> This decision also applied to foreign exchange acquired through the **Diamant-Kontor** Company which had been commissioned to sell a certain volume of valuables also in the year 1942.

The reason why the **Office of the Reich Protector** tried so hard to have the foreign exchange obtained by sales of valuables remitted to the **National Bank for Bohemia and Moravia**, was primarily fiscal. The **National Bank for Bohemia and Moravia** could not handle foreign exchange ever since the customs union between the Protectorate and the Reich had been introduced. At the same time, it was necessary to retain some foreign exchange in the Protectorate (with the approval of the Reich authorities) to keep the local economy running.

During the occupation period, diamonds, precious stones, and jewels requisitioned from Jews living in the Protectorate were sold (or intended for sale) in the following states (in alphabetical order):

### **Portugal**

It has been firmly established, that some Jewish valuables were brought into Portugal in the year 1941 through Germany where the sales had been arranged. The German occupation authorities in the Protectorate - the **Exchange Division of the Office of the Reich Protector** and the customs administration - granted their permission to transfer the valuables from **Hadega** to Berlin where they were received by a middleman (**Hans Zieger**). With the approval of the Reich authorities, Zieger

exported them to Portugal where they were sold for foreign currencies.<sup>41</sup> Since the profit share from the sales of jewels was remitted to the Protectorate in reichsmarks, the foreign currencies obtained from the buyers were apparently surrendered to the **Reich Bank**.

The volume of the valuables exported to Portugal and sold there was indicated only summarily in a letter of June 6, 1941 sent by the head of the foreign-exchange branch W. Utermöhle to Kurt Ziemke, representative of the **Auswärtiges Amt** ('Foreign Office' - German Ministry of Foreign Affairs) at the Office of the Reich Protector. By that time, according to Utermöhle, a larger part of the jewels originating from Jewish sources had already been sold, among others in Portugal.<sup>42</sup>

### **Slovakia**

in the year 1941, a smaller quantity of the requisitioned diamonds (38.29 carats) was sold in Slovakia, namely to the firm **Eugen Reisinger** in Bratislava.<sup>43</sup> In the summer of 1942, a suggestion was made to sell an unspecified quantity of jewels to the Bratislava firm **Otto Keberle** which showed interest in them. The management of the **Reich Bank** approved of the transaction in view of the debit balance in the German-Slovak trade.<sup>44</sup>

### **Sweden**

A proposal to sell one consignment of valuables to Sweden was submitted by W. Utermöhle on November 26, 1942. However, the **special emissary of the Reich Bank** Dr. Friedrich Müller made his recommendation conditional; the valuables could only be sold directly, in exchange for free foreign currencies.<sup>45</sup>

In the context of the post-war search for the displaced property, the **National Administration of Properties** informed the Ministry of Labor Protection and Welfare (February 8, 1946) that in one case, jewels were presumably exported Sweden.<sup>46</sup> Nevertheless, it cannot be excluded that the information was based on the above mentioned minutes. A direct proof that some of the valuables were in fact exported to Sweden has not been discovered.

### **Switzerland**

Diamonds and other precious stones as well as jewels obtained from Jewish individuals and legal entities were sold in Switzerland in the years 1940-1942 either through clearing or directly for foreign currencies (Swiss francs or US dollars).

For the clearing sales of precious stones and jewels in Switzerland, the overall development of the mutual balance of payments had to be taken into account. Clearing sales were used in combination with sales for foreign currencies until the second half of the year 1941. According to the information provided by the **Banking Group** to the **Office of the Reich Protector** (October 14, 1941), two Protectorate accounts maintained within the framework of German trade contacts with Switzerland were active - a commodity account (balance of 104 million crown) and a Swiss-frank account (balance equivalent to 24,1 million crowns). Therefore, the Foreign-Exchange Branch of the Office of the Reich Protector did not recommend any further clearing transactions involving the requisitioned Jewish jewels.<sup>47</sup> In 1942, clearing sales of jewels in Switzerland were recommended only if the foreign-exchange yield reached 11%. This approach of the **Office of the Reich**

**Protector** was based upon the fact that whenever an active balance in favor of the Protectorate was shown, the bills were long-dated. Besides, the occupation authorities in the Protectorate as well as the Reich authorities preferred, in view of the needs of the German war economy, to conduct any sales of jewels in Switzerland directly for free foreign currencies.

Such sales were mediated already from the year 1940 by the **Diamant-Kontor** Co. which continued acting as an intermediary through 1942; they were conducted mainly through direct contacts between the representatives of the occupation administration, the **Hadega** Company, and the Swiss dealers.

The interest shown by both sides in such deals evidently led to an increased pressure of the occupation authorities exerted upon the original owners who were forced to quickly sell their jewels to the **Hadega** Company. This pressure was supposed to increase the needed quantities and quality of diamonds and jewels offered for sale.<sup>48</sup> Also involved in the dealings was the **Zentralstelle für jüdische Auswanderung**, which released, upon the request of the **Office of the Reich Protector**, some of the diamonds in its custody that had belonged to those Jewish citizens who officially emigrated from the Protectorate.<sup>49</sup> The first positively identifiable Swiss firm known to have bought jewels and precious stones obtained from the Protectorate residents of Jewish origin belonged to the Swiss citizen **Bernhard Meersmann**, born on January 1, 1883 in Vevey where he established himself as a jeweller.<sup>50</sup> On January 16, 1941, **Meersmann** visited Prague where he conducted negotiations with representatives of the occupation administration and the **Hadega** Company regarding various modalities of diamond sales to his Swiss firm. Due to the Swiss exchange regulations, the **Swiss National Bank** did not allow purchases of diamonds in exchange for foreign currencies and mandated clearing sales. **Meersmann** thus recommended to transfer the diamonds to the German embassy in Zurich; there, he intended to accept them in exchange for Swiss francs.<sup>51</sup> **The Foreign-Exchange Branch of the Office of the Reich Protector** did not even exclude the possibility of an agreement between **Hadega** and **Meersmann**; for this purpose, it intended to put pressure upon the original owners and obtain, within approximately six weeks, at least one thousand carats' worth of diamonds. According to the information from the Foreign-Exchange Branch of the **Office of the Reich Protector** of June 6, 1941, **Meersmann** indeed purchased a larger amount of valuables from the **Hadega** Company.<sup>52</sup>

Business contacts with the **Meersmann** Company were maintained only in the first half of the year 1941. Then they were interrupted following a denouncement by the firm **Diamant-Kontor**; this firm had, undoubtedly for competitive reasons, informed the Foreign-Exchange Branch of the **Office of the Reich Protector** about **Meersmann's** activities in Germany and accused him of "unfair" business practices. At the same time, it informed the authorities that **Bernhard Meersmann's** real name was in fact **Bernhard Leusing**, born on January 8, 1883 at Laer (Westphalia), of Jewish parentage.<sup>53</sup> Since the whole matter had to be officially investigated, any further deals with the **Meersmann** Company were suspended.<sup>54</sup> As an important middleman in sales of jewels and precious stones in Switzerland acted the Swiss citizen **Alexander Brero**, born on January 22, 1886 at Winterthur, resident of Zurich and Ipsach near Biel.<sup>55</sup> **Brero** who maintained personal contacts with German officials often travelled to the Protectorate to negotiate purchases of valuables whose origin was known to him or to take such valuables with him. He mediated contacts between the occupation administration and a diamond-cutting firm based in Biel.<sup>56</sup> Its representative **Hans Vögeli**, b. 1893 at Grafewird, resident of Berne, visited the Protectorate in August 1941 together with **A. Brero**.<sup>57</sup> During his stay, he negotiated the purchase of a larger amount of jewels from the **Hadega** Company and agreed to pay for them in Swiss francs. On September 11, 1941 **W. Utermöhle** gave **A. Brero** a receipt for 117 625 Swiss francs remitted by the firm **Vögeli & Wirz** for four packages of precious stones and jewels purchased from the **Hadega** Company.<sup>58</sup> Dealing

with Vögeli & Wirz was considered most advantageous; therefore, this firm was recommended directly to the **Reichswirtschaftsministerium**.

Direct sales of Jewish jewels, diamonds and other precious stones to Swiss firms can be documented on the basis of archive materials only for the year 1941. In view of a memo from the Foreign Exchange Branch of the **Office of the Reich Protector** of September 20, 1941, it cannot be excluded that diamonds continued to be sold to Switzerland through the **Reichswirtschaftsministerium**. **A. Brero** presumably travelled to the Protectorate at the beginning of the year 1942 to collect Jewish jewelry. It is established beyond any doubt that in March 1942, Brero bought 4.97 kilograms of silver from the **Hadega** company.<sup>59</sup>

Since the valuables procured in the Protectorate were sold to Switzerland both directly and through intermediaries, it is impossible to verify the exact overall amount and value of such objects, also in view of the fact that only few of the original documents have survived. However, the available information allows us to state that, within the framework of all international transactions, the largest amount of jewels, diamonds, and other precious stones procured from Jews was sold in Switzerland between 1940 and 1942.

#### **Chapter IV - Footnotes**

<sup>1</sup> The Kreditanstalt der Deutschen was founded already in 1911; it became the largest financial institutions serving ethnic Germans in the Czech Lands. It was closely linked with the development and fate of the local German minority.

<sup>2</sup> Draft letter from the Kreditanstalt der Deutschen to the Reich Protector, undated, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>3</sup> Memo from the Economic Group at the Office of the Reich Protector of March 1, 1940 to the Devizenschutzkommando in Prague, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>4</sup> Report by W. Utermöhle and A. Schmerling regarding the audit of Hadega's activities in Prague conducted on October 16, 1940, AČNB Praha, NB-P XXV-295 (163), Box No. 797.

<sup>5</sup> Hadega's memo of December 12, 1940 to the Economic Group at the Office of the Reich Protector, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>6</sup> Ibid.

<sup>7</sup> Hadega's memo of March 12, 1941 to the Economic Group at the Office of the Reich Protector, SÚA Prague, NSMP, Box No. 777.

<sup>8</sup> Memo of March 20, 1941 from the Economic Group at the Office of the Reich Protector to Hadega, SÚA Prague, NSMP, Box No. 777.

<sup>9</sup> Position paper by W. Utermöhle of January 14, 1942 with regard to the report on findings made at Hadega, AČNB, NB-P XXV-295 (163), Box No. 797.

<sup>10</sup> Circular of the Bankers' Union No. 131 of March 3, 1941, AČNB Prague, ŽB-S VII/g-1, Box No. 1149.

<sup>11</sup> Circular of the Živnostenská banka [Živnobanka - 'Small Businessmen's Bank'] from the spring 1941 (unnumbered, undated), AČNB Prague, ŽB-S VII/g-1, Box No. 1150.

<sup>12</sup> Circular of the Živnostenská Banka (administration of the 'N' assets) No. 528 of December 20, 1941, AČNB Prague, ŽB-S VII/g-1, Box No. 1150.

<sup>13</sup> Circular of the Živnostenská Banka (administration of the 'N' assets) No. 420 of November 20, 1942, AČNB Prague, ŽB-S VII/g-1, Box No. 1153.

<sup>14</sup> Circular of the Živnostenská Banka (administration of the 'N' assets) No. 365/1942 of October 9, 1942, AČNB Prague, ŽB-S VII/g-1, Box No. 1153.

<sup>15</sup> Circular of the Živnostenská banka No. 13 of January 8, 1942, AČNB Prague, ŽB-S VII/g-1, Box No. 1152.

<sup>16</sup> Circular of the Živnostenská banka No. 441 of December 4, 1942, AČNB Prague, ŽB-S VII/g-1, Box No. 1153.

<sup>17</sup> Based on the information that Hadega was allotted 5 per cent of the sale price. In 1940, Hadega's share of the proceeds from sales of jewelry amounted to 750,000.00 Protectorate crowns. Report of December 1942 on Hadega's business activities, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>18</sup> Balance of the trade activities of the Hadega Company as of December 31, 1941, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>19</sup> Balance of the trade activities of the Hadega Company in the year 1942, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>20</sup> Guidelines governing the purchases of diamonds, gold, silver, and platinum of June 12, 1942, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>21</sup> List of valuables kept in Hadege's safes as of December 31, 1942, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>22</sup> Letters from the National Bank to Degussa of December 13, 1941 and December 13, 1944. AČNB, NB-P XXV-257 (123-II), Box No. 787; cf. Letter from F. Müller to W. Utermöhle (July 10, 1942), AČNB, NB-P XXV-295 (163), Box No. 797.

<sup>23</sup> Memo from the Main Branch of the National Bank to the special emissary of the Reich Bank to the National Bank of December 28, 1942, AČNB Prague, NB-P XXV-268 (123a), Box No. 787.

<sup>24</sup> Memo from the Special Emissary of the Reich Bank at the National Bank Müller to the Zentralamt für die Regelung der Judenfrage of December 29, 1942, AČNB Prague, NB-P XXV-258 (123a), Box No. 787.

<sup>25</sup> Letter from the managing director of the Dorotheum Dr. Jennewein to K. H. Frank (December 11, 1942), SÚA Prague, State Secretary K. H. Frank, 109-4-1116.

<sup>26</sup> Letter from the Gauleiter (head of a Nazi administrative district) Dr. H. Jura of Vienna to K. H. Frank (March 18, 1943), SÚA Prague, State Secretary K. H. Frank, 109-4-1116.

<sup>27</sup> Der Befehlshaber der Sicherheitspolizei und des SD: [Commander of the Security Police and the Security Service], Minutes taken by E. Weimann on April 2, 1943, cf. Letter by the Reich Protector K. Daluge of April 13, 1943 to W. Pohl (head of the SS-Wirtschafts- und Verwaltungshauptamt), SÚA Prague, State Secretary K. H. Frank, 109-4-116.

<sup>28</sup> For more detail see Chapter VI.

<sup>29</sup> Circular No. 13/42 of January 8, 1942, AČNB Prague, ŽB, s VII/g-1, Box No. 1152.

<sup>30</sup> Internal instruction sent by the National Bank to other financial institutions (September 5, 1941). AČNB Prague, NB-P XXV-257 (123-II), Box No. 787.

<sup>31</sup> Memo from the Main Branch of the National Bank to F. Müller (March 18, 1942), AČNB Prague, NB-P XXV-257 (123-II), Box No. 787.

<sup>32</sup> Memo from the National Bank, Ref.No. 431/42-hl.ú. of March 18, 1942 to Müller, AČNB Prague, NB-P XXV-257 (123-II), Box No. 787.

<sup>33</sup> Minutes of January 17, 1941 regarding the preparation of diamond sales in Switzerland, AČNB Prague, NB-P XXV-256 (123 - I), Box No. 787.

<sup>34</sup> Letter from F. Müller to W. Utermöhle of July 7, 1941, SÚA Prague, National Administration of Properties (Národní správa majetkových podstat - "NSMP"), Box No. 777...

<sup>35</sup> Letter from the Chief of the Devisenschutzkommando ('Foreign-Exchange Protection Unit') to the Public Prosecutor at the German Land Court of Justice in Prague of April 19, 1940, AČNB Prague, NB-P XXV-295 (163), Box No. 797...

<sup>36</sup> Report of the Hadega Company to the Office of the Reich Protector (December 12, 1940), AČNB Prague, NBČ, P XXV-295(163), Box No. 797. Cf. Letter from W. Utermöhle to the representative of the Auswärtiges Amt at the Reich Protector's Office K. Ziemke (January 6, 1941,) SÚA Prague, NSMP, Box No. 777.

<sup>37</sup> Minutes of the Foreign-Exchange Branch prepared for the Head of the Economic Department of the Office of the Reich Protector W. Bertsch (January 18, 1941), SÚA Prague, NSMP, Box No. 778.

<sup>38</sup> Letter from the Head of the Foreign-Exchange Branch W. Utermöhle to the Special Emissary of the Reich Bank at the National Bank F. Müller (December 30, 1941), AČNB Prague, NB - P XXV-256 (123-I), Box No. 787.

<sup>39</sup> Letter from the Reich Ministry of the Economy to W. Utermöhle (January 11, 1941), SÚA Prague, NSMP, Box No. 777.

<sup>40</sup> Letter from the Board of Directors of the Reich Bank to the Special Emissary Müller, AČNB Prague, NB-PXXV-257 (123-II), Box No. 787.

<sup>41</sup> Memos from the Office of the Reich Protector to the Hadega Company of March 28, 1941 and July 4, 1941 regarding the preparation of jewels for sale in Portugal, SÚA Prague, NSMP, Box No. 777.

<sup>42</sup> Letter by W. Utermöhle of June 6, 1941 for K. Ziemke, SÚA Prague, NSMP, Box No. 777.

- <sup>43</sup> Annual balance sheet of the diamond trade (1942), AČNB Prague, NB-P XXV-295 (163), Box No. 797.
- <sup>44</sup> Letter from the Board of Directors of the Reich Bank to Dr. F. Müller dated July 17, 1942, AČNB Prague, NBČ, P XXV-258 (123 A), Box No. 787.
- <sup>45</sup> Record of a conversation held on December 26, 1942 between Dr. F. Müller and W. Utermöhle, AČNB Prague, NBČ, P XXV-295 (163), Box No. 797.
- <sup>46</sup> Letter from the National Administration of Properties of February 8, 1946 to Dr. Gordon from the Ministry of Labor Protection and Welfare, SÚA Prague, Archive Collection of the Ministry of Labor Protection and Welfare - Repatriation, Box No. 428.
- <sup>47</sup> Minutes prepared by Dr. F. Müller for the Head of the Foreign-Exchange Branch W. Utermöhle of October 14, 1941, SÚA Prague, NSMP, Box No. 777.
- <sup>48</sup> Proposal by W. Utermöhle submitted to the Head of the Economic Department of the Office of the Reich Protector W. Bertsch; proposed procedure for the expropriation of Jewish valuables, January 18, 1941, SÚA Prague, NSMP, Box No. 777.
- <sup>49</sup> Letter from the Head of the Zentralstelle für jüdische Auswanderung H. Günther to the Head of the Foreign-Exchange Branch W. Utermöhle, February 8, 1941, SÚA Prague, NSMP, Box No. 778.
- <sup>50</sup> Report about B. Meersmann's stay in Prague from January 16 to January 19, 1941, SÚA Prague, Police Headquarters in Prague ("PP"), 42/M-81/1.
- <sup>51</sup> Record of talks lead by B. Meersmann with W. Utermöhle and F. Müller on January 16, 1941, AČNB Prague, NB-P XXV -256 (123-I), Box No. 787.
- <sup>52</sup> Letter from W. Utermöhle to the representative of the Auswärtiges Amt Kurt Ziemke, SÚA Prague, NSMP, Box No. 777.
- <sup>53</sup> Letter from the Diamant-Kontor Company to the Hadege Company dated October 22, 1941, SÚA Prague, NSMP, Box No. 777.
- <sup>54</sup> Letter from the Head of the Foreign-Exchange Branch W. Utermöhle to the Hadege Company dated October 31, 1941, SÚA Prague, NSMP, Box No. 777.

<sup>55</sup> Reports about A. Brero's visits to Prague in the year 1941, SÚA Prague, PP, 42/B-76/2.

<sup>56</sup> Letters by A. Brero of March 20 and May 10, 1941 containing his offers to arrange sales of confiscated jewels in Switzerland, SÚA Prague, NSMP, Box No. 777.

<sup>57</sup> Report about H. Vögeli's stay in Prague from August 5 to August 7, 1941, SÚA Prague, PP, 42/V-122/12.

<sup>58</sup> Sales receipt re sale of confiscated jewels to the Vögeli & Wirz Company, September 11, 1941, SÚA Prague, NSMP, Box No. 777.

<sup>59</sup> Silver balance for the year 1942, AČNB Prague, NBC, P-XXV 295 (161), Box No. 797.

## V. Scope of the Illegally Seized Assets Consisting of Gold, Platinum, and Precious Stones (Reconstruction)

The final quantification of the **gold** obtained by confiscations from Jewish individuals, enterprises, and associations is based on several material sources compiled by various authors, both Germans and Czechs. One of the most important sources is the cash journal of a special account at the **Main Branch of the National Bank for Bohemia and Moravia** containing records of purchases and sales of gold obtained by **Hadega (Hakoma)** from Jewish individuals and legal entities. The oldest surviving records go back to January 29, 1941; starting from the aforementioned date, the said cash journal contains complete data covering the entire time period until the post-war era. According to this cash journal, the gold deposits at the **National Bank** amounted, as of April 30, 1945, to 255.85365 kilograms of gold. According to our computation based on an extract from the cash journal re special account of the **National Bank**, we have determined that during the period from January 29, 1941 to April 30, 1945 the **Národní banka** purchased a total of 482.35365 kilograms of gold from the **Hadega (Hakoma)** Company. During the same period, the **Národní banka** sold 226.5 kilograms of this gold to various domestic metal refineries.<sup>1</sup>

We have attempted to reconstruct the amount of gold originating from Jewish property on the basis of the documentation surveyed. Shortly after the liberation of Czechoslovakia in the year 1945, the **Central Accounting Department of the National Bank** prepared a survey of the gold reserves as of January 1, 1938, March 15, 1939 and April 30 (or May 7), 1945. Both the balance of October 1, 1938 and of March 15, 1939 contained only three account statements: "Balance of Monetary Gold in Prague", "Balance of Monetary Gold Abroad" a "Gold Balance Abroad in other Accounts" while the balance of April 30 (or May 7), 1945 documents another - fourth - account - "Balance in Prague in other Accounts", containing 281.5 kilograms of pure gold.<sup>2</sup> This entry shows the current accounting balance of gold originating from Jewish property sold by the **Hadega (Hakoma)** Company to the **National Bank**. This is proven by a document drafted on May 9, 1945 entitled "Detailed Survey of the Development of Gold Reserves of the Czechoslovak National Bank in Prague during the German Occupation, i.e from March 15, 1939 to May 9, 1945" equally indicating the amount of the "receivable gold" to be 281.45474 kilograms.<sup>3</sup> The figures contained in the document conform until April 30, 1945, with the figures entered in the cash journal re special account of the **National Bank**; therefore, we consider this "receivable gold" to be Jewish gold procured by **Hadega (Hakoma)**.

As the government of the Czechoslovak Republic prepared its memorandum regarding the Czechoslovak reparation claims against Germany, it established on the basis of the then available (today most probably lost) book of accounts of **Hadega**,<sup>4</sup> that 416,847 kilograms of gold belonging to Jewish owners was purchased through this company.<sup>5</sup> While comparing this indication with the aforementioned extract from the cash journal of the special account at the **National Bank** kept on behalf of **Hadega**, we discovered a discrepancy of more than 65 kilograms of gold. Due to the fact that **Hadega's** books are no longer available, it is unclear which date was chosen in the government memorandum as the final date for the purpose of determining the amount of gold procured from Jewish owners. We consider the figures contained in the cash journal of the special account of the **National Bank** to be more conclusive.

From April 1943, sales of Jewish gold to the **National Bank** were also conducted by the **Auswanderungsfonds**. The gold purchased by the **National Bank** was incorporated in the

monetary gold reserves. These purchases are confirmed by receipts issued to the **Auswanderungsfonds** by the **Main Branch of the National Bank** with respect to the quantities of the gold purchased by it; by September 1, 1944 the amount of this gold reached 134.84 kilograms.<sup>6</sup> The reconstruction of the amount of gold purchased by the **National Bank** from the **Auswanderungsfonds** as of May 9, 1945 is based on the above mentioned document "Detailed Survey of the Development of Gold Reserves" found in the Archives of the Czech National Bank, namely from the indication of the total reserve of monetary gold of 775.64587 kilograms remaining in the vaults of the **National Bank** as of the above named date. After subtracting the item "remaining gold" of the **Czechoslovak National Bank** amounting to 643.47944 kilograms, a total of 132.172 kilograms is obtained; we consider this total to be the actual amount of gold acquired by the **National Bank** from the **Auswanderungsfonds** as of the given date.

Another figure important for the establishment of the total amount of the confiscated Jewish gold appears in connection with the request of the Czechoslovak government to return the gold garnished by the Red Army in 1945 and later transported to the former Soviet Union. In the reference records office of the currency circulation department of the **Czech National Bank** was discovered a document entitled "Detailed Survey of the Development of the Gold Reserves during the Period of the German Occupation, i.e. from March 15, 1939 to May 9, 1945" which was obviously prepared in cooperation with the Soviet authorities to meet their needs.<sup>7</sup> In this document, 281.45474 kilograms of pure gold was referred to as "receivable gold"; this quantity corresponded roughly to the amount of gold administered by the **National Bank** as that obtained through **Hadega's (Hakoma's)** confiscations of Jewish valuables.<sup>8</sup>

The sum of the "receivable gold" (i.e. gold purchased from the **Hadega Company**), and the monetary gold purchased by the **National Bank** from the **Auswanderungsfonds** produced the closing balance of 413.63017 kilograms of gold - approximately the quantity of gold garnished by the Soviet Union as booty after World War II.<sup>9</sup>

For handling **platinum** obtained from Jewish individuals and legal entities, the German occupation administration introduced rules similar to those applicable to handling silver; the only difference was, that for platinum coming from Jewish valuables deposited at the **National Bank**, the rights of disposal were given the **Überwachungsstelle beim Wirtschaftsministerium in Prague**. The primary collection and distribution point of platinum was **Hadega (Hakoma)**. The sources documenting the movement and distribution of this precious metal are also incomplete. Nonetheless, they corroborate the figures contained in the government memorandum prepared (probably during the first few months after Liberation) for the anticipated reparation negotiations. In Annex I-9-a+b, this memorandum indicates that the amount of platinum originating from Jewish jewelry procured until the end of the war reached 5.251 kilograms.<sup>10</sup>

The data regarding the garnished amount of platinum quoted from the memorandum correspond with the surviving inventory records of the platinum account kept by the **Hadega Company** for the years 1941-42. As of December 31, 1941, this account contained 1.3528 kilograms of platinum. In the year 1942, another 3.0688 kilograms of platinum were collected. These figures refer only to the so called "account-processed" platinum; in fact, all platinum was stored in scrap form. By the end of the year 1942, the total quantity of such platinum amounted to 5.4939 kilograms. In 1942, the **Chemical Metal Refineries** in Prague purchased 0.0458 kilograms from the stock of "account-processed" platinum; the **National Bank** itself purchased 0.7741 kilograms.<sup>11</sup> The **National Bank** also obtained platinum from **Hadega** during later periods: this is confirmed by the only surviving invoice of August 1944 regarding the purchase of 0.397 kilograms of platinum for

12,704.00 Protectorate crowns; this sum was deposited in Hadega's current account No. 5000/61 at the **Kreditanstalt der Deutschen**.<sup>12</sup>

In view of the comparison of the data from the government memorandum on restitutions with the balance of **Hadega's** platinum reserves existing at the end of the year 1942 (after the conclusion of main wave of deportations of Jews to concentration camps when most of the platinum objects were collected), the post-war estimate of 5.251 kilograms appears to be conservative and plausible.

The overall development of the **silver** stock procured from Jewish individuals, enterprises, and associations through **Hadega (Hakoma)** and purchased by the **National Bank for Bohemia and Moravia** is documented by several summarizing statements kept at the archives of the said bank. Though the **National Bank** was charged with collecting silver, the exclusive right of its disposal (as it was the case re gold and platinum) had the **Reichsstelle für Edelmetalle in Berlin**.

The first statement prepared by the **Central Accounting Department of the National Bank** indicates the quantity of silver purchased from the **Hadega** Company during the period from April 13, 1940 (when the first consignment of 190.131 kilograms of uncoined pure silver was received by the bank) until November 11, 1941. This first consignment was closely connected with the *Fifth Implementing Ordinance of the Reich Protector of Bohemia and Moravia regarding Jewish Property of June 21, 1939 issued on March 2, 1940* regarding compulsory deposits of Jewish valuables in depots of exchange banks. Jewish citizens were trying to recover at least some of the value by quick sales of their valuables including silver objects. This silver was collected by **Hadega**; the **National Bank** purchased it on as-needed basis in weekly or bi-weekly intervals. As of December 28, 1940, the bank had purchased 1452.70 kilograms of pure silver and 7.367 kilograms of coined silver.<sup>13</sup> As for the year 1941, data regarding silver are available only for the period from January 10 to October 10. In the vaults of the **National Bank** were deposited another 596.679 kilograms of uncoined pure silver (i.e. recast silver) and 4.453 kilograms of coined silver. Between April 13, 1940 (when the *Fifth Implementing Ordinance* came into force) and October 10, 1941 (shortly before the first transports of Jews were dispatched), **Hadega** sold 2049.387 kilograms of uncoined silver and 11.82 kilograms of coined silver to the **National Bank**.<sup>14</sup>

Another usable summarizing statement was prepared directly by the **Hadega** Company. It corroborates that as of December 31, 1941 the Company's had stockpile of 1877.374 kilograms (gross weight) of coined and uncoined silver (this means that its net weight amounted to 1486.80 kilograms). In the course of the year 1942, **Hadega** acquired another 12,794.2668 kilograms (gross weight) of coined and uncoined silver from Jewish sources. This amount corresponded to a net weight 8646.179 kilograms. Consequently, the aggregate quantity of Jewish silver which had passed through **Hadega** from 1941 to 1942 amounted to 13,562.00 kilograms of coined and uncoined metal. **Hadega** sold nearly the entire amount of silver it obtained to the **National Bank for Bohemia and Moravia**. Only 24.456 kilograms (gross weight) of silver coins were submitted to the **Reich Bank in Berlin**. In the year 1942, negligible quantities of silver were sold to two companies: **Alexander Brero Co. in Biel** (4.96 kilograms) and the **Otto Sauter Co. in Berlin** (0.12 kilograms).<sup>15</sup>

No further summarizing accounts documenting the movement of the Jewish silver are available for the remaining years of the German occupation. There is no doubt that the confiscations

and purchases of Jewish silver continued also in this period but its yield declined in direct proportion to the decrease of the Jewish population disappearing in the concentration camps. This is confirmed by one of the rare surviving documents of September 1944 in which the **Reich Bank in Berlin** confirmed receipt of a consignment 3.4 kilograms (gross weight) of silver coins from the **Hakoma Company**.<sup>16</sup>

Until the end of the year 1942, **Hadega** had obtained 13.5 metric tons of silver (gross weight) from Jewish individuals, enterprises, and associations. The post-war restitution memorandum of the Czechoslovak government indicates that **Hadega** obtained a total of 16.7 tons of silver. The difference between these two figures (3.2 metric tons) was probably caused by including an additional amount of silver accumulated by **Hadega** in the remaining years of World War II. This means that the data contained in the memorandum can be accepted as adequate also with respect to Jewish silver.<sup>17</sup>

Unlike gold, silver or platinum, the **diamonds** confiscated from Jewish subjects were not passed on to the **National Bank** for further handling; the entire process of collection and sales of diamonds was conducted directly by **Hadega**. In this area, **Hadega** maintained business relations with the Reich-German institution **Diamant-Kontor in Berlin**.

The surviving sources regarding the fate of Jewish diamonds are also quite incomplete. It is therefore impracticable to elaborate a more exact summarization indicating the total amount of diamonds procured from Jewish individuals, enterprises, and associations in the Protectorate of Bohemia and Moravia. Nevertheless, it is possible to reach certain conclusions on the basis of the surviving documents of the **Hadega Company**.

While drawing an analogy with silver, it may be inferred that the vast majority of Jewish-owned diamonds was obtained in the years 1941 and 1942. As of December 31, 1941 **Hadega's** inventory contained 416.11 carats of diamonds (including brilliant cuts) and 23.21 carats of rosette cuts. A document of June 12, 1942 prepared by the **Economic Group at the Office of the Reich Protector** confirms that as of April 1, 1941, 6393 diamonds (total weight of 533.63 carats) and, as of August 12, 1941 another 3610 diamonds (total weight of 339.60 carats) from the Protectorate had been sold abroad; no target country is specified.<sup>18</sup>

During the year 1942, **Hadega** took possession of 3839.464 carats of diamonds (brilliant cut) and 239.745 carats of diamond rosettes. A small portion thereof; only 38.29 carats of diamonds, was sold in Slovakia. The vast majority of diamonds (brilliant cut) totalling to 2872.30 carats was sold in the domestic market; the same applies to diamond rosettes (381.846 carats sold to domestic customers). The sales of diamond rosettes exceeded their book value; therefore, in the volume designated for sale had to be included a portion of the yet unregistered stock of diamonds. By the end of the year 1942, the sales volumes had reached 2348.66 carats of diamonds (brilliant cut) and 513.15 carats of diamond rosettes. According to the surviving stock record, 5128,80 carats of diamonds (brilliant cut) and 582,041 carats of diamond rosettes passed through **Hadega's** books in the years 1941 - 1942; a part of this volume had been stored as **Hadega's** company deposit at the **Böhmische Escompte-Bank in Prague**.<sup>20</sup>

<sup>1</sup> Cash journals of the National Bank containing records of gold purchases from the Hadege Company (later renamed Hakoma) and sales of its gold to individual metal refineries in the years 1941-1945, AČNB Prague, NB-P XVII-332/8, Box No. 430a.

<sup>2</sup> Gold inventory at the National Bank as of October 1, 1938, March 15, 1939, and April 30, 1945, AČNB Prague, NB-P XVII-103/23. Central Accounting Department. Box No. 337.

<sup>3</sup> Annex 10 to the Report by Š. Račák, LLD, prepared for the Chairman of the Czechoslovak State Bank J. Tošovský, Prof.Eng. (September 15, 1990), Reference No. i 19/10-90, AČNB Prague, Czechoslovak State Bank (Státní banka československá - "SBČS"), Currency Circulation Management - Reference Records Office.

<sup>4</sup> The archives contain no record of any authorized destruction or relocation of Hadege's books.

<sup>5</sup> Undated memorandum regarding restitutions, AČNB Prague, NB-P XVII-330, Box No. 424.

<sup>6</sup> Bookkeeping certificate of September 1, 1944 documenting the sale of 55.53 kilograms of gold for the total amount 1,545,941.30 Protectorate crowns, whereby the volume of such sales reached 134.84 kilograms of gold and yielded a total of 3,281,989.60 Protectorate crowns; the National Bank paid out this amount to the Auswanderungsfonds in Prague. AČNB Prague, NB-P XVII-332/8, Box No. 430a.

<sup>7</sup> For more detail see Chapter VI.

<sup>8</sup> Report by Š. Račák, LLD, prepared for the Chairman of the Czechoslovak State Bank J. Tošovský, Prof.Eng. (September 15, 1990), Ref.No. i 19/10-90, AČNB Prague, SBČS.

<sup>9</sup> For more detail see Chapter VI.

<sup>10</sup> Memorandum on restitutions (undated), AČNB Prague, NB-P XVII-330, Box No. 424. This memorandum refers to Annex I-5 dealing exclusively with Jewish-owned jewelry still unaccounted for in spite of a considerable effort to locate it.

<sup>11</sup> Annual balance sheet of the platinum trade (1942), AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>12</sup> Letter from the National Bank for Bohemia and Moravia to Hakoma (August 14, 1944), Archives of the Capital Prague (Archiv hlavního města Prahy - "AMP"), FNO, Box No. 14.

<sup>13</sup> Statement of the Central Accounting Department of the National Bank re silver purchased from the Hadege Company (November 11, 1941), AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>14</sup> Ibid.

<sup>15</sup> Hadege's silver statement for the year 1942, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>16</sup> Communication from the Reich Bank to Hakoma (September 8, 1944), SÚA Prague, National Administration of Properties (Národní správa majetkových podstat - "NSMP"), Box No. 777.

<sup>17</sup> Undated memorandum issued by the Government of the Czechoslovak Republic, AČNB Prague, NB-P XVII-330, Box No. 424.

<sup>18</sup> Letter by the Economic Group at the Office of the Reich Protector Ref.No. 2/29-42 II/1-3 F of June 12, 1942, Vorprüfungsstelle Edelstein- und Diamant-Industrie, Idar-Oberstein 2, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>19</sup> Annual balance sheet of the diamond trade (1942), AČNB Prague, NB-P XXV-295 (163), Box No. 797.

<sup>20</sup> Account 'Diamonds (brilliant cut) and diamond rosettes' for the years 1941-42, extract from Hadege documentation kept at the National Bank, AČNB Prague, NB-P XXV-295 (163), Box No. 797.

## VI. Fate of the Jewish-Owned Gold Purchased by the Protectorate Bank of Issue; Post-War Fate of Jewish Movables unsold by the Germans until the End of World War II

Is extremely difficult to track the movables belonging to the persecuted Jewish population from the Czech Lands after the end of World War II; tracking gold, precious metals, precious stones and jewels made of such materials is virtually impossible. To make matters worse, only few sources have survived, and the existing documents are kept in many different places. In addition (as shown below), the information content of the existing documents is very limited. The Czech Protectorate administration, and, after the war, the Czechoslovak state administration was never provided with access to more accurate comprehensive data. During the war, the information blackout was consistently maintained by the German occupation administration. Paradoxically, the liberating power - the Soviet Union - introduced a very similar restrictive policy after the war.

The preceding chapter (V.) shows that a portion of the Jewish gold stolen by the Nazis (413.6 kilograms) was incorporated in the gold reserves of the central bank of issue of the Protectorate as a result of the activities of the Foreign-Exchange Department of the **National Bank for Bohemia and Moravia** (Main Branch) which was directly administered by German executives appointed by the Reich. The total increase of the gold reserves which was also coming from many other sources can be specified very exactly. Between March 15, 1939 and May 9, 1945 the gold reserves grew by a total of 417 kilograms.<sup>1</sup> The main objective of Chapter VI is to trace the fate of this increment after the war.

When the war was over, some of the stolen Jewish gold and other precious metals, precious stones and other movable goods remained unsold (though the bulk of such assets was sold, in one way or another, for the benefit of the Third Reich). By the end of the war, certain assets (now unfortunately untraceable) were still in trust of the **Vermögensamt** and the **Auswanderungsfonds**; both institutions had deposited these assets in the vaults of the **Böhmische Escompte-Bank** and the **Böhmische Union-Bank**. The largest financial institutions in the Protectorate, exclusively (ethnic) German - **Böhmische Escompte-Bank**, **Böhmische Union-Bank**, and above all **Kreditanstalt der Deutschen** - still held financial means seized from the persecuted Jewish population.<sup>2</sup> An investigation of the post-war fate of these Jewish assets represents the second objective of the present chapter.

\* \* \*

Like in March 1939 when the occupying German force was accompanied by a host of banking specialists lead by the General Manager of the **Reich Bank** Müller, eager to fulfil their task at the Czechoslovak National Bank, the liberating Red Army was also accompanied by a specialized group - employees of the Soviet **State Bank (Gosbank)** taking care (in the course of the liberating military operations) to secure certain bank assets as a booty in favour of the victorious power. Their activities were very extensive but they lacked central coordination and were not regulated by any legal provisions; they used hit-or-miss approaches, lacked administrative skills, were inconsistent, and quite often simply incompetent. The soviet booty "specialists" worked in German financial institutions but also in purely Czech or Slovak banks. At times, they were only interested in cash, in other instances, they even destroyed strongboxes containing deposits; some of these specialists were after securities, typewriters etc. If the bank officers sometimes managed to prepare documentation about hand-over of assets and register the assets garnished by the Soviet authorities, in other cases, summary requisitions were conducted and no exact information about the confiscated property could be obtained in the post-war period.<sup>3</sup>

Crucial for the further fate of the Jewish property were the Soviet booty actions in Prague, namely at the headquarters of the above named German financial institutions (**Böhmische Escompte-Bank, Böhmische Union-Bank, Kreditanstalt der Deutschen**), as well as at the **National Bank for Bohemia and Moravia**. The Soviet procedure was supposed to conform with the general rules of the international law and the specific *Treaty about the Mode of Utilization of Booty on the Czechoslovak Territory* concluded between the Czechoslovak and Soviet governments.<sup>4</sup>

The treaty defined the property to be considered German as that created on the territory of Czechoslovakia during the war or brought to this territory during the war period. The provisions of the treaty specifically stated that any pre-war property belonging to Czechoslovak citizens of German ethnic origin was not to be considered German property. The Soviet partner was to limit its booty claims to enterprises and property "which had a substantial military significance" and could be used in any future military operations. The Soviet embassy had the obligation to provide the Czechoslovak government with the names of businesses and specify any equipment, raw materials, semi-products or finished products taken out of the country. By adopting this treaty, the Soviet partner gave up most of the booty claims it might have had on the Czechoslovak territory. In practice, the Soviet authorities acted contrary to the generally applicable international laws and the above named bilateral treaty which both exclude the property of private citizens from any booty claims. The agents of **Gosbank** immediately confiscated the property belonging to the Czechoslovak state, its citizens and legal entities. Among others, they assumed exclusive control of the vaults of the above named four financial institutions in Prague.

The Soviet seizure of the bank of issue (**National Bank**) and four other important banks owned by the local ethnic Germans (all of those financial institutions had already existed before World War I) became one of the main contentious issues between Czechoslovakia and the Soviet Union. The Czechoslovak diplomacy was striving to solve this problem from early May of the year 1945 and tried to obtain the return or release of the property involved. Already a document prepared on May 15, 1945 for the State Secretary V. Clementis before his planned talks with the Soviet Ambassador to Prague V. Zorin defined as one of the priorities to "negotiate the issue of how to interpret of the booty agreement: even in the Czech Lands, the Red Army confiscates vehicles, factories, and farm properties previously administered by Germans and mistakenly considers it German property even though it is Czech property previously expropriated by the Germans in course of their persecution of the Czechs".<sup>5</sup> The following day, Clementis indeed asked the Soviets to release the "garnished safes and deposits".<sup>6</sup> The Soviet reply of May 22 seemed promising. In it, the Soviets informed the Czechoslovak side that the impounded strongboxes would be released providing that they belonged to Czech banks; it was true that the German safes had been sealed but if they contained Czechoslovak property, the Czech side should make the respective claims.<sup>7</sup>

In practice, it became clear that the Soviet side did not intend to redress the situation. While it is true that the negotiations conducted between the Czechoslovak Prime Minister Z. Fierlinger and the Red Army Marshal Konev on June 7 lead to the release of some industrial enterprises, it is also true that the provisions of the Czechoslovak-Soviet intergovernmental treaty of March 31 were not applied. The "R" department of the Ministry of Foreign Affairs specializing in this problem area stated that the treaty of March 31 regulating booty claims was never followed by the Soviet booty

troops; on the contrary, these troops "were always lead by completely opposing principles and applied their booty claims to any movable or demountable property considered 'German' in the widest sense of the term". Following an intervention, the Soviet authorities sometimes granted exceptions in favour of the Czechoslovak side. In other instances, they did not hesitate to commandeer Jewish property that had been "Aryanized" by the Germans or seize the assets of Czechoslovak firms forcefully subjected to German administration etc. The military importance of the objects confiscated by the Soviets was not even considered. In June 1945, during the visit of a Czechoslovak government delegation to Moscow, Fierlinger managed to obtain an unspecified informal promise from Stalin to send a special commission to Prague to settle the problem of banks. However, this promise was never fulfilled.<sup>8</sup>

The gravest problem was caused by the obstruction of the vaults of the **National Bank**. On May 17, the vaults were placed under the direct control of the Red Army, and the bank had no access to its money supplies. Therefore, on July 17, 1945, eight memoranda regarding the retained or garnished property (including Jewish property) were prepared for V. Zorin.<sup>9</sup> An abstract of these memoranda was prepared for Clementis. The abstract inferred that significant problems lied ahead since the Soviet military authorities impounded assets of some financial institutions without preparing any inventory. The government convened on August 21, 1945 and asked the Defence Minister L. Svoboda to get in touch with the Soviets. Besides military issues, Svoboda was supposed to negotiate "all unresolved legal problems and issues concerning booty".<sup>10</sup> The minutes of the negotiations conducted with marshal Konev in Baden near Vienna on September 10 by the Minister of Defence Svoboda, the Chief of Staff General Boček, and the State Secretary Clementis indicate that Konev "could do nothing but request a decision from Moscow".<sup>11</sup> Unsuccessful was also Clementis' new request to solve the situation of bank vaults presented in negotiations with Zorin on October 8 or the written memorandum submitted two weeks later in connection with an incident at the **Böhmische Escompte-Bank**. The executives of the **Prague Credit Bank (Pražská úvěrní banka)** charged with the dissolution of the **Böhmische Escompte-Bank** broke the seals placed on the safe by an officer of the booty department of the CGV (Tzentrálnaya Gruppa Voysk - 'Central Army Group') and opened the safe. After the Ministry of Finance had learned about the incident, it resealed the safe and dispatched an apology to Moscow.<sup>12</sup> Prague did not wish to resolve the dispute by creating a *fait accompli*; instead it was striving to reach a satisfactory arrangement to prevent repercussions in mutual political relations between Czechoslovakia and the Soviet Union.

The above mentioned incident brought a positive result. Moscow finally decided to act. Prague was informed that the Soviet military authorities had been instructed (after more than six months) to reopen the vaults of the Prague banks. The representatives of the War Department of the **State Bank of the USSR** and the representatives of the Czechoslovak Ministry of Finance began a joint inspection of the vaults' contents. On November 2, the vaults of the **Czechoslovak National Bank** were opened, and on the following day those of the **Böhmische Union-Bank**. Precisely at that moment, a new problem emerged. From the main vault, the Soviet officers released only the safes clearly belonging to Czech principals. They sealed all controversial safes and began preparing their transfer to the USSR.<sup>13</sup> They were not willing to discuss the bilateral treaty or points international law. This development resulted in a Czechoslovak protest memorandum submitted to the Soviets on November 8, 1945. In it, the Czechoslovak government explained its legal opinion, namely that the bank assets and deposits could not be subject to booty claims; on the contrary: the Czechoslovak government claimed all bank assets and deposits placed under the Czechoslovak national

administration by the decree of the Czechoslovak President of May 19, 1945 and subsequently confiscated by the presidential decree of October 25, 1945 for the benefit of the Czechoslovak state. This memorandum once again referred to the wording of the intergovernmental treaty of March 31 and argued that any funds, valuables or accounts belonging to individuals or legal entities were absolutely excluded from the booty claims (in accordance with the *Laws and Customs of the Ground War, Annex to the Final Act of the Second Peace Conference of 1907*). Finally, it insisted that the Czechoslovak state needed these assets to heal - at least partially - the heavy wounds inflicted to it by the German occupation; moreover, the Germans had obtained most of these assets by theft, use of force, and fictitious legal acts.<sup>14</sup>

This protest memorandum did not bring any results; the opening of the vault of the **Böhmische Escompte-Bank** on November 12 followed the same old Soviet scenario, and a new controversy regarding the securities deposited in the bank flared up (the value of these securities exceeded seven million Czechoslovak crowns). Dr. Rejholec wrote in his account for the Czechoslovak embassy in Moscow: "The Soviet representatives, probably directed by Zorin himself, have applied strong pressure and indicated that in case of any disagreement, they could remove everything from the Union Bank and the Bohemian Discount Bank [Böhmische Escompte-Bank] ... They drew our attention to the fact that there were more German deposits in other banks, and that the Soviets could claim such deposits retroactively."<sup>15</sup> At the same time, a new problem surfaced at the National Bank as "the Russian delegates were trying to find in the vaults anything to justify their guarding the vault for half a year to prevent us from entering it". "Anything" referred to two gold bars bearing the Soviet hallmark. The Soviets considered them stolen property. Prague argued that the bars were acquired by the Skoda Company in Switzerland before World War II for foreign currency earned by its exports.<sup>16</sup> Next came the Czechoslovak request to release 417 kilograms of gold considered to be an accretion of the gold reserves accumulated by the **National Bank for Bohemia and Moravia** from March 1939 to May 1945.

During the dispute over the vault of the **Kreditanstalt der Deutschen** on November 15, the Czech side argued that it contained no German property and that its substantial part consisted of "stolen Czech and Jewish property".<sup>17</sup> The procedure of opening bank vaults always followed the same scenario. Each time, the Soviets released only the safes and property belonging to individuals bearing distinctly Czech names and refused to talk even to principals of Czech parentage who had German names; those principals received nothing. The Soviets declared that those principals could assert their claims at a later point, in writing, through the Czechoslovak diplomatic channels, if they produced an official proof of their Czech ethnicity. By a note of January 23, 1946 Czechoslovakia asked the Soviets to unfreeze the accounts and safes at the **Böhmische Escompte-Bank** and the **Böhmische Union-Bank** registered in the name of the **Vermögensamt** or the **Auswanderungsfonds**.<sup>18</sup> After the first inventory in November 1945, the vault of the **Czechoslovak National Bank** was resealed and continued to be guarded by a Soviet military guard. The representative of the **State Bank of the USSR** had even left Prague.<sup>19</sup>

On January 30, 1946, the Soviet government presented the Czechoslovak embassy in Moscow with a "compromise" proposal. Prague considered this proposal virtually unacceptable. The Soviets held that the Czechoslovak claim to 417 kilograms of gold was unsubstantiated; since the Czechoslovak gold reserves were running low, the refusal to release this gold would have hit the National Bank rather badly. Unacceptable was also the refusal to release all cash holdings in

German marks: there would be no means to pay for the transfer of the German population; in addition, according to the Soviet proposal, the USSR was to receive all Jewish bank deposits. The National Bank stressed that the gold accretion was completely legitimate since the bank acted as a bank of issue, purchased gold and allocated it for dental applications, industrial purposes etc.<sup>20</sup>

On February 15, even before the official text of the Soviet memorandum arrived in Prague, and before the Czechoslovak authorities could react to it, the representatives of the War Department of the **State Bank of the USSR** at the CGV (Central Army Group) visited the Czechoslovak Ministry of Finance. They acted upon an order to hand over to the Czechoslovak government all assets unclaimed by the Soviet government and, on the other hand, definitely appropriate all remaining assets as booty. A Czechoslovak note of the same day asked the Soviets to halt the order issued to the War Department of the **State Bank** on the grounds that the document of January 30 contained certain unclear points: At the same time, Czechoslovakia intimated its intention to dispatch to the USSR a special delegation of experts to discuss the issue.<sup>21</sup> However, the Soviet side tried to prevent the visit of a Czechoslovak delegation to Moscow since the Soviets basically viewed the whole issue as settled: this assumption is confirmed by the comportment of the Soviets and their attempts to take over the disputed assets. No sooner than in ten days, on February 26, the Czechoslovak ambassador to the USSR Horák was informed, that it was unnecessary to dispatch any Czechoslovak bank specialists to Moscow - nobody there had sufficient knowledge about the dispute or any authorization to decide it; by that time, the Soviet ambassador to Prague Zorin and the representative of the **State Bank** in Prague had already received instructions to solve the issue there.<sup>22</sup>

In the meantime, Prague had lost patience. In the opinion of the Czechoslovak authorities, the procrastination surrounding the issue of the Prague banks involving "resources in the order of billions" had to be concluded speedily. Apart from the difficulties experienced by the **National Bank**<sup>23</sup>, there were serious legal implications: holders of securities which were held in the sealed safes could not meet the legal registration deadlines set by presidential decrees and other restitution regulations.<sup>24</sup> At its meeting held on February 26, the government directed the Czechoslovak Foreign Minister J. Masaryk to solve the vault issue with Zorin within twenty-four hours. Masaryk subsequently asked Prime Minister Fierlinger to extend the deadline by another twenty-four hours. The following day, an inter-ministerial meeting chaired by Masaryk was held.<sup>25</sup> According to the information presented at this meeting, the list of the contested assets included eighty-nine boxes kept at the **Böhmische Union-Bank** and four hundred and sixty boxes kept at the **Böhmische Escompte-Bank** (of this number, 259 boxes contained deposits of the **Vermögensamt** and/or the **Auswanderungsfonds**). In view of the political character of the issue, J. Masaryk requested explicit government instructions how to proceed.

Meanwhile in Moscow, the Ambassador Jiří Horák negotiated about the **Böhmische Escompte-Bank** and the **Böhmische Union-Bank** during an audience with the Deputy Minister of Foreign Affairs Vyshinski. However, Vyshinski declared that a Soviet delegation consisting of major I.E. Gimmelfarb and captain Malich was already in Prague; the truth was that Gimmelfarb and Malich stayed in Prague as representatives of the Soviet **State Bank**.<sup>26</sup> The attempt to reach an acceptable solution was made already the following day - on February 28. On the Czechoslovak side, the negotiations were conducted by the Minister of Foreign Affairs Jan Masaryk, the Minister of Finance Šrobár, another representative of the Ministry of Finance Dr. Prokop a the representative

of the **National Bank** Dr. Miloš Horna, the Soviet side was represented by Ambassador Zorin and the above named representatives of the Soviet **State Bank**.<sup>27</sup>

The Czechoslovak side explained its position regarding the issue of gold, cash, and Jewish property and again argued that these assets were not subject to any booty claims since they belonged to victims of political and racial persecution. It proposed forming a joint commission to inspect the contents of the suitcases. In his concluding statement, Masaryk assured the Soviet representatives that "the Czechoslovak government, though it was lead by its desire that the Soviet government respected the explanations and wishes presented in this meeting and contained in the government minutes, it was always ready to accept new decisions made by the Soviet government; should the Soviets still insist, notwithstanding the explanations presented in the present meeting, that all the instances involved constituted booty, the Czechoslovak government would accept this decision..."<sup>28</sup> These formulations reflected the complicated international status of Czechoslovakia and contained a political calculation. It did not result from any personal initiative on the part of the Foreign Minister Masaryk - it was based on a previous government decision. The Soviet partner subsequently used the offer without any scruples (see below). In its substantial passages, the memorandum submitted to the Soviets on this occasion quoted the government decision including the promise to comply with the Soviet decision and stated the express wish of the government "to form a commission to determine the content of all suitcases and packages since it was not impossible that they contained valuable objects of historical value; the whole situation would clarify if both sides knew the content of these suitcases."<sup>29</sup>

During these negotiations, Zorin behaved very arrogantly<sup>30a</sup>, and the Czechoslovak side came to the conclusion that Zorin was intentionally misinforming Moscow. It was therefore decided to relay a very detailed account of the negotiations to the Ambassador Horák in Moscow to provide parallel information to the Soviet authorities. At the same time, the government decided (again for obvious political reasons) to inform the Soviet embassy (this was done on March 4) that the government had instructed all its agencies, in order to facilitate the implementation of the order received by the representatives of the **State Bank of the USSR** in the sense of the Soviet memorandum of January 30, 1946, to take over the assets which the Soviet government decided to release without preventing the execution of the remaining part of the Soviet order. It was stressed that this decision applied merely and exclusively to the four banking institutions based in Prague. Dr. Rejholec expressed his disappointment in the entry following in the department log: "If, by today's decision, we are giving up the gold reserves of the National Bank or the property belonging to the victims of German persecution, we are surrendering the most easily defendable positions. By doing so, we shall worsen our position in all remaining, less convincing cases, in spite of voicing our present reservations."<sup>31</sup>

The difficult negotiations were concluded by handing over Zorin's note of March 20 addressed to J. Masaryk. The note confirmed the readiness of the Soviet booty organs to release the assets demonstrably belonging to Czechoslovak citizens but the assets of the **Vermögensamt** and the **Auswanderungsfonds** were subject to confiscation except for any parts proven to belong to concrete persecuted individuals. From the total claim of 417 kilograms of gold, the Soviet authorities released 20 kilograms to the Czechoslovak side. At the same time, they released a collection of historic gold coins. The consent to this final decision contained in Jan Masaryk's note

of March 28, 1946 to V. Zorin meant that the substantial, qualitatively and quantitatively unidentifiable part of the Jewish assets was in fact surrendered to the Soviet Union.<sup>32</sup>

It is quite clear that Masaryk considered this solution unsatisfactory. This confirms his encoded message addressed to the Czechoslovak Ambassador to Moscow Dr. Jiří Horák which was dispatched the following day; the message ended with the following words: "Though we have accepted the decision of the Soviet government, try to ask the NKID [Narodny Komissariat Inostrannykh Del - 'People's Commissariat of Foreign Affairs'] to re-examine the issue of gold legally obtained by the National Bank since this gold was owned by Czechoslovakia already before the German occupation".<sup>33</sup> Another form of protest expressed the Czechoslovak approach to the handover of the gold in question and of other objects. In its memo to the Ministry of Finance, the Ministry of Foreign Affairs reminded that "it would not be appropriate to state in the record of the handover that it constituted an act of implementation of an agreement between both governments or that the scope of the Soviet booty had been determined by mutual agreement; essentially, the handover is based on an independent decision made by the Soviet government and we merely chose not to raise any further objections to it."<sup>34</sup>

The possibly best description of the background and consequences of the negotiations contains the comprehensive account dispatched by messenger to the Moscow embassy. It includes the following statement: "Most perplexing in the whole matter is the fact that the Soviet government did not in the least react to our legal arguments and did not even attempt to refute any of them". The account adds that the **National Bank** protested against the results of the negotiations, reserved the right to claim damages and directly refused to cooperate while its property was taken to the Soviet Union. The Ministry of Finance feared further difficulties in implementing the decision of the Soviet government. It referred to its previous experience with the representatives of the **State Bank of the USSR**. In particular, it anticipated difficulties in providing proof of citizenship and documenting ownership of cases and valuables. The author of the account added that the Ministry of Foreign Affairs was well aware of such difficulties but tried to avoid that its reply to Zorin's note of March 20 was "burdened by reservations". It passed on the whole responsibility to the Ministry of Finance which was to defend the principle that the cases were to be released to Czechoslovak citizens regardless of their ethnicity; the proof of ownership was supposed to be based on the respective bank records.<sup>35</sup>

The malevolence, inflexibility and arrogance of Moscow confirming the worst fears of the Czechoslovak government was once again demonstrated by Vyshinski during his meeting with the Czechoslovak Ambassador Horák on April 4. Vyshinski declared that the decision taken by the Soviet government was based on the reports of its experts working in Prague. He declared that Czechoslovakia could not prove that the disputed gold was of Czechoslovak provenance and that the reichsmarks were obtained for Czechoslovak crowns. Horák's objection that the respective proof had been submitted was ignored. Vyshinski repeated that the Soviet government would not claim a single kilogram of gold of Czechoslovak origin. The Soviets would not refuse to reopen the negotiations providing that "exact documents" regarding the case were submitted.<sup>36</sup> The direct opposite was true. The Soviet "experts" in Prague increased their activity to take away the booty. Major Gimmelfarb lodged complaint after complaint and the highest government offices were trying to solve the problem of empowering an official to attend the booty's handover from the bank vaults.<sup>37</sup>

The choice fell on Dr. Prokop from the Ministry of Finance but the minister Šrobár refused to sign the proposed full powers though the document intentionally contained very narrow formulations to enable Prokop to refuse to sign the handover report. Šrobár requested a government discussion. At 11:00 AM, Gimmelfarb complained by telephone to Zorin. Finally, at 4:00 PM, the problem was solved by the Prime Minister Fierlinger immediately after he received Zorin's protest letter. Fierlinger personally signed the respective full powers and verbally explained his point to Prokop: "... we have no choice but to do what we have promised; we can justify it quite easily since the Soviet Union has made valuable concessions in the matter of border adjustment between Slovakia and the Ukraine (the village of Lekard and several acres of woods)." Therefore, the handover procedure could begin already on the following day, April 4 (incidentally, it was the date of Horák's audience with Vyshinski).<sup>38</sup>

The handover of the vaults belonging to the three above mentioned ethnic German financial institutions took place between April 4 - 15. It was quite remarkable.<sup>39</sup> At first, nothing went smoothly. Gimmelfarb refused to open the cases before they were carried away and mistook Czechoslovak Germans for citizens of the German Reich. According to the first report, only eight from a total of eighty-nine suitcases and packages kept at the **Böhmische Union-Bank** could be "salvaged". In the next few days, upon Prokop's wish, Gimmelfarb finally agreed to open some suitcases, above all the heavy ones. It was supposedly discovered that their content "was indeed of little value: clothing, linen, worthless paintings, etc.". Allegedly, a more substantial value had only the suitcases belonging to Count Nostitz. The number of the suitcases released to the Czechoslovaks rose from eight to thirty-seven. Most of the lighter suitcases referred to as "airplane suitcases" remained unopened.

In the following days, the whole process was accelerated. The handover procedure at the **Böhmische Escompte-Bank** was accomplished in two days (April 10 and 11). Prokop called the result "fair", since all Jewish suitcases, packages and boxes had been released providing they had a name tag. Among the objects requisitioned by the Soviets were forty-four boxes containing e.g. assorted silver spoons, forks, old banknotes, and diverse "objects of lesser value" with no name tags attached. "Salvaged" by the Czechoslovaks were various things, among others five suitcases belonging to the Micke company containing "expensive silverware". From a total number of 460 items, 290 was released from the Soviet custody. On Saturday April 13 the handover at the **Kreditanstalt der Deutschen** was completed. In the end, the Soviet representatives showed no interest in securities. Dr. Prokop's final report on the handover of vaults of German banks expressed satisfaction. It spoke of a great success then from 549 items 329 were released and "only" 220 were forfeited. Nonetheless, not all suitcases taken away by the Soviets had been opened for inspection. Colonel Stepanov who supervised the takeover together with Major Gimmelfarb promised that "if any subject associated with the Czechoslovak Republic was discovered in the suitcases taken away by the Soviets, it would be returned". At the same time, the gold from the National Bank was made ready for transportation to the Soviet Union. Stepanov promised to leave the gold on the side to be released if the objections raised by the National Bank were sustained.

A detailed gold flow statement for the period between March 15, 1939 and May 9, 1945 prepared by the **Czechoslovak National Bank** was handed over to Zorin on April 29, 1946.<sup>40</sup> The Czechoslovak side still considered the issue of the monetary gold open. In June 1946, it was finally

settled on the highest level during a visit to Moscow of the Czechoslovak government delegation lead by the Prime Minister K. Gottwald. To solve the existing problem of liquidating the economic consequences of the war, a special expert commission was created on July 22; Czechoslovakia was represented by the chief executive of the National Bank L. Chmela, the former Minister of Finance Outrata, and the Ambassador Z. Augenthaler. The commission was given the task to prepare until the next day its proposal for a definite solution.<sup>41</sup>

The commission had indeed prepared and submitted its proposal; it was then discussed and a solution was reached. The whole matter was settled in a very unconventional manner. Though the dispute involved assets of considerable value, no detailed official record was taken and the negotiations were not concluded by a written agreement. The official communiqué merely mentioned that the USSR gave up its booty claims to the Chemical Plants in Most (then named after Joseph Stalin) and that the Soviet government considered the property of individuals and legal entities, irrespective of their ethnic origin, to be Czechoslovak property; in other words, the assets of the German transferees were also considered Czechoslovak property. From the preceding text follows that the Soviet booty officials did not adhere to the principles of the communiqué: otherwise, they would not have claimed three Prague-based German banks and impound their assets whose value had remained, for the largest part, unknown to the Czechoslovak authorities.

Since the agreement was concluded only in verbal form, the respective ministry had difficulties to establish its content after the return of the negotiators from Moscow. All of them prepared their own personal records but these records are not mutually compatible in all points. The most extensive record was prepared by Augenthaler. The results of the negotiations can be summarized as follows:

1. The Soviet representatives refused to accept any Czechoslovak claims
2. The Soviets declared that it would be difficult to return the securities taken out of the country and suggested the Czechoslovak side to cancel them and replace them by new securities; the USSR would then present none the old securities for collection.
3. The Soviets declared that the suitcases taken from the Prague-based banks did not contain the lost university insignia or other objects of historic value.
4. The Soviets declared that they considered the gold issue closed and asked the Czechoslovak government not to return to it since it had accepted the Soviet decision. It turned out that none of the statements regarding the gold movements prepared by the **Czechoslovak National Bank** and handed to the Soviet embassy in Prague was sent to Moscow. In view of the respective government decision, the delegation abandoned the issue of return of gold.<sup>42</sup> (The remaining economic agreements under discussion did not involve the issue scrutinized by the present report).

According to Augenthaler, the negotiations were prolonged and complicated; the problem itself was dealt with on the highest level. Even Stalin took part in the discussions. He allegedly joked that the extensive Czechoslovak claims must have been fabricated ad hoc given that just the value of the commodities taken out of the country amounted to five billion crowns. Subsequently, the origin of the claims was discussed. Stalin reportedly did not deny that "behind the military units of the Red

Army stalked the 'trofeichiks' [booty officers] who seized anything they could put their hands on". Thanks to this insight, the Czechoslovak claims tilted the scales, and the final result of the talks was considered fair.

A paper summarizing the entire problem area of the booty agreement submitted by the Ministry of Foreign Affairs to the Ministry of Finance provided an interpretation of the agreement reached by the government delegation on July 26, 1946. The paper stated that whereas it became possible to acknowledge the claims of the wronged parties with respect to the securities seized by the Soviets, "any other property must be considered lost due to the war actions" (underlined by the authors of the paper).<sup>43</sup>

The seemingly quite illogical compliance of the Czechoslovak side vis-a-vis the authoritative comportment of the Soviet partner in a situation where the legal evaluation of the economic issues spoke clearly and unmistakably in Czechoslovakia's favour had a distinctly political background concerning the solution of several issues which had crucial importance for Czechoslovakia: the USSR promised its support in these issues and, for the most part, indeed provided it in the international arena. Let us name at least the transfer of Germans which was already under way at that point, the issue of the Slovak Hungarians then debated at the Peace Conference in Paris, the dispute with Poland regarding the Těšín Region and the Czechoslovak claims to the Kladsko Region or the Czechoslovak territorial claims against Germany. The Soviet diplomacy was well aware that this context would prompt Prague's compliance. The gold belonging to the Czechoslovak National Bank and assets of individuals and legal entities did not represent the primary concern of the Czechoslovak diplomacy. The fight for their exemption from the Soviet booty, though legally substantiated, was not brought to a successful conclusion. Less advantageous "compromises" in this field were considered a tribute to much more important issues.

## Chapter VI - Footnotes

<sup>1</sup> According to the bank balance of March 15, 1939, the vaults of the National Bank contained 7011 kilograms of gold ingots. According to a fiscal statement of October 12, 1940, 6371 kilograms of gold were taken to Berlin by the Germans; therefore, in the opinion of the Soviet authorities, the Czechoslovak holdings amounted only to 640 kilograms. In October 1945, the vault of the National Bank contained a stockpile of 1057 kilograms of gold; the Soviet representatives stated a surplus of 417 kilograms of gold. Cf. Record of several still unresolved issues of economic nature between the USSR and Czechoslovakia concerning the Czechoslovak National Bank of February 9, 1946, Archives of the Czech National Bank ( Archiv ěeské Národní Banky - "AĚNB"), Call Number - IV/A. Annex to the minutes of a meeting of the interim administration of the National Bank (February 9, 1946), Box 73, sine.

<sup>2</sup> For example the Kreditanstalt der Deutschen (KdD) maintained a "Sonderkonto" ['special account'] of the Gestapo where confiscated financial means were deposited from the very beginning of the German occupation; In the account R 780 maintained on behalf of the Office of the Reich Protector, administrative fees levied on forced sales of Jewish property were deposited; these fees amounted to 20 per cent of the sales price. The KdD Group of Companies included the Hadega Company (from

1943 called Hakoma) which possessed the sole right to sell Jewish property, precious metals, precious stones etc. Hadege (which was located on the premises of the KdD) naturally used the safes of the Kreditanstalt to store the assets consigned to it for resale.

<sup>3</sup> An incomplete list compiled by the Ministry of Finance (which was based on the data available to it as of May 2, 1946) showed 113 items (referring to 113 financial institutions and/or their subsidiaries). According to these lists referring only to the above mentioned institutions, the following assets had been confiscated: a total of 221,117,032,00 Protectorate crowns, 2,511,506.00 reichsmarks, 8,723.00 Hungarian pengös, securities representing a value of 7,499,414.00 crowns; deposits in suitcases, packages etc. were taken away; also removed were more than 1,500 unopened safes. Archives of the Ministry of Foreign Affairs. (Archiv ministerstva zahraničních včic - "AMZV"), Legal Department 1945-1954, Box 12, o. Booty Agreement - Banks and Valuables, Ref.No. 76993/46.

<sup>4</sup> Agreement between the governments of the Czechoslovak Republic and the Union of Soviet Socialist Republic regulating the modalities of booty applications on the Czechoslovak territory, Moscow, March 31, 1945. The document was marked "confidential" and has still remained confidential. AMZV, Archive Collection of International Treaties, Call Number L 1517.

<sup>5</sup> Points prepared for talks between the State Secretary Clementis and the Ambassador Zorin (May 15, 1945, AMZV, A-GS 1945-1954, Box 38, o. Talks - USSR - Zorin, Ref.No. 11980/A/45.

<sup>6</sup> Record of talks between the State Secretary Dr. Clementis and the Ambassador Zorin (May 16, 1945, *ibid*, Ref.No. 11978/A/45.

<sup>7</sup> Record of talks between the State Secretary Dr. Clementis and the Ambassador Zorin (May 22, 1945, *ibid*, Ref.No. 11981/A/45.

<sup>8</sup> Record of the "R" Department of the Ministry of Foreign Affairs of the Czechoslovak Republic entitled Booty Agreement - Implementation Record (August 2, 1945, *ibid*, Reg. No. 15902/R/45. A verbatim record of Stalin's promise is non-existent; it was merely repeatedly rephrased in condensed form. It was most closely recounted in the report of the Ministry of Foreign Affairs to the Embassy in Moscow of March 5, 1946: "The question to what degree the booty claims of the USSR should apply to Czechoslovak banks and assets deposited in those banks is complicated and will be negotiated in Prague with a team of Soviet experts dispatched to Prague for this purpose". - AMZV, A-GS 1945-1954, Box 90, o. Property - Booty Claims.

<sup>9</sup> Memorandum 1 (re access to the Czechoslovak National Bank); Memorandum 2 (re requisition of property of four Bratislava-based banks); Memorandum 3 (re release of pension funds of the Kujžkk Company); Memorandum 4 (re release of buildings belonging to the Catholic congregation in Brno); Memoranda 5-6 re Czechoslovak Jewish property wrongly considered German by the Red Army);

Memorandum 7 (re Telephone and Electricity Company); Memorandum 8 (re Norma Company). AMZV, Legal Department 1945-1954, Box 12, o. Booty Agreement - Banks and Valuables, sine.

<sup>10</sup> Record of talks between the State Secretary Dr. Clementis and the Ambassador Zorin (August 22, 1945), *ibid*, Ref.No. 24123/A/45.

<sup>11</sup> Record of talks between the Minister L. Svoboda and Marshal Konev (October 9, 1945, AMZV, A-GS 1945-1954, Box 38, o. Talks - USSR - Zorin, Ref.No. 44372/A/45.

<sup>12</sup> Record of talks between the State Secretary Dr. Clementis and the Ambassador Zorin (October 8 - 23, 1945), *ibid*, Ref.No. 44378/A/45 a 51567/A/45, Attached is a memorandum of October 23, 1945.

<sup>13</sup> Minutes prepared by the Head of the "R" Department of the Ministry of Foreign Affairs Dr. Václav Rejholec (November 3, 1945), AMZV, Legal Department 1945-1954, Box 12, o. Booty Agreement - Banks and Valuables, Ref.No. 57891/45.

<sup>14</sup> Minutes prepared by the Head of the "R" Department of the Ministry of Foreign Affairs Dr. Václav Rejholec (November 5, 1945), Memorandum of November 8, 1945, *ibid*, Reg.No. 57892/R/45.

<sup>15</sup> Minutes prepared by the Head of the "R" Department of the Ministry of Foreign Affairs Dr. Václav Rejholec (November 13, 1945), *ibid*, Reg.No. 60874/R/45.

<sup>16</sup> Dispatch to the Embassy in Moscow of November 13, 1945, *ibid*, Ref.No. 60876/R/45.

For several months, a special Soviet commission worked in the vault of the National Bank. The commission checked, item by item, every asset deposited there. To fulfil this task, it was provided access to all bank documents including the books of accounts. Cf. Report on several most urgent problems that are still open in communication with the Soviet Army. Annex to minutes of a meeting of the interim administration of the National Bank of April 11, 1946, AENB, Call No. NBÈS - IV/A, Box No. 73.

<sup>17</sup> Dispatch to the Embassy in Moscow of November 15, 1945, *ibid*, Reg.No. 62374/R/45

<sup>18</sup> Czechoslovak note of January 23, 1946, *ibid*, Reg.No. 11681/R/46.

<sup>19</sup> Report for the Embassy in Moscow of January 30, 1946, AMZV, A-GS 1945-1954, Box 90, o. Property - Booty Claims, Reg.No. 17382/R/46.

<sup>20</sup> Minutes prepared by the Head of the "R" Department of the Ministry of Foreign Affairs Dr. Václav Rejholec (February 3, 1946, AMZV, Legal Department 1945-1954, Box 12, o. Booty Agreement - Banks and Valuables, Reg. No. 22611/45, Soviet memorandum of January 30, 1946, ibid, Reg.No. 27269/R/46.

<sup>21</sup> Note of February 15, 1946 handed over to the Soviet Embassy in Prague, AMZV, A-GS 1945-1954, Box 90, o. Property - Booty Claims, Reg.No. 27266/R/46.

<sup>22</sup> Telegram from J. Horák to the Ministry of Foreign Affairs in Prague of March 26, 1946, AMZV, Telegrams received, Moscow 1946, No. 668/46.

<sup>23</sup> National Bank's request to expedite the solution of the problem regarding its vault and an urgent protest against the handover of its gold was sent by messenger to the Office of the Prime Minister, Office of the State President, as well as to the Ministry of Finance, Ministry of Foreign Affairs, and Ministry of Defence (March 25, 1946, AENB, NB - P XVIII - 243/2, USSR - Diverse Matters 1928-1950, Box No. 590, Reg.No. 18080/Dr. H/P.

<sup>24</sup> For more information cf. K. Kaplan - K. Jech, Dekrety prezidenta republiky ['Presidential Decrees'], I and II, Brno 1995.

<sup>25</sup> Minutes of a meeting (February 27, 1946, AMZV, SM-T 1945-63, Masaryk, Box 1, sine.

<sup>26</sup> Telegram from J. Horák to the Ministry of Foreign Affairs in Prague of March 2u, 1946, AMZV, Telegrams received, Moscow 1946, No. 942/46.

<sup>27</sup> The unreliability of the Soviet approach was stressed by the fact that the negotiations were conducted by the Ambassador Zorin who repeatedly declared to have no understanding of the subject matter, and by two

would-be specialists acting without any full powers. A confidential report on the issue prepared by the "R" department reads as follows: "Noteworthy is among others the circumstance how the commission of specialists mentioned by Vyshinski was formed. Malich is a political commissar and his obvious intention was not to miss anything that could be confiscated as booty. Gimmelfarb is just a bookkeeper obviously anxious to achieve the highest possible economic effect. Neither of them knows anything about law in general, let alone international law." Report by Dr. Rejholec on

the preparation of the negotiations, AMZV, Legal Department 1945-54, Box 12, o. Booty Agreement - Banks and Valuables, Reg.No. 53932/R/46.

<sup>28</sup> Minutes of negotiations between the representatives of the Czech and Soviet governments of February 28, 1946, *ibid*, Reg.No. 37474/R/46. Russian version of the minutes, *ibid*, Reg.No. 37476/R/46.

<sup>29</sup> Government decision of February 28, 1946 and Czechoslovak memorandum, memorandum, *ibid*, Reg.No. 35374/R/46.

<sup>30</sup> Zorin wrapped up the negotiation as follows: "that means that the Czechoslovak government disputes all points"; he remarked to the Soviet officers who were present at the talks that they could have carried away everything without much ado and the matter would have been solved. Account by Dr. Rejholec of March 4, 1946 summarizing the reports prepared by Dr. Horna from the National Bank and by Dr. Prokop from the Ministry of Finance; both aforesaid officials took direct part in the negotiations. *Ibid*, Reg.No. 37471/R/46.

<sup>31</sup> The text of a memorandum of March 4 and a report by Dr. Rejholec, *ibid*.

<sup>32</sup> The text of a Soviet note of March 20 and a Czechoslovak note of March 28, *ibid*, Reg.No. 50481/R/46.

<sup>33</sup> Telegram from J. Masaryk to the Embassy in Moscow (March 29, 1946, AMZV, Telegrams Dispatched, Moscow 1946, No. 987/46. As we explained in the preceding text, the quoted subordinate clause did not completely match reality. It concerned the increase of the gold reserves in the vaults of the National Bank which accumulated due to the Bank's business activities conducted during the war.

<sup>34</sup> Memo from the Ministry of Foreign Affairs to the Ministry of Finance of March 29, 1946, AMZV, Legal Department 1945-54, Box 12, o. Booty Agreement.- Banks and Valuables, Reg.No. 53931/46.

<sup>35</sup> Report prepared by the Ministry of Foreign Affairs for the Embassy in Moscow, March 29, 1946, *ibid*, Reg.No. 53933/46; re protest of the National Bank addressed to the Office of the Prime Minister and the Ministry of Finance cf. Minutes of a meeting of the interim administration of the National Bank (April 11, 1946), AENB, Call No. NBES-IV/A, Box 73.

<sup>36</sup> Telegram from the Ambassador Horák to the Ministry of Foreign Affairs (April 4, 1946) AMZV, telegrams received, Moscow 1946, No. 1039/46.

<sup>37</sup> Internal communication from Dr. Rojiček ("R" Department) to the Legal Department of the Ministry of Foreign Affairs (April 4, 1946), Legal Department 1945-1954, Box 12, o. Booty Agreement - Banks and Valuables, Reg.No. 59032/46.

<sup>38</sup> Ibid, Rojiček's addenda of April 5, 1946.

<sup>39</sup> Internal communication prepared by Dr. Rojiček (April 10, 1946) and continuously updated on the basis of the current information provided by Dr. Prokop, ibid, Reg.No. 63215/46.

<sup>40</sup> Detailed gold flow statement for the period between March 15, 1939 and May 9, 1945, AENB, Call No. NB-P XVIII-45/4, Box 457.

<sup>41</sup> Record of a conversation lead by the Prime Minister Klement Gottwald, the ministers J. Masaryk and Dr. Clementis, and the Ambassador Dr. Horák with Molotov, Vyshinski, Mikoyan, Pavlov, Zorin, and Lavrivchev on July 22, 1946, AMZV, Dep't a - GS 1945-54, Box 38, o. Talks - USSR - Zorin, sine.

<sup>42</sup> Record of the Moscow negotiations, cf. AMZV, Dep't a - GS 1945-1954, Box 188, o: Soviet Union, Ref.No. 163181/46; ibid, Legal Department 1945-1954, Box 12, o. Booty Agreement - Banks and Valuables, Reg.No. 140001/46.

<sup>43</sup> Memo from the Ministry of Foreign Affairs to the Ministry of Finance of December 2, 1946, AMZV, Dep't a - GS 1945-54, Box 188, o. Soviet Union, Ref.No. 230346/46.

## VII. Summary

The present report is the first comprehensive study to document the legal and institutional implications of the process of Aryanization of gold, silver, platinum, precious stones, and pearls in the Czech Lands in the years 1939-1945, and of its implementation. The report is based on primary (i.e. archival) sources, for the most part previously unexplored. Each chapter represents a self-contained analysis of the issues defined in the introduction.

The persecutory process of restricting ownership rights of Jewish individuals and legal entities and the subsequent expropriation of Jewish-owned gold, silver, platinum, precious stones, pearls and objects made of such materials was accomplished through several procedures. These procedures included: restrictions of the right of disposal effected through forced deposits; export bans; forced sales under clearly disadvantageous conditions; above all, direct confiscations governed by an array of criminal and other laws and regulations. This infringement of property rights culminated in the period when the mass deportations of the Jewish population to concentration camps were initiated. The objective of all the above mentioned methods of economic persecution was to reach the final objective of the German occupation administration in this field, i.e. the total expropriation of gold and other precious metals, precious stones, and other valuables owned by Jewish individuals, enterprises, and associations.

The economic persecution was regulated, conducted, and enforced by various political and security branches of the German administration which in turn purposefully involved in this process the so called autonomous Protectorate authorities. The process of Aryanization of Jewish property was fully controlled by the German authorities, the role of the Protectorate institutions was restricted to secondary, mostly clerical tasks (registration, record-keeping etc.)

The role of the National Bank for Bohemia and Moravia was delimited by its subordinate position vis-a-vis the Reich Bank: which regarded the National Bank as its subsidiary. The National Bank was also subordinate to the Office of the Reich Protector; between the Office and the National Bank existed a direct personal link since the Office co-opted German executives into the Bank's Management.

Illegally procured Jewish valuables were collected by Hadega, a German company specifically commissioned by the Reich Protector to perform this task. An important part in the Aryanization of the given category of Jewish property took the following two specialized institutions of the occupation administration created by the Reich Protector: Zentralstelle für jüdische Auswanderung (1942 renamed Zentralamt für die Regelung der Judenfrage), and the Auswanderungsfonds für Böhmen und Mähren.

After a thorough evaluation of the surviving archive materials, the team of experts came to the conclusion that the total amount of gold provably confiscated from Jewish individuals, firms,

and associations amounted to 614.62 kilograms. This amount represents the most conservative estimate of this category of Aryanized property (lower limit), given that the records of direct sales to the Hadega Company are no longer available; in addition, it is now impossible to document the quantity of gold objects confiscated by the German customs authorities from Jewish emigrants crossing the Reich borders. As of May 9, 1945, the amount of gold procured from Jews and deposited in the vaults of the National Bank by the Hadega Company and the Auswanderungsfonds totalled 413.6 kilograms. A certain portion of this gold remained in form of jewels and was stored as a bank deposit of the Auswanderungsfonds, above all at the Böhmisches Escompte-Bank. The following numbers were established by the Commission with respect to silver, platinum, and diamonds (brilliant cut): 5.49 kilograms of platinum and 16,744.594 kilograms of silver (these precious metals were illegally confiscated from Jewish individuals and legal entities and were subsequently used for the needs of the German war industry); 5,128.8 carats of diamonds (brilliant cut) and 582.1 carats of diamond rosettes. (Hadega's registered intake, 1941 - 1944).

The concluding chapter of the present report describes the fate of the Jewish property unsold by the Germans kept in the vaults of several Prague-based banks until the end of World War II. Until then, the Jewish assets forming the deposit (today, these assets are virtually untraceable) were administered by two institutions: the so called Vermögensamt and the Auswanderungsfonds. In addition, the concluding chapter explains the fate of the Jewish gold which had become, by the decision of the German-administered Foreign-Exchange Branch of the National Bank for Bohemia and Moravia, an integral part of the gold reserves registered with this banking institution during the war. As late as 1995, the renowned researcher Karel Sommer had to admit that the final fate of National Bank's gold was unknown.<sup>1</sup> The conclusion of the Expert Commission is unambiguous: the entire amount of the Jewish gold committed to the National Bank and some of the above mentioned anonymous Jewish assets unsold by the end of the war were taken to the Soviet Union as Soviet booty. Some of the assets found in the vaults (i.e. nominal assets of the Jewish victims of German persecution) were exempted from booty and set aside for future restitution to the original owners. The scope of this restitution could be possibly verified by the Czech National Bank.<sup>2</sup> In spite of its legally impeccable, straightforward basis for negotiations, the Czechoslovak diplomacy was forced to give up its effort to have the above mentioned assets exempted from the Soviet booty claimed; the Czechoslovak side yielded to Soviet pressure after relatively long and complicated negotiations; it must be added that the Soviet side did not conduct these negotiations completely fairly. The Czechoslovak decision to surrender the claims was influenced by purely political reasons: it gave up the assets in question in return for the Soviet support on the international scene to obtain certain results important for the Czechoslovak state.

## Chapter VII - Footnotes

<sup>1</sup> Karel Sommer, *Sovitská válečná kořist a Československo* ['The Soviet Booty and Czechoslovakia'], in: *O sovičské imperiální politice* ['Soviet Imperial Policies'], Acta Universitatis Palackianae Olomucensis, Facultas paedagogica, Civilia i.1995, p. 19.

<sup>2</sup> The issue of restitutions exceeds the confines of this report, cf. letter from the Czech Vice-Premier Egon T. Lánský to the President of the Czech National Bank J. Tošovský, Prof.Eng. of March 17, 1999, Ref.No. 3766/99KMZ and Tošovský's reply of April 1, 1999, Ref.No. 2/4-99-V.

The present report was concluded and signed at Prague, this 29th day of September, 1999

doc. PhDr. Drahomír Jančík, CSc.

doc. PhDr. Eduard Kubù, CSc.

doc. JUDr. Jan Kuklík, Dr.

PhDr. Jaroslava Milotová, CSc.

Jiří Novotný, CSc., Dr.

doc. PhDr. Jiří Šouša, CSc.