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To the

American Legation,

Bern.

LEGATION OF THE UNITED STATES OF AMERICA
Rec'd DEC 7 - 1942
BERN

GERMAN AGENTS IN SWISS BANKS

From

Walter H. Sholes
American Consul General

Basel, Switzerland. Date of completion: December 7, 1942.

Date of mailing: December 7, 1942.

H. A. Dörflinger, a bookkeeper of Swiss nationality, was arrested here last month by the Swiss Political Police on espionage charges. It appears this man who has a German wife, had for some time been furnishing the Reich with the names of German-owned portfolios at the Crédit Suisse, Basel and military information. The case continues shrouded in great mystery and as a result, details have been difficult to obtain.

However, it would seem the sudden withdrawal from the Crédit Suisse at Basel by their owners in Germany of 20 long inactive accounts, presumably at the demand of the Reich's authorities, aroused suspicion at the National Bank of Switzerland and at the Crédit Suisse with the result that the bookkeeping department of the latter bank was kept under close surveillance. Dörflinger's arrest followed shortly after.

Foreign holdings at the Crédit Suisse are said to be well camouflaged and, consequently, Dörflinger's activity, it is said here, will net the Reich less than 200,000 Swiss francs.

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francs. Efforts to confirm the reports in circulation here at one bank of the execution by the Reich's authorities of 40 of the bank's German depositors because of the information furnished by Dörflinger so far remain unavailing. It may be added that German, French, and Italian holdings are well camouflaged at the Crédit Suisse and other Swiss banks, but such camouflaging is, however, not general throughout the country.

Dörflinger is being held at Basel for the present, but will, it is declared here, be shortly turned over to the Territorial Court at Bern for trial. Grounds have been found, it is asserted, that may well result in this man being tried by a military court.

FOREIGN HOLDINGS IN SWITZERLAND

According to bankers, the value of foreign owned portfolios in Swiss banks is still very large, amounting to several billion Swiss francs in value, although bankers usually refrain from mentioning figures. It is believed French holdings (blocked by Bern since 1940, except for certain payments in Switzerland), are by far the largest. The latter accounts have been accumulating in this country ever since the nationalization of the French railroads at the turn of the century. The French continued making deposits here after the financial measures adopted by Poincaré in 1926 with the result that such accounts in Switzerland are believed to have a value of approximately 2,000,000,000 Swiss francs, equal to about 465,000,000 dollars. ($1.00 = Swiss Frs.4.30).

Next in order of importance are the German-owned accou here, of which there seem to be some 10,000 or more in the various banks, despite the immunity promised under the Germ amnesty act which, some years ago, sought the repatriation of German capital. (Please see also my report to the Legation dated October 28, 1942, under the caption of Germ and National-Socialist Holdings abroad, file 851.7). Thes holdings, including old Austrian accounts, mostly from Vie are estimated to have a value of considerably more than 500,000,000 Swiss francs, equal to more than $116,000,000, exclusive of real estate. This capital is mostly in such banks as the Crédit Suisse, Swiss Bank Corporation and the Banque Fédérale S.A., although many sizable German invest- ments may also be found in the various small private banks which abound in the country.

Third in importance are Italian accounts, many of wh may be found at the Banque Fédérale S.A. including those of highranking Fascists, it is said. The Italian holinds are not comparable with those of either France or Germany but there are still many such accounts here, despite Ita measures to repatriate such capital, according to a Swis banker thoroughly familiar with the subject.

SOME

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SOME OF THE BANKS INTERESTED

There will be found below a list of 24 banks at Basel, of which 19 are members of the stock exchange, also four others, commercial, savings and mortgage banks which are said to be carrying German accounts:

Estimated Value of German Owned Accounts Swiss francs	Name of Financial Institution
nil	1. American Express Company
10,000,000	2. Basler Handelsbank
2,500,000	3. Basler Kantonalbank
--	4. Crédit Industriel d'Alsace et de Lorraine
5,000,000	5. Dreyfus Söhne & Co.
5,000,000	6. Ehinger & Co.
10,000,000	7. Eidgenössische Bank A.G.
2,500,000	8. Gutzzillzr & Cie.,E.
5,000,000	9. La Roche & Co.
10,000,000	10. Lüscher & Co.
500,000	11. Münch, R.
5,000,000	12. National Bank of Switzerland
1,000,000	13. Röchling & Co.
5,000,000	14. Sarasin & Co., A.
10,000,000	15. Schweiz. Bankgesellschaft
10,000,000	16. Schweiz. Bankverein
15,000,000	17. Schweiz. Kreditanstalt
1,000,000	18. Schweiz. Spar- & Kreditbank
5,000,000	19. Schweiz. Volksbank
1,000,000	20. Zahn & Co.
3,000,000	21. Basellandschaftliche Hypothekenbank
3,000,000	22. Genossenschaftliche Zentralbank
3,000,000	23. Handwerkerbank
2,000,000	24. Zinstragende Ersparniskasse
TOTAL: 114,500,000	

The number of German-owned accounts in the Basel branch of the National Bank of Switzerland was at one time large, but has been reduced considerably in late years. There are at present "few" of such accounts, it is said.

German deposits in Zürich banks are believed to be nearly three times larger, and when there be added German-owned securities, et cetera in Swiss banks at St. Gall, Winterthur and other small communities it is not unlikely that the Reich's holdings in this country amount to considerably more than the figure originally given, namely $116,000,000.

It is asserted by those familiar with the subject that foreign owned accounts here are in large part accounts of $20,000 or more usually representing one-fourth of their owners' wealth.

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