

Buenos Aires, Argentina, November 10, 1945

No. 1285

Subject: Second monthly report on SAFEHAVEN

SECRET

NOV 28, 1945

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to transmit herewith the Embassy's second monthly report on SAFEHAVEN.

As the Department will, no doubt, have already concluded, the highly disturbed political situation which has existed in Argentina since the submission of the Embassy's last report on SAFEHAVEN has impeded the progress of this project. Repeated changes in the incumbents in high Governmental positions, the uncertainty of tenure of others, and their preoccupation with domestic political events have, alike, contributed somewhat to explain the dearth of tangible accomplishments to be reported herein.

1/
2/ Census of Foreign Owned Property: As forecast in the first monthly SAFEHAVEN report, the Decree originally requiring reports of foreign owned property has been amended in a form somewhat more satisfactory than was anticipated, in that additional provisions have been incorporated in the amending decree which, in the opinion of the Embassy, will make the data available from the reports more comprehensive and more valuable in accomplishing the ultimate objectives of the SAFEHAVEN project. A copy of the amending decree and a translation thereof are attached hereto, for the information of the Department. The Embassy understands that the Junta de Vigilancia is already receiving reports filed pursuant to this decree.

cc: 12/5/45

For Information - Miss Scullen, Mrs. Henderson, Messrs. Gewirtz, Mrs. Schwartz, deZevallos(2), O'Flaherty, Locker, Brenner, Delaney, Glasser, Miss Ayers, Ness, NY Fed. General Records.

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Authority NND 968103By JG NARA Date 12/2/96

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As reported in the Embassy's cable No. 2753, November 3, 12 noon, a representative of the Embassy was invited to call at the Foreign Office, at which time he was informed that the Argentine Government had received identical protests from the Embassies of France, Belgium, and The Netherlands with respect to the provisions of the amending decree, and the applicability thereof to nationals of their respective countries. After a discussion of the problem presented, it was agreed between the official of the Foreign Office, and the Embassy's representative that it should be generally ruled by the Argentine Government that any of the United Nations might be permitted to state to the Argentine Government that certain of their specified nationals are to be considered as above suspicion of concealing Axis assets, and that such nationals, so guaranteed by their respective Governments, would be exempted from the provisions of the relative decrees. The Embassy understands that this ruling will permit a period of ninety days within which such guarantees may be placed on record.

Art treasures: Throughout the month of October the National Museum of Fine Arts exhibited the art collection owned by the Koenigsberg family. This exhibit was the subject of the Embassy's Despatch No. 1179 of October 26, 1945. Further than reporting the matter of the Department, the Embassy has not been in a position to take action of any kind, or to reach any conclusions with respect to the possible SAFEHAVEN aspects of the question, due to the fact that it is without information as to the treasures which may still be the object of search, has no means of identifying such treasures as being, in fact the originals involved, and is without instructions as to the action to be taken with respect thereto, if known and identified.

Current investigations: The study of the records of the Bemberg organization remains in about the same position as previously reported. It has, thus far, proved fruitless, but the Embassy now awaits the arrival here of the Treasury experts familiar with this case in the hope that their specialized knowledge thereof will provide investigative leads of value. In the meantime, the investigation is being kept open pending their arrival.

The examination of the records of the two German banks here is proceeding but, as already reported, at a slow pace because of the lack of investigative personnel. For the same reason, the Embassy has been unable to avail itself of the possibilities which might be provided through examination of the records of the Banco de la Nacion and, since it has

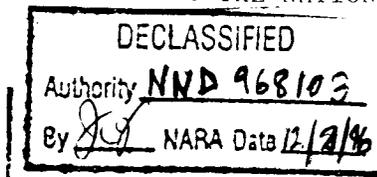
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not been in a position to follow up the opportunities reported in the last SAFEHAVEN report, it is not known whether they still exist.

The Embassy was recently informed by an official of the Foreign Office that the Flota Mercante is being pressed by the Cia. Argentina de Navegacion "Lloyd Argentina" S.A. for settlement of the transaction involved in the purchase by the Flota Mercante of three ships, the Rio Parana Rio Jura-mento, and Rio Carcarana. This transaction was fully reported in the Embassy's Despatch No. 1095 of October 17, 1945. Lloyd Argentina is now demanding, either the return of the ships, or unblocking of the purchase price and payment of the additional amount due in consideration of re-tention of the ships by the Flota Mercante. The Embassy's assistance was urgently requested for the purpose of definitively establishing the enemy interest in Lloyd Argentina. As indicated in the Embassy's Despatch under reference, the possible SAFEHAVEN assets involved run to some 15,000,000 Argentine pesos. The utilization of material derived from the files of the German Foreign Office which the Embassy believes will conclusively establish that Lloyd Argentina is a SAFEHAVEN agency, was the subject of the Embassy's cable No. 2757, November 3, 1945, 2 p.m. Pending conclusion of this matter, the Cia. Argentina de Navegacion "Lloyd Argentina" S.A. has now been intervened by the Argentine authorities.

3/ As an initial measure, to test the possibilities in similar and perhaps more important cases, the Embassy recently sent to the Foreign Office a Note Verbale request- ing information as to the SAFEHAVEN assets in Argentina in the name of Paul Schmidt-Branden. A copy of this Note is attached hereto for the information of the Department. Thus far, beyond a simple acknowledgment, the Embassy has received no response to its inquiry.

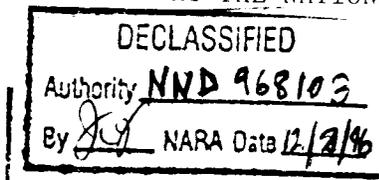
The receipt of documents gleaned from the files of the German Foreign Office has been of great assistance and, as further data are received, it is believed that such infor- mation of value to current investigations, as well as sug- gestions of new lines of study, will be presented by this documentation. The Embassy has already noted the infor- mation therein bearing upon the extensive foreign exchange operations, transactions in United States currency, and SAFEHAVEN activities of the German Embassy in Buenos Aires, and entertains the hope that facilities and personnel will be provided here for the suitable exploitation thereof.

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A.C.C. Vesting: On November 4, 1945 and subsequently thereto, local newspapers have carried reports of, and comments upon, a decree which they report as having been issued by the Allied Control Council in Germany bearing upon the vesting of German external assets, including those in Argentina. On November 6, 1945, the Junta de Vigilancia issued a communique which is being reported in the Embassy's Monthly statement of the Replacement program, but which concludes with the possibly significant statement to the effect that the proceeds and profits of Argentina's replacement effort will be deposited in specially blocked accounts, and will subsequently be used to reimburse the losses incurred by the United Nations at the Axis' hands.

Summary: Despite the current disturbed political situation in Argentina which has overshadowed the technical efforts to accomplish SAFEHAVEN objectives, some progress has been made beyond that reported previously. This is still more in the field of establishing a decree basis for future investigations than in actual tangible results. It is the opinion of the Embassy that any optimistic appraisal of the measures taken and projected must be predicated upon an assumption of good faith on the part of the Argentine Government and the integrity of its officials. It may be useful for the Embassy to point out, for the consideration of the Department, that, despite what may be made to appear the complete technical compliance by Argentina with its commitments, the objectives of SAFEHAVEN may be effectively sabotaged if 1) enemy assets are sold at substantially less than their real value, 2) such assets are sold to unstable purchasers through whom, by accident or design, they later revert to their original Axis owners, 3) no measures are taken to wipe out or render harmless the less tangible, but infinitely more important assets of technical know-how, patents, copyrights, trademarks and cartel agreements, and 4) exaggerated and unwarranted claims against enemy assets are allowed to faithful supporters of the present regime.

Respectfully yours,

For the Charge d' Affaires ad interim

Howard H. Towksbury
Counselor of Embassy
for Economic Affairs

Original and hectograph to Department
Enclosures:

1. Copy to amending Decree
2. Translation of Decree
3. Copy of Note Verbale

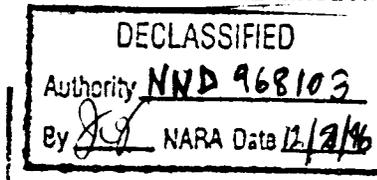
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Enclosure No. 2 to Despatch
No. 1285 from American
Embassy at Buenos Aires

TRANSLATION

Buenos Aires, October 25, 1945

In accordance with Decree No. 20.496, issued in a general Cabinet meeting on September 3, 1945, with a view to facilitating the task of the Board for Control and Final Disposition of Enemy Properties, and
WHEREAS:

It is necessary to extend certain of the rulings of the said Decree, for the better fulfilment of its purpose, as well as to specify the countries which were occupied or connected with the Axis,

THE PRESIDENT OF THE ARGENTINE NATION
In a Cabinet Meeting
DECREES:

Article 1 - For the purposes of article 1 of Decree No. 20.496, it is hereby declared that the countries which were occupied or connected with the Axis were the following: Norway, Denmark, the Netherlands, Belgium, Luxemburg, Finland, Poland, France, Monaco, Latvia, Esthonia, Lithuania, Rumania, Bulgaria, Hungary, Yugoslavia, Greece, Albania, Austria, Czechoslovakia, Danzig, Germany, Italy, Japan and Thailand.

Article 2 - The Federal Police will remit to the Board of Control a legalized copy of the declarations of property executed by "foreigners under vigilance".

Article 3 - Article 2 of Decree No. 20.496 is hereby modified in the sense that, the declarations which must be submitted in accordance to said article will concern property possessed up to January 1, 1939 and transfers after that date, as well as property possessed at the time of making the declaration.

Article 4 - As from the date of the publication of this Decree the term to present the sworn statements to the Board of Control is extended to 30 and 45 days.

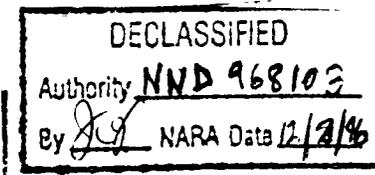
Article 5 - The obligation to remit the statements through national and provincial Notaries, to which Article

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5 of Decree No. 20.496 alludes, refers to the transfers where nationality is mentioned or implied, and this procedure should be fulfilled as from January 1, 1939, not later than 120 days from the date of the present decree, instead of January 1, 1942, which was the date stipulated in the article in question.

The statements related to the records which the Notaries do not have already in their possession, should be sent to the Board of Control. In this city, these forms should be remitted to the Archives of the Tribunals, and in the provinces or the National territories they should be sent to the respective Governors, as natural agents of the National Government.

Article 6 - The obligation to make consultations specified in article 5 of Decree No. 20.496, refers to transfers above the amount of 20,000 Argentine paper pesos.

Article 7 - The Central Bank will remit to the Board of Control and Final Disposition of Enemy Properties a statement showing the funds received from abroad, from January 1, 1939 to date, indicating the name and domicile of the persons who received them here, as well as the names and domicile of the holders of the accounts opened in banks of the country who live in the countries mentioned in Article 1 of this Decree; these statements also to show the present balances and the transfers made during the period of time specified previously.

The Central Bank is empowered to request from the private banks information necessary for the preparation of the statements, in which will appear the real property of said funds, in those cases in which they are concealed, disguised or in any other form.

Article 8 - Be it communicated, published in the Official Bulletin and sent to the National Registry.

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By	JG NARA Date 12/2/86

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Enclosure No. 3 to Despatch
No. 1285 from American
Embassy at Buenos Aires

NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and worship and has the honor to advise that it has received, as the result of certain investigations being pursued in Europe, information which tends to indicate that Paul Schmidt-Branden, Locarno, Switzerland, of alleged Lichtenstein citizenship, may have assets within Argentina which are actually the property of former high officials of Germany.

In summary, this information is to the effect that Schmidt-Branden obtained Lichtenstein citizenship in 1937 and has been resident in Switzerland since that time. Prior to 1937 he is understood to have been an official of the Dresden Bank, Berlin. Acting on behalf of German officials with whom he was personally friendly, he is alleged to have distributed large sums actually owned by them, in various accounts in his name in banks throughout the world, including one or more banks in Argentina the identity of which is not known to this Embassy.

This Embassy would accordingly appreciate receiving information as to whether the records of the Argentine Government disclose the remittance of any such assets to Argentina for the account of Paul Schmidt-Branden, and, in such case, the amount and depository thereof.

Ministry of Foreign Affairs and Worship
of the Argentine Republic

Buenos, Aires, October 11, 1945

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