

SECRET

FINANCE

HEADQUARTERS
U S GROUP, CONTROL COUNCIL
(GERMANY) (MAIN)
FINANCE DIVISION
APO 742

File Nr. 940.92

6 September 1945

SUBJECT : Report on Recovery of Reichsbank Precious Metals

TO : Colonel B. Bernstein, Director, Finance Division,
U S Group Control Council (Germany) (Main) APO 742.

1. Analysis of an inventory recently completed indicates that 98.6% of the 255.96 million dollars worth of gold shown in the closing balances of the Precious Metals Department of the Berlin Reichsbank has been recovered and is now in the Frankfurt vaults.

2. The first and most important recovery was from Herkers, Thuringia, where 238.49 million dollars worth of Reichsbank gold, evacuated from Berlin in February 1945 and hidden in the Kaiserode Salt Mine, was discovered by American troops on 7 April 1945.

3. The interrogations establishing the identity of this gold also revealed that substantial amounts of Reichsbank gold had earlier been removed from the Berlin vaults and dispersed in "Special Storage" with various Reichsbank branches throughout Germany. The search for this additional portion of the Reichsbank gold stock was begun immediately, over 1900 miles being covered in a period of two weeks by special reconnaissance parties visiting all Reichsbank branches in central and southern Germany known to have held any of this gold at any time, and following up every clue and rumor as to its subsequent movements.

4. Detailed study of the Reichsbank's records has since established that seven out of the twenty-two million dollars worth of gold originally in special storage with the branches, was brought back to Berlin in February, 1945 for the evacuation to Herkers -- though forty bars were not taken to Herkers but remained in Berlin. This left, therefore, some fifteen million dollars worth of Reichsbank gold, originally stored at Wittenburg, Weissenfels, Erfurt, Magdeburg, Stendal, Oinar, Saalfeld, Coburg, Goslar, Eschwege, and Apolda, to be recovered.

5. Of all the places visited by the reconnaissance parties, only Zwickau, Eschwege, and Coburg actually yielded recoveries of so called Reichsbank gold -- in the amount of some three million dollars. The trail of another ten million dollars' worth (hastily evacuated from six of the branches in central Germany) was followed deep into the mountains of southern Bavaria but lost again -- until early June, when local troops found the cache buried in a forest near Wallgau. Meanwhile the recovery of thirty bars (amounting to something under half a million dollars, and later identified as a part of those originally at Weimar) had been reported from Regensburg.

6. Total recoveries of this Reichsbank gold subsequent to Herkers thus amount to 14.01 million dollars, leaving unaccounted for some three and a half million dollars worth.

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50 bars never heard of after evacuation of the original 80 from Weimar,
 40 bars left in Berlin at the time of the shipment to Herkers,
 2 bars lost somewhere in the chain of evacuation from Erfurt to
 Allgau, and
 147 bags of coin originally at Magdeburg.

7. A previous report has shown that 37.3 million dollars worth of the Reichsbank's closing balances was (largely remelted) gold of the Banque Nationale de Belgique. Out of this total 20.9 million was included in the Morkers recovery and 14.0 million in subsequent recoveries, while 2.4 million has not been recovered -- the "Special Storage" (from which the recoveries were incomplete) having consisted entirely of Belgian gold.

8. Also, previous reports have emphasized that substantial portions of the closing balances on the Reichsbank's precious metal books and, hence, of the recoveries identified in this report are either earmarked in special accounts as property of other foreign banks or are made up of bars and coins which may yet be identified as looted or acquired by force from other foreign countries. Separate reports will be made on these cases as their analysis is completed.

9. Besides the recoveries summarized above, there have also been found and identified as from the Berlin Reichsbank, the following precious metals:

a. An additional 16 bars of gold (value, estimated after recovery, \$ 194,000) carried on the Reichsbank books without indication of weight or value.

b. Platinum and silver (value \$ 34,000 and \$ 19,000, respectively) representing the Reichsbank's entire closing balance of these metals -- except for \$ 20 worth of silver coin left in Berlin.

c. The rare coins of the Reichsbank museum, value unknown.

10. The inventory of the Frankfurt vaults shows also some 41 million dollars worth of non-Reichsbank gold which will be reported on separately because the records necessary for identification like that of the Reichsbank gold are (in most cases) not available. This gold consists of some 3 million dollars worth found by the special reconnaissance parties at Nuremberg, Halle, and Plauen, and another 6 million recovered by American troops in a dozen different discoveries of which Innsbruck, Lindau, and Alchonsoc were the most important -- plus 32 million dollars worth from Spital am Pyhrn, Austria, belonging to the National Bank of Hungary. The vault inventory did not include the S.S. loot and the DSK confiscations from French safe-deposit boxes, upon which previous reports have been made but from which the gold has yet to be fully sorted.

11. Attached are thirteen schedules showing in detail, first, the closing balances of the Precious Metals Department of the Berlin Reichsbank (Part I) and, second, the identification and analysis of the precious metals shown in those balances which were recovered and not recovered (Part II). Schedule H (in Part I) is a recapitulation by type, last recorded location, and approximate dollar value, of the entire amount of precious metals shown in the closing balances; while Schedule K (in Part II) is a recapitulation by type, dollar value, and percentage, of the gold in the closing balances which was or was not recovered. Schedule L presents in detail the identifiable gold

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of Banque Nationale de Belgique, still held by the Reichsbank, which was or was not recovered.

12. Schedules A - H showing the closing balances of the Precious Metals Department in detail, should be self-explanatory -- except for the account names and any claims against the Reichsbank involved therein, which have been discussed briefly in a previous report and will be fully analyzed in later studies.

13. Schedules I and L showing the recoveries of bullion should, likewise, be clear. All bars shown in the recapitulation (Schedule K) as recovered have been individually identified in the closing balances and on the inventory worksheets from the Frankfurt vault -- by bank, smelt or case numbers, as shown. Other bars (Schedule L) have been identified by a similar comparison, on the basis of numbers where available and by other means, as indicated, where not.

14. Identification of the coin recovered (Schedule J) has proved more difficult but is believed valid. Because coin bears no identifying serial numbers and because bag numbers are missing in too many cases, and not very reliable in any case, the identification has to be made by matching of amounts and types.

15. Check by total face value of each type, which is the most accurate measure of amount in the Reichsbank books, was not possible because the inventory in the Frankfurt vault was by weight only and not by count. It is also to be noted that neither the Reichsbank records nor the Frankfurt inventory have sorted the coin completely or accurately by types; both show sizeable miscellaneous categories with different and very uncertain coverages.

16. The comparison by weight of major types of coin in the closing balances with those found at Merkers has proved remarkably close in view of the difficulties involved and is considered sufficiently close to warrant the conclusion (upon which the recapitulation in Schedule K is based) that the estimated 124.4 million dollars worth of coin recorded as sent to Merkers has been entirely recovered.

17. It must be realized, in considering the results of this weight comparison, that large quantities of the coin had never been weighed by the Reichsbank and must, therefore, be estimated. The estimate used was face value from the records, times mint weight, minus an assumed wear of $2\frac{1}{2}\%$. It is believed significant that the estimate for German coin, on the basis of this (German) wear factor, comes within one hundredth of one percent of the weight shown by the Frankfurt inventory. The inventory weights for other coin do not check so closely with the estimates, but none of the major types (amounting to a million grams or more) shows a difference of more than one and one half percent of the book estimate and the difference for total coin is only four tenths of one percent.

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