

1998

The Disposition of SS-Looted Victim Gold During and After World War II

Elizabeth White

Follow this and additional works at: <http://digitalcommons.wcl.american.edu/auilr>



Part of the [International Law Commons](#)

Recommended Citation

White, Elizabeth. "The Disposition of SS-Looted Victim Gold During and After World War II." *American University International Law Review* 14, no. 1 (1998): 213-224.

This Article is brought to you for free and open access by the Washington College of Law Journals & Law Reviews at Digital Commons @ American University Washington College of Law. It has been accepted for inclusion in *American University International Law Review* by an authorized administrator of Digital Commons @ American University Washington College of Law. For more information, please contact fbrown@wcl.american.edu.

THE DISPOSITION OF SS-LOOTED VICTIM GOLD DURING AND AFTER WORLD WAR II¹

ELIZABETH B. WHITE

When United States forces entered the Kaiseroda salt mines near Merkers, Germany in April 1945, they discovered the vast treasure hidden there by the Reichsbank, Germany's central bank. In one corner of the mines, separate from the Reichsbank's stocks of gold, currency, and securities, were 207 suitcases, sacks, and boxes that, when opened, were found to contain thousands of pounds of valuable personal items, including jewelry, wedding rings, watches, eyeglass frames, and gold teeth and dental fillings. A Reichsbank official captured with the Merkers treasure revealed that this separate cache represented loot that the SS had robbed from its victims at the concentration camps and the killing centers in Poland. News reports and photographs of the SS loot soon electrified the international press and provided graphic evidence of the thoroughness and ruthlessness with which the Nazi State exploited the victims it enslaved and murdered.²

* Chief Historian, Office of Special Investigations, United States Department of Justice.

1. This article compiles the findings of the Justice Department's Office of Special Investigations as set forth in the two reports issued by the United States Government interagency task force on Nazi assets directed by Under Secretary of State Stuart Eizenstat: U.S. DEP'T OF STATE, U.S. AND ALLIED EFFORTS TO RECOVER AND RESTORE GOLD AND OTHER ASSETS STOLEN OR HIDDEN BY GERMANY DURING WORLD WAR II: PRELIMINARY STUDY (1997) [hereinafter 1ST EIZENSTAT REPORT]; U.S. DEP'T OF STATE, U.S. AND ALLIED WARTIME AND POSTWAR RELATIONS AND NEGOTIATIONS WITH ARGENTINA, PORTUGAL, SPAIN, SWEDEN, AND TURKEY ON LOOTED GOLD AND GERMAN EXTERNAL ASSETS AND U.S. CONCERNS ABOUT THE FATE OF THE WARTIME USTASHA TREASURY (1998) [hereinafter 2ND EIZENSTAT REPORT].

2. See 1ST EIZENSTAT REPORT, *supra* note 1, at 161.

Over the ensuing months, through study of Reichsbank records captured at Merkers and interrogations of officials of both the Reichsbank and the SS, United States investigators learned that Germany's central bank, far from being merely the passive safeguard of SS loot, actually played a pivotal role in the last step of the Final Solution process: the conversion of the victims' personal possessions. In the spring of 1942, as the gassing facilities at Auschwitz and at the Operation Reinhard killing centers in Lublin District were starting to function, the SS began acquiring vast quantities of valuable loot. Reich Leader of the SS and Police, Heinrich Himmler, found, however, that most of this loot was in forms that could not be directly used to finance his dream of an industrial empire owned and operated by the SS in which slave laborers from SS-run concentration camps would produce arms and goods for SS troops and for planned SS settlements in the East. Himmler therefore reached an agreement with the Reich Ministers of Economy and Finance—Walter Funk and Lutz Schwering von Krosigk, respectively—whereby the Reichsbank would receive SS shipments of looted gold, silver, foreign currency, securities, jewelry and other valuable articles, and would arrange for their disposal. The equivalent amount would be credited in Reichsmarks to an SS account with the Ministry of Finance.³

This arrangement with the SS did not represent the Reichsbank's first involvement with gold taken from individual victims of Nazi persecution and aggression. Just as the Reichsbank was the repository for the gold that Germany looted from the central banks of the nations it conquered, the bank also received the "monetary" gold—gold bars and coins—that first German Jews and then the residents of occupied countries were forced to relinquish.⁴ In addition, the Reichsbank also profited from gold smelted from the jewelry and valuable personal items that were confiscated from Jews both in

3. See *id.* at 162-64; see also Elizabeth B. White, *Majdanek: Cornerstone of Himmler's SS Empire in the East*, 7 SIMON WIESENTHAL CENTER ANNUAL 1, 3-4 (1990).

4. See 1ST EIZENSTAT REPORT, *supra* note 1, at 168-69. Various gold studies conducted by the Foreign Exchange Depository Group of the Finance Division, Office of the Military Governor, United States ("OMGUS"), U.S. National Archives and Records Administration ("NARA"), RG 260, location 390/46/8/05, Box 440.

Germany and in the occupied territories. Such articles were turned in to the Berlin Municipal Pawn Shop, which sent the lesser-quality items to industrial smelters to be melted and refined. The smelters held the fine gold extracted from the items in a special account pending withdrawal by the Reichsbank. In the reports and records of these smelters, this special account is generally referred to as the “J” account, or sometimes, more explicitly, the *Judengold* or Jewish gold account.⁵

The SS, however, preferred to conduct its business in greater secrecy. Under the arrangement reached with the Reichsbank, SS Captain Bruno Melmer made regular visits in mufti to the Reichsbank’s Berlin branch, driving a truck from which he delivered sealed packages and containers. These were then deposited in Account “M” or the “Melmer” Account. At that point, the entire contents became the responsibility of the Reichsbank, which opened and sorted the shipments, purchased all monetary gold, silver, currency, and securities, incorporated them into its own holdings. The Reichsbank then disposed of the remaining contents in the following manner: small items made of precious metals, such as rings and gold teeth, were sent to the Prussian Mint, smelted into bars, then returned to the Reichsbank, which incorporated them into its holdings; precious stones, jewelry and larger items made of precious metals were sent to the Berlin Pawn Shop, which arranged for the more valuable items to be sold abroad for foreign currency and the remainder to be sent to the Degussa⁶ refinery to be smelted. The Reichsbank ensured that the SS received credit for the entire contents of its deliveries by

5. See Bundesarchiv-Zwischenarchiv Dahlwitz-Hoppegarten, Collection R 8 X (Records of the Reichsstelle für Edelmetalle), folder 15, reports of gold stocks held in inventories of various *Scheideanstalten*, viz.: 5 June 1941 report of the *Staatliche Sächsische Hütten- und Blaufarbenwerke* regarding “*Judengold Fonds ‘J’*” (noting that 50 kg had been placed at the Reichsbank’s disposal in May, reducing the account to 18.0768 kg); see also 2ND EISENSTAT REPORT, *supra* note 1, at 161 (noting that the surviving smelting records of Degussa—Deutsche Gold- und Silber-Scheideanstalt—Germany’s largest smelter, also carry the notation “Jd” and, occasionally, *Judengold* next to entries from the period 1939-1941).

6. Degussa—Deutsche Gold- und Silber-Scheideanstalt—was Germany’s largest industrial refiner and also manufactured alloys and chemicals, including hydrogen cyanide, the poison used in the gas chambers at Auschwitz-Birkenau. The Frankfurt-based company is now the world’s leading manufacturer of dental alloys.

paying their equivalent value in Reichsmarks to the "Max Heiliger" account, the code name for the SS account at the Reich Ministry of Finance.⁷

The 207 containers discovered in the Melmer account at Merkers by United States forces represented the partial contents of twenty-one SS deliveries to the Reichsbank that had not been completely disposed of by the Reichsbank before it evacuated its holdings to Merkers. From the captured Reichsbank records, United States military government officials concluded that there had been seventy-eight SS deliveries in all. Partial receipts were found for forty-three deliveries, in which the Reichsbank informed the SS that its account had been credited with the Reichsmark value of some of the contents of these deliveries. Since the Reichsbank could more quickly arrive at the value of the items it disposed of itself—gold and silver bars and coins, currencies and securities—it paid the SS for those items first, while payment for jewelry, dental gold, and valuable personal items had to await their disposal by third agencies. The total amount credited to the SS account in these partial receipts was RM 23,455,781 or \$9,461,791.84.⁸ The gold bars and coins in these forty-three shipments were all incorporated directly into the gold stocks of the Reichsbank, as were the gold coins and bars in most of the other thirty-five SS deliveries, and the bars that Degussa and the Prussian Mint produced by smelting gold items in the shipments. Once added to the Reichsbank's holdings, the victim-origin gold was indistinguishable from gold that Germany had either acquired legitimately or had looted from occupied nations.⁹

The Reichsbank's effectiveness in disposing of SS loot may have attracted the attention of other agencies. In early 1944, the Office of the Four Year Plan under Reich Marshall Hermann Goering reported to the Reichsbank that its subordinate office, the Main Trusteeship Office East—*Haupttreuhandstelle Ost*—which operated in the areas

7. See 1ST EIZENSTAT REPORT, *supra* note 1, at 162-68.

8. See INDEPENDENT COMMISSION OF EXPERTS SWITZERLAND -SECOND WORLD WAR, SWITZERLAND AND GOLD TRANSACTIONS IN THE SECOND WORLD WAR: INTERIM REPORT n.40 (July 1998) [hereinafter SWISS INDEPENDENT COMMISSION]. The exchange rate used here is the same as that employed by the Swiss Independent Commission of Experts: RM 2.479 per \$1.00. See *id.*

9. See 1ST EIZENSTAT REPORT, *supra* note 1, at 162-68.

of Poland annexed by the Reich, had been ordered to ship to the Reichsbank all personal valuables confiscated from the non-German inhabitants of those areas, including "significant quantities of gold and silver items, jewelry and the like." Negotiations were also being conducted by the Reich Ministers of Economics and Finance with Albert Speer, the Reich Minister for Armaments and War Production, to ship similar property confiscated in Western Europe.¹⁰

It will probably never be possible to determine definitively the total value of the gold that the Reichsbank received from the SS. The Reichsbank records on the Melmer account that were seized by the United States at the end of the war have disappeared,¹¹ and in any case, they apparently did not contain information about the value of the last thirty five Melmer deliveries. Postwar studies conducted for the United States military government to examine the proceeds from the first forty-three Melmer deliveries show that the amount credited to the SS for the gold coins, bars, and rings in these shipments was RM 4,945,610.71 or \$1,995,002.30. The Melmer account documents on which these studies were based also contained other categories of goods that included gold, such as one category with the heading "Dental gold, broken gold, silver, etc.," another titled, "Purses, hand bags, knives & forks, jewels, pearls, gold & diamond rings, etc.," as well as "Watches, gold and silver coins," and "Alloy bars." The total value of the items in these categories was RM 3,452,219.59 or \$1,392,585.55.¹² The Swiss Independent Commission of Experts has

10. *See id.* at 168-169.

11. *See* 2ND EIZENSTAT REPORT, *supra* note 1, at 158 (noting that in 1948, the United States Military Government in Germany transferred the captured Reichsbank records to the Bank deutscher Länder, the predecessor of the Bundesbank). Although the United States did microfilm many of the Reichsbank records prior to relinquishing them, it did not microfilm the Melmer receipts. *See id.* The German Government recently reported that most of the original Reichsbank records turned over in 1948, including the records of the Melmer account, have disappeared and may have been destroyed during the 1970s. *See* Fiona Fleck, *Germany Lost Nazi Gold Files – Official*, RUETERS NEWS SERVICE, July 22, 1998.

12. *Recapitulation of Proceeds: Melmer Deliveries, Melmer Summary (Partial reckonings 1-9), Melmer Deliveries, Summary (Teilabrechnungen 1-9)*, NARA, RG 260, location 390/46/9/02, Box 423, folder 940.304. In the 2nd Eizenstat Report, this author estimated the total amount credited to the SS for the gold in its loot shipments to the Reichsbank at \$4,652,606.48, based upon a poorly legible, privately held microfilm copy of the postwar report "Recapitulation of Proceeds: Melmer Deliveries." As the analysis in the 2nd Eizenstat Report makes clear, this

been able to confirm, on the basis of surviving microfilm of the records of the Reichsbank Precious Metals Department, that the Reichsbank received at least \$2.9 million just in gold coins and bars directly from Melmer.¹³ That the Reichsbank in all probability received far more than this amount in gold coins and bars from the SS is evident from the final report on Operation Reinhard, in which SS and Police Leader Odilo Globocnik reported that he shipped RM 9,883,658.12 or \$3,986,953.66 in gold bullion and coins to the SS in Berlin to be forwarded to the Reichsbank.¹⁴ The gold shipped by Globocnik, which was destined for the Melmer account, did *not* include the gold looted by the SS from its victims at Auschwitz and at the concentration camps and slave labor camps outside Lublin District in Poland.

The Reichsbank used the gold it acquired from the SS deliveries in the same way it used gold acquired from other sources. Between 1939 and 1945, the Reichsbank sold the majority of its gold holdings primarily to Switzerland, but also to other European nations and to some German commercial banks, and some of these sales included gold from the Melmer account.¹⁵ For example, a postwar United States study of the captured Reichsbank records noted that of 1,582 kilograms of gold bars sold by the Reichsbank to the Deutsche Bank

estimate derived from the assumption that the amounts credited to the SS in the columns representing various categories of looted items were separate from the values in the partial receipts for the first forty three Melmer deliveries. The National Archives, however, holds underlying documentation created in preparing the report "Recapitulation of Proceeds" that clearly demonstrates that the sums in the categories of loot represent a break-out of the partial receipts for the first forty three Melmer deliveries. I am grateful to Dr. Hans Safrian of the Swiss Independent Commission of Experts for drawing my attention to these documents. In any event, as the figures discussed in the text above reflect, it is likely that the total value of gold forwarded by the SS for delivery to the Reichsbank exceeded even the \$4.653 million figure.

13. See SWISS INDEPENDENT COMMISSION, *supra* note 8, at 36 n.98.

14. Although the credibility of many of Globocnik's claims in his reports to Himmler may be questioned, he does state that this amount of gold was "handed over on receipt to the SS Economic and Administrative Main Office." It seems unlikely that he would inflate a figure for which he could be held accountable. See Nuremberg Documents NO-059 and NO-062, *Trials of War Criminals Before the Nuernberg Military Tribunals Under Control Council Law No. 10*, (Nuremberg, 1946-1949), 5:725-731.

15. See 1ST EIZENSTAT REPORT, *supra* note 1, at 170.

during the war, 673 kilograms—more than forty percent—came from the Melmer account. Other postwar United States studies show that the Reichsbank also sold Melmer gold to the Dresdner Bank.¹⁶

One purpose of these gold sales was to acquire the foreign currency necessary to finance Germany's war effort. In Turkey, for example, where a free gold market flourished during the war, the Deutsche Bank and Dresdner Bank sold gold acquired from the Reichsbank at a highly advantageous rate. The two commercial banks then used the Turkish currency thus acquired to buy Swiss francs and other valuable foreign currency from German and other Axis officials based in Turkey. Since the banks offered these officials an exchange rate that was far better than the official rate, this arrangement helped the German and Axis governments to finance their operations in Turkey while supplying the banks with the foreign currency necessary to buy more gold from the Reichsbank.¹⁷

Any gold bars and coins that the Reichsbank acquired from the SS deliveries but did not sell almost certainly came into the custody of the United States at the end of the war, since United States forces seized more than ninety-eight percent of the Reichsbank's holdings in Germany. The United States Government officials responsible for safeguarding and disposing of the Reichsbank treasure quickly learned of the Reichsbank's role in receiving and liquidating SS loot. They were therefore aware that not only the seized contents of the Melmer account, but also the holdings of the Reichsbank itself contained assets looted from the victims of Nazi persecution, including gold smelted from their personal belongings and dental fillings.¹⁸ Indeed, in a July 1946 report to the United States Secretary of State on the proposed distribution of the Reichsbank treasure, Livingston T. Merchant, the Minister-Counselor for Economic Affairs at the United States Embassy in Paris, noted that of the 8,307 gold bars

16. See 2ND EIZENSTAT REPORT, *supra* note 1, at 159.

17. See 2ND EIZENSTAT REPORT, *supra* note 1, at 129-30 (noting, in addition, that according to Allied intelligence reports, the legations of certain neutral nations, specifically Spain, Switzerland, and Portugal, were also occasionally permitted to participate in this currency exchange).

18. See 1ST EIZENSTAT REPORT, *supra* note 1, at 166, 169-171; see also Col. B. Bernstein, Director, Finance Division, U.S. Group Control Council (Germany), *Report on Recovery of Reichsbank Precious Metals* (6 September 1945), NARA, RG 260, OMGUS Property Division, location 390/44/33/05, Box 650.

seized with the Reichsbank holdings at Merkers that they "may, after proper assay and expert consideration, be determined to represent melted down gold teeth fillings." No attempt to assay the gold was ever made, however. Nor, apparently, was any attempt made to use the seized Reichsbank records to identify gold bars in United States custody that originated from the Melmer account, despite the fact that the Reichsbank official responsible for keeping those records maintained that they could be used to trace all the gold bars in the Reichsbank's reserves to their original accounts or deposits.¹⁹

At the Paris Reparations Conference held in late 1945, the representatives of 18 Allied nations devised an agreement for extracting reparations from Germany. The conferees decided that monetary gold captured in Germany, since it amounted to far less than all the gold looted from the German-occupied nations and was, moreover, mostly unidentifiable as to origin, should be pooled and distributed to the claimant countries according to their losses. As with other forms of reparations, the gold in this "gold pool" was to be distributed only to national governments, which were responsible for addressing the needs of their individual citizens.²⁰

The war, however, had produced a class of persons who could not be provided for by the traditional reparations arrangements because they had no national government to protect their interests: the class designated as "non-repatriable victims of German action."²¹ Searching for a way to provide financial assistance to this class, the United States seized upon the idea of using the notorious SS cache from the Melmer account and any other such captured caches of victim-origin gold. As the result of a United States proposal, the Paris Reparation Agreement established a fund to assist non-repatriable victims of Nazi action that was to be financed as follows: \$25 million to be obtained from the liquidation of German assets in neutral nations; the proceeds from heirless assets in neutral countries of victims of German action; plus "all the non-monetary gold found... in Ger-

19. See 1ST EIZENSTAT REPORT, *supra* note 1, at 170-71.

20. See *id.* at 54-62.

21. See *id.* at 59-62 (quoting Article 8 of Part I of the Paris Reparation Agreement at pages 60-62).

many."²² As with the other reparations established by the Paris Agreement, this fund was not to be used to satisfy the claims of individuals but was to be turned over to the Inter-Governmental Committee on Refugees (later the International Refugee Organization), which would apply it to resettling and rehabilitating non-repatriable victims of Nazi persecution. This arrangement preserved the right of individual victims to press claims against Germany in the future.²³

When the United States military government in Germany prepared to distribute the gold in its custody, it discovered that the Paris Reparation Agreement had a significant flaw: it did not provide definitions for the "monetary gold" to be placed in the gold pool, or for the "non-monetary gold" designated for the non-repatriable persecutees. The only available definition of "monetary gold" was the statement of the United States representative to the Paris Reparations Conference that monetary gold consisted of "gold bullion and gold coins found in Germany," or "gold which is in such form as to be a medium of exchange."²⁴ On the other hand, the United States wanted to define the term "non-monetary gold found in Germany" as broadly as possible and therefore expanded it to include both gold and non-gold personal property found in Austria, as well as in Germany, that represented loot seized from political, racial, or religious victims of Nazi Germany or its satellites.

These two definitions conflicted, however. If, as implied by the United States definition of non-monetary gold, the origin of gold as the personal property of Nazi victims was to be the deciding factor in determining its disposal, then non-monetary gold should include not only gold bars and coins found in the Melmer account and other caches of concentration camp loot, but also the gold bars in the captured Reichsbank gold reserves that had been produced from victims' possessions. If, on the other hand, the current form of the gold was to determine its disposition, then not only would an attempt to identify victim-origin gold in the captured Reichsbank treasure become unnecessary, but gold coins and bars found in clearly identifiable

22. *See id.*

23. *See id.*

24. *See* Frank C. Grabell, *Disposition of Valuables*, Jan. 28, 1947. Foreign Exchange Depository, in NARA, RG 260, location 30/46/10/02, Box 469, file 11/427/11.

caches of victim-origin SS loot would qualify as monetary gold to be added to the gold pool. In 1947, the United States Government chose the simplest course by defining monetary gold as gold bars and coins, whatever their origin. Consequently, the United States contributed to the gold pool all the Reichsbank's stocks of gold coins and bullion, including those that originated from the Melmer Account, as well as at least 6,427 gold coins and 10.7 kilograms of gold bars that the United States military government had identified as constituting loot robbed by the SS from its victims at the killing centers and concentration camps.²⁵

The organization entrusted with distributing the gold placed in the gold pool by the Western Allies was the Tripartite Gold Commission ("TGC"). Since the gold pool was far too small to compensate the claimant nations for all the gold that Germany had looted from them, the TGC limited claims to gold that had been held by a central bank or as part of a nation's monetary reserve.²⁶ During the intervening decades, the misperception has arisen that the TGC's narrow definition of monetary gold also applied to the gold that was contributed to the gold pool. This has given rise to contentions that gold surrendered by the citizens of occupied countries under currency laws that were also in force in Germany constituted "victim gold" that should have been excluded from the gold pool. There is, however, no evidence that the signatories of the Paris Reparation Agreement, whose foremost concern was to obtain as much as possible for their national treasuries so that they might rebuild their economies, ever intended such restrictions when they designated that "all the monetary gold found in Germany" should be put in the gold pool.

It may, however, be fairly debated whether the signatories of the Paris Agreement intended the gold pool to contain bars composed of the wedding rings and dental fillings of the murdered victims of the SS. The United States Government's 1947 decision to use the most expedient definition of monetary gold in distributing the gold in its custody was the result not of callousness toward refugees' needs so much as of the urgent need to put all resources to work as quickly as

25. See 1ST EIZENSTAT REPORT, *supra* note 1, at 171-180.

26. See Emrys Davies, The Tripartite Commission for the Restitution of Monetary Gold, Address before the London Conference on Nazi Gold (Dec. 2-4, 1997) (on file with the author).

possible to rebuild war-ravaged Europe. The United States Government did spend vast sums of money caring for, housing, and resettling victims of Nazi persecution. Five decades later, with European economies rebuilt, but the needs of Holocaust survivors still urgent, we can afford to revisit this issue and to judge it by different standards than those of 1947.

As a result of the finding in the May 1997 United States Government study of Nazi assets that gold taken from concentration camp and death camp victims was incorporated into the gold pool, the United States, Britain, and France proposed that the 5.5 tons of undistributed gold remaining in the TGC gold pool be used to assist the survivors of Nazi persecution. This proposal has led to the creation of the Nazi Persecutee Relief Fund, which will be used primarily to aid the "double victims" in Eastern Europe who have received little or nothing in compensation for their suffering and losses during World War II. Some countries that are not claimants to the TGC gold pool have also made commitments to contribute to this fund.²⁷

By uncovering evidence that gold taken from persecutees was used to finance Germany's war effort and to rebuild the postwar economies of Western Europe, the May 1997 Eizenstat report finally demonstrated conclusively what had long been suspected but never proved. Many questions remain, however. Although it will never be possible to quantify definitively the amount of victim-origin gold that was incorporated into Germany's monetary reserves, it should be remembered that the Melmer account probably represented only a small portion of the valuables that were robbed from persecutees, since the victims of the killing centers and concentration camps had already been relieved of most of their personal possessions by the Nazi state before their arrival at the camps. Further research is needed to determine what happened to the gold robbed from victims who never entered the SS camp system, for example, the hundreds of thousands who were murdered in the occupied areas of the Soviet Union. Just as the Melmer account was not the only source of victim-origin gold incorporated into the Reichsbank's reserves, the Reichsbank was but one of many German agencies that received and exploited the gold and other personal property looted from the vic-

27. See 2ND EIZENSTAT REPORT, *supra* note 1, at xxi.

tims of Nazi persecution. There is, for example, still much to learn about the efforts of the Office of the Four Year Plan and the German Foreign Office to sell apparently large amounts of victim jewelry abroad, particularly in Switzerland.²⁸ Further research into these questions will add to our understanding not only of the significance to Germany's war economy of gold and other valuables looted from persecutees, but also of the extent to which the systematic plundering of the victims of the Nazi state was carried out by ostensibly more respectable German government and financial institutions.

28. See 2ND EIZENSTAT REPORT, *supra* note 1, at 168 (noting that captured German records reveal that the German Foreign Office regularly sent packages of *Judenschmuck* (Jewish jewelry) to its legation in Bern to be delivered to an agent who exchanged them for critically needed industrial diamonds).