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DEPARTMENT OF STATE

FOR THE PRESS

NOVEMBER 24, 1942  
No. 558

RECEIVED  
NOV 25 1942  
DIVISION OF INFORMATION

Information in the possession of the Government of the United States indicates that the German authorities are developing an organized business of selling exit permits from occupied countries. In practice, the Germans are attempting to obtain from relatives and friends of persons in these countries the payment of ransom, payment being made in neutral currency useful to the German war effort. Similar information has been received by the British and Netherlands Governments.

The manner in which this system of extortion is carried on is described in a report to the Department by one of our missions abroad in the following terms:

"The ransom system as practiced at present seems to be an extension of the practice instituted by the Nazi Government whereunder emigrants were permitted to leave Germany if the state were compensated on their departure by all of their visible wealth, with the exception of a small percentage, usually reduced in effect to about ten or twelve and one-half percent, which the emigrant was permitted to retain and to export abroad. It is very apparently designed to provide foreign exchange for the furtherance of the German war effort (though there may be reason for suspicion that individual members of the Nazi Party may personally profit by it). The United States is looked upon as the most fruitful source of the expected funds; and banking agents, or other intermediaries, have been canvassing means for circumventing American laws and the Treasury Regulations governing money exports, in an effort to provide the ransom sums demanded.

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"In the hostage and ransom system the victims are subjected to terrorization whereby their desire to find refuge in one of the United Nations or a neutral country is immeasurably increased. First, they are made the victims of unbearable restrictions designed to make life not worth living, usually under confinement in vile concentration camps; and, second, they are faced with the threat of deportation to domains in Eastern Europe, with the prospect of an unknown and possibly horrible fate awaiting them there."

The system seems to have been applied particularly to persons in the Netherlands and has developed to the scale of a regular traffic. The sums demanded vary

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according to the financial resources of the victims. Amounts as high as \$75,000 for a single person have been quoted. These sums are required to be paid into an account in the name of some intermediary in a bank in a neutral country, from which the money is eventually transferred to the credit of the German Reichsbank.

Methods of combating this barbaric and inhuman practice have been the subject of discussion between the United States Government, the British Government, and the Government of the Netherlands. All three governments are agreed as to the need for energetic measures to repress this traffic. The most effective means of dealing with extortion is to prevent the extortioner from benefitting from his viciousness. If the Germans can be prevented from obtaining the sums they are demanding for the release of hostages, their incentive to find new victims will be removed. Yielding to these attempts at extortion merely encourages the Nazis to employ them against other helpless victims.

The three governments have also had in mind the substantial benefit which would accrue to the German war effort if this traffic were permitted to develop. The degraded methods which the Germans are using are a measure of their desperation for foreign exchange and serve to indicate both the difficulty which the enemy is having in producing goods for exportation to the neutral countries and the effectiveness of the United Nations financial blockade.

Warning is hereby given that any person in a country to which the Proclaimed List of Certain Blocked Nationals applies who acts as a broker or agent in this traffic will immediately be included in that list and thereby be publicly designated as an enemy. Furthermore, persons in such countries who pay ransom are warned that they are assisting the enemy in his war effort and are rendering themselves liable to treatment as enemies.

One of the purposes of the freezing control regulations administered by the Treasury Department is to prevent practices of this sort. The Department understands that no licenses under the freezing regulations have been granted to persons in the United States to make such payments and that the Treasury Department has investigated a number of cases of attempts to extort ransom payments from persons in this country. It would be a violation of the freezing regulations and of the Trading with the Enemy Act to make such a payment without a license, and the Department is informed by the Treasury Department that in case of such a violation all appropriate sanctions would be invoked against the persons participating.

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