



# **The Holocaust Educational Trust**

**“EX-ENEMY JEWS” - THE FATE OF THE  
ASSETS IN BRITAIN OF HOLOCAUST VICTIMS  
AND SURVIVORS**

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**THE HOLOCAUST EDUCATIONAL TRUST**

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## Summary

Britain was seen as a safe haven for funds in the 1930s alongside the United States and Switzerland.

During the Second World War, all enemy assets in Britain were frozen by the Government. By 1945 Britain was effectively bankrupt, with a desperate need for hard currency. The Pound was under threat from the Dollar. **All policy was inevitably influenced by the economic plight.**

After the war when Britain decided what to do with frozen enemy assets, totaling £350 million, account holders received different types of treatment. **Nominally this reflected the role their country had played in the war, but in reality it owed much to the role Britain envisaged for the countries in the future.**

Money from Germany, Hungary, Bulgaria and Romania was kept by the British as reparations. In Germany's case this was sanctioned by international agreement. **In the case of the other three countries, reparations were apparently taken unilaterally by Britain. The seized enemy money was used to repay British creditors of the four countries, such as oil companies who had lost money in Romania.**

A small number of original account holders from enemy countries were given their money as an ex gratia payment by the British Government, if they could prove they had been victims of the Nazis.

**The burden of proof on "victims" was heavy.** They had to have left enemy territory, (usually impossible under Communism) and prove they had been imprisoned in camps;. Heirs had to produce hard evidence of their relative's death, (usually unrealistic where death was in a concentration camp).

**Officials were under pressure to minimise claims, because the money to settle these claims was from the same pool already promised to British trade creditors, who were much more powerful politically.**

Peace treaties and financial agreements were signed with Romania, Hungary and Bulgaria, transferring the obligation to redeem British assets to the home country of account holders. The **British recognised the clause was meaningless in communist states.**

Former “occupied” countries were redefined as “allies”. These included not only France, Holland and Belgium, but Italy, Austria, Poland and Yugoslavia.

With these countries all pre-war debts and future trade deals were tied together, often by secret treaties. **All** account holders in these countries were entitled to be repaid by their own governments in local currency.

By 1945 a proportion of Jews who had put their money in Britain for safe-keeping were dead, and in cases where relatives survived, they often had no knowledge of the account. As a result they were never re-claimed. In **the case of Germany, Rumania, Hungary and Bulgaria, the estates of Holocaust victims went to the British creditors of these countries. In the case of all the “Allied” countries, the account stayed in the British banks,** which have retained any dormant accounts as effectively “interest-free loans” for 50 years.

**Pleas by Jewish groups to follow the American example and use the dormant accounts for a humanitarian fund were rejected for several years.** A fund of just £250,000 was set up in 1957, to appease criticism of the unfair payments policy.

British Banks are likely to hold other dormant accounts of victims if they were opened in the names of British nominees, and therefore never recognised as “enemy”, and never frozen.

## **1. The Flow of Money to Britain in the 1930s**

The question of dormant accounts and other unclaimed assets belonging to victims of the Holocaust must be considered within the broader context of British banking in the 1930's and 1940's.

Britain was a very appealing destination for flying capital, arguably the most attractive in Europe in the 1930's.<sup>1</sup> This was due to the City of London's shared status, together with New York, as the undisputed financial centre of the world; the fact that the pound remained, with the dollar, an international currency and the stability of the British banking system.

Despite the devaluation of the pound in 1931, foreign capital flowed massively into Britain from 1931 onwards, reaching some \$4 billion between 1931 and 1937, more than ten times the amount flowing to Switzerland.

The channels by which Jewish funds were transferred to Britain were varied and numerous, hence the complexity of tracing such funds. A major difficulty was to get round exchange controls, that is the ban placed by governments on the buying of foreign currencies. The most common method to resolve this difficulty was to use a counterpart in Britain, that is someone who could make a payment on an account in Britain and receive compensation in the country under exchange controls. This could also be done through commercial transactions as long as controls were limited to capital account transactions - that is the conversion of domestic currency into foreign exchange for the purpose of foreign investment.

Of course, money could also be physically transported (banknotes in briefcases), though the method was dangerous; people could more easily smuggle jewellery or other valuables such as stamps. Another common channel was for a British citizen to open an account on behalf of foreign friends. This most likely took place within networks of family, business or social relationships, to which most Jewish families belonged. Assets transferred to Britain did not necessarily take the form of bank accounts: buying, in particular, securities, life policies and works of art was another common practice.

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<sup>1</sup> For a recent analysis of European finance during this period, see Charles Feinstein (ed.), Banking Currency and Finance in Europe Between the Wars, Oxford, 1996.

Even when money was deposited in a bank, it was not necessarily in one of the best known clearing banks. The type, and number, of institutions which could have received flying Jewish capital was much wider, and not all of them are still in existence today. One of the main characteristics of British banking was the diversity of specialist banking institutions operating in the London capital market.

The clearing banks were engaged in deposit banking, an activity dominated since 1918 by the 'Big Five' (Barclays, Lloyds, Midland, Westminster and National Provincial). They controlled some 80 per cent of the domestic market and were fairly insular in outlook - apart from the head office and a few large branches in London and other major cities. The merchant banks had specialised since the mid-nineteenth century in financing foreign trade by accepting bills of exchange. Merchant banks took deposits, though mostly from companies, foreign states and very wealthy individuals. There were some 58 merchant firms banking firms in 1930, and 45 in 1940, several having gone out of business during the depression of the 1930's. Much less known are the discount houses. They were specialised in the discount of bills of exchange, which they usually sold to the clearing banks. There were more than 20 discount houses in the early 1930's, several of them still family partnerships; their number had been reduced to eleven by 1945.

As the world's leading financial centre, the City of London had attracted, since the mid-nineteenth century, all the major foreign banks. The Deutsche Bank, for example, opened a branch as early as 1870, the Swiss Bank Corporation in 1898. To them should be added the overseas banks, also called Anglo-Colonial and Anglo-Foreign banks. They were British banks in the sense that their head was in London, their capital and management were mostly British; but they operated in foreign countries (especially the Far East and South America, but also Continental Europe) and in the British empire. There were some 25 of them in the 1930's, among them Barclays Bank DCO, Lloyds and National Provincial Foreign Bank, the standard Bank of South Africa, the Bank of London and South America etc. Finally, one should not forget the countless financiers (small firms or even individuals) who were operating in the City of London in all types of activities, including foreign exchanges. Many of them were of central European Jewish origins belonging to the second or even the first generation in Britain. Most have disappeared without trace, but they are likely to have been involved in the flows of capital in and out of Britain, often in conjunction with the City's larger financial institutions.



## 2. Wartime: Freezing Enemy Assets

With the outbreak of war Britain moved quickly to make sure the huge volumes of foreign capital in London stayed there.

A Trading with the Enemy Act from the Great War was re-enacted in 1939, to put under British Government control all enemy assets in Britain. As more countries were invaded, so the assets of those countries were added to the frozen pool.

The Trading with the Enemy Department came under the Board of Trade and had close liaison with the independent Bank of England, the Treasury and other government departments.

Each territory's assets were assigned to a specific administrator.

Five categories of 'enemy' were defined, including corporations, partnerships and individuals resident in enemy territory.<sup>2</sup>

Head offices of Banks circulated their branches with instructions over enemy accounts. Many enemy accounts were, it seems, consolidated in a single office. In the Midland's case, this was in the Enemy Debts **Department**<sup>3</sup>. However, since not all banks were members of the British Bankers Association, through which the Board of Trade published its orders, certain private banks continued much as before.

Banks, including British branches of 'enemy' banks such as the Deutsche Bank, and neutral banks like Credit Suisse, were required to give the Custodian details of enemy assets, including name, address, property, details of securities, life policies, other articles, credit balances and any liabilities (or indebtedness).<sup>4</sup> These lists were forwarded by the banks to the appropriate custodian. Enemy debts were registered with the Assistant Secretary for Finance. Details of the terms of the account, standing orders, and copies of any special licences granted by the Treasury to the account holder were also required.

Penalties for non-compliance included a fine of up to £50 and prison terms for nondisclosure or non-compliance and a fine of up to £10 a day for failing

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<sup>2</sup> Trading with The Enemy Bill, Clause 2, Bank of England, C40/1000, 1938.

<sup>3</sup> Midland Bank Overseas Department, Circular no. 15, 1940.

<sup>4</sup> Trading with the Enemy (Custodian) Order 1939(SR&O), no. 1198, II, p.3202, 16 September 1939.

to produce documents. The onus was on the banks to produce documents and declare any balance or asset considered enemy.

The economic position of Britain at the end of the war, when it decided how to distribute the hundreds of millions of pounds in frozen Trading with the Enemy accounts, was markedly different from the Britain which had passed legislation to freeze it.

The country had spent 50% more than its income, and faced an external debt of £3,500 million. The crisis over Britain's economic prospects was brought to a head by President Truman's cancellation of Lend-Lease assistance in August. Though "Britain was treated as a would be creditor with dubious references"<sup>5</sup> since it had apparently defaulted on its loans from the US after World War One, a \$3,750 million US loan and a further £1,250 million Canadian loan were secured.

Britain was left desperate for money and particularly, foreign exchange to bolster the value of the pound.

British negotiators had high hopes of reparations, which also conveniently fulfilled a desire that Germany should be punished. It was seen that "the only notable compensation we can hope to receive from her (Germany) for all the evils she has inflicted on us is to export her export markets"<sup>6</sup>. The reparations policy underpinned attitudes towards the frozen assets. Under the Paris Treaty of January 1946 Britain was to receive a total of just over \$105 million (at 1938 prices) from reparations.<sup>7</sup> The Americans were suspicious of British claims, still seeing her as an imperialist rival.

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<sup>5</sup> Lord Shinwell, *I've Lived Through It All*, p. 183.

<sup>6</sup> Donald MacDougall, *Don and Mandarin: Memoirs of an Economist*, London, 1987, p.49.

<sup>7</sup> Final Report to Member Governments, Inter-Allied Reparations Agency, September 1961, p.69.

### 3. Bankrupt Britain

In 1945, the new Labour Government in Britain, with its bankrupt economy at home and an unrecognisable political landscape in Europe, began negotiations for a series of Monetary and Financial agreements which sought to establish renewed trading relations.

This was the context in which it decided how to deal with the more than £350m of frozen assets held by the Custodian of Enemy Property. The politician in charge of the department was The President of the Board of Trade, Sir Stafford Cripps.

The junior minister who had responsibility as Minister of Overseas Trade was Harold Wilson, just 31 and new to Parliament. In 1947 it was Wilson who took over from Cripps, with Arthur Bottomley replacing Wilson as his junior.

It was a huge department. ‘The Board of Trade was in charge of all industries which were not specifically allocated to other ministries. . .It reigned over the vast and complex empire of controls, constructed piecemeal during the war now affecting almost all public and private consumption....It boasted a permanent under-secretary, three second secretaries, nineteen under-secretaries and eighty-three assistant secretaries. Altogether it employed more than 14,000 civil servants and received more than a million letters a month. No department generated more paper, spawned more statistics, was governed by more intricate and detailed legislation.’<sup>8</sup>

The economic plight of the country and the ethos of the department meant they saw it as their pre-eminent task to build up British exports.’

Wilson “pursued this goal with a single-mindedness which alarmed some of his colleagues who believed that higher priority should be given to developing industries at home.”““”

Wilson was a passionate fighter for the British interest, happy to make deals with anybody if the price was right,<sup>11</sup> and a fervent believer in re-integrating the Eastern bloc into world trade.

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8 Philip Ziegler, Wilson: The Authorised Life of Lord Wilson of Rievaulx, London, 1993, p.63.

9 Simon James, British Cabinet Government, London, 1992, p.36.

10 Ziegler, p.63.

11 Ziegler, pp.63-65.

It was also a Government trying to enact a huge domestic manifesto, and the affairs of the Trading with the Enemy department seem not to have been important enough to need to go to Cabinet.

Britain wanted to use as much money as possible to satisfy British creditors.<sup>12</sup> But it also wanted to be seen as a continuing bastion of financial rectitude, so as not to scare away foreign investors, and to bolster the pound. Led by the Board of Trade and Wilson, it wanted to regenerate export markets for British goods, and obtain timber and other scarce supplies as cheaply as possible.

The agreements had to try to settle claims by pre-war and wartime commercial and Government creditors against each country, using in part the seized and frozen assets (private and commercial) held by the Custodian of Enemy property.

The settlements created two types of “enemy”, the territories which had been occupied being “technical enemies” and Germany and its Allies “belligerent enemies”. They were defined according to their role in the war, but their treatment owed much to their anticipated role in the future of the continent.

The treatment of Germany was unambiguous. It had been agreed in 1945 between the leaders of Britain, the USA and the Soviet Union<sup>13</sup> that German assets should be used to pay for the war - the principle of reparations. The detail of this policy was confirmed at the Paris Reparations Conference in 1946, which set up a world body, the Inter-Allied Reparations Agency, to oversee claims on German assets by 19 countries.<sup>14</sup>

This dictated the British post-war treatment of Germany. Britain had frozen almost £20m of German assets, and it kept them. They were used to go as far as possible to repay British traders who had been left with unpaid debts from German counterparts at the start of the war. Among these was the

British Government itself. in the form of the Export Credits Guarantee Department, along with Exchequer expenses.<sup>15</sup>

The claims of the original account holders were a low priority.

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<sup>12</sup> This was particularly the case for British creditors of Romania (see James F. Byrnes, Speaking Frankly, Harper & Brothers, New York, 1947, p. 148).

<sup>13</sup> Yalta Treaty, February 1945; Potsdam Treaty, July-August 1945.

<sup>14</sup> Inter-Allied Reparations Agency, Final Report, September 1961.

<sup>15</sup> BT 215/25, pp. 1448-9.

In the decade following the war, western Germany was rehabilitated by a series of agreements - the Bonn Convention (1952), the Final act of London (1954), and the Paris Agreement (1954).

Britain chose to deal with Germany's satellites - Hungary, Bulgaria and Rumania - as "belligerent" enemies- effectively in the same way as Germany itself, although there was no international sanction for the policy.

The Emergency Laws Bill (1953) removed any legal right of challenge by creditors by allowing Britain to define any country as enemy.

The crucial difference from Germany -on paper at least- is that peace treaties were signed with each of these countries. But in reality the frozen assets of these countries were retained by Britain in the same way as if they had been part of Germany. "Victims" were compensated in the same way as German victims, on the same criteria. Again this was apparently a unilateral decision by Britain, the natural corollary of its arbitrary decision to retain the assets.

There is evidence that Romania was the main target for this special treatment. British creditors of Romania, including Shell and others who had seen the oil industry nationalised without compensation, were particularly forceful.<sup>16</sup>

The need for legal consistency may explain why Hungary and Bulgaria, were treated in a similar way, even though they had far smaller assets.

All other countries, the "technical" enemies, came to be referred to interchangeably as "Allies". Money and Property agreements were negotiated with each country.

The common settlement with all these countries was that pre-war debts and future trade deals were tied together in often unpublished treaties. The frozen assets became a Sterling credit to allow the foreign country to buy British goods. The account holders were repaid by their own governments in local currency. Not only "victims", but all account holders in these countries, were entitled to reclaim their money.

The fact that the agreements were negotiated in isolation one from another, and terms were often not published, meant that as one side or the other secured concessions, exceptions and anomalies crept into the agreements.

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<sup>16</sup> Ibid., BT 216/26, pp. 1496-7.

For example Austria was treated as an ally. By the Moscow Declaration of 1943, the Allies agreed to treat Austria, after the war, as a liberated area and forego any reparations. In the protocol at Potsdam of August 1, Prime Minister Attlee sought and received confirmation of this status. In 1944 the Controller general of the frozen Austrian assets “did not see how it (Austria) could hope to survive if it started with a burden of old **debt**”.<sup>17</sup> International agreement would allow the country to assert its independence from Germany and make a new **start**,<sup>18</sup> so that active Nazis were as entitled as their victims to reclaim assets in England.

But Austria’s international weakness allowed British diplomats to insert into the Money and Property Agreement of 1952 a caveat that only those assets which were not in Sterling were returned to Austria. The Sterling was used “in the settlement of pre-war debts to the UK.”<sup>19</sup>

Another anomaly was Poland which became Communist midway through negotiations (1946), and had already extracted from Britain a unique concession that all the money should be handed over en *bloc* to the Polish Government.

Britain feared this would have to be extended to all “technical enemy” countries, but for other countries the eventual procedure was different. Lists of the bank accounts and claimants were forwarded by the Custodian to the corresponding authorities. Nationals and their heirs could now reclaim their assets. The burden of administration lay with the foreign government, while control stayed with the British.

All account holders from Italy, victim or not, were entitled to reclaim their money. Britain was probably inclined to be generous with Italy being on the right side of the Iron Curtain, and was able to do so without disappointing creditors because Italian Government assets in London turned out to be more than adequate to settle all pre-war accounts.<sup>20</sup>

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<sup>17</sup> Ibid., BT 216127, p. 1582.

<sup>18</sup> Ibid.

<sup>19</sup> Official History, FO 466/8 p. 1764.

<sup>20</sup> CAB 128/6, July 1946.

#### 4. Nazi Victims: The Policy

Effectively the Government had pursued a policy which left out of account the former owners of money in countries defined as “belligerent enemy”. But for countries other than Germany, seizing assets in London was not sanctioned by international agreement. To legitimise the extended Government seizure, the ex gratia payment system was extended from Germans to include Hungarian, Bulgarian and Rumanian victims of Nazi persecution. The extension was described ten years later as an “act of grace” by the Board of Trade.<sup>21</sup>

The administrators of the Trading with the Enemy department were therefore left with the task of trying to stretch the funds, already inadequate to satisfy the trade creditors, to another group as well. The British trade creditors were a vocal and powerful lobby group.\*\* The Nazi victims were not.<sup>23</sup>

An official history of the Department reveals in detail how the civil servants approached their dilemma, favouring the creditors over the claimants. (Written in 1965, by AW Mackenzie principal of the Enemy Property Branch, the history was unpublished, but released under the 30 year rule on January 1 st 1996. It was internal, marked “confidential”.)

Officials were given a strong predisposition to be harsh by the policy laid down by successive Ministers at the Board of Trade.

Arthur Bottomley, the Overseas Trade junior minister under Wilson, wrote to JL Edwards, Economic Secretary at the Treasury 17th November 1950: “The property here of Jews who have died heirless in belligerent enemy countries (except in the case of Italy) will normally come into the hands of one of the Administrators of Enemy Property; and will eventually be used along with other assets owned by non-Jews in belligerent enemy territories to satisfy as far as gross value will go, the claims of British creditors on those countries.”<sup>24</sup>

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<sup>21</sup> AEP History, Representations for the release of assets, AEP to Foreign Office, BT 27 1/506.

<sup>22</sup> AEP History, Distribution of German Enemy Property, BT 216/2 p. 10 11.

<sup>23</sup> Board of Deputies, Minutes of All Party Meeting, House of Commons, 10 July 1956, point 5, B6/CL/21.

<sup>24</sup> BT 271/417

A letter from the P J Mantle at the Board of Trade to the IK Matthews at the Foreign Office on 17th March 1954<sup>25</sup> said that “to release the property of all ex-enemy Jews - including those who are not qualified as victims of racial or religious persecution” would be “logically impossible”... “It would mean an extension of our policy beyond the limits of anything ever contemplated and might well deplete catastrophically the amount available to divide among the pre-war (British) creditors of Romania, Hungary and Bulgaria.”

On Christmas Eve 1948, the Board of Trade issued the rules claimants would have to satisfy to receive ex gratia payments. Initially applicants were given just six months to apply. (The date was progressively extended to 1956 for Germany, and 1957 for Romania, Hungary and Bulgaria.)

Four points had to be satisfied, with supporting documentation. A British consul had to certify documents were correct. The correct forms should be used and if a document was in a foreign language a certified translation in English was necessary.<sup>26</sup>

To be a “victim of laws discriminating against race or religion” claimants had to demonstrate all of the following: that they had been deprived of liberty; that they had left “enemy” territory; that they did not act against the Allies and that they did not enjoy full rights of citizenship.

Heirs could claim if the victim had died “before the end of hostilities”. (this was later extended to August 1947).

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<sup>25</sup> PRO BT 27 1/506

<sup>26</sup> AEP History, General Summary 2446, BT 271/1 19.



## 5. Nazi Victims: The Results

For 20 years the policy was deliberately not enshrined by statute, because Government lawyers advised that if it was kept ad hoc, there could be no challenge to interpretation in English courts.<sup>27</sup>

The Board of Trade solicitor made clear the official view in a minute of October 1951: “We are not bound either morally or legally to test the propriety of our interpretation of the policy by making reference to an interpretation of the Rules furnished by someone else... we decide whether certain property shall or shall not be released...”<sup>28</sup>

Nonetheless claimants files came to be regarded as the departmental “case law” of the policy.

Surviving examples of cases who were refused ex gratia payments because they fell outside the strict letter of the rules laid down for the Trading with the Enemy officials demonstrate the spirit in which they were applied.

The officials applied a tight and literal interpretation of “deprivation of liberty”. John Foster, a Conservative MP and QC expert in international law, reviewed the policy at the time and said: it was to “restrict the application of the ex gratia release to the few persons hardy enough to survive lengthy confinement in an actual death camp.”<sup>29</sup>

Claims from inmates of labour camps were not allowed, “even though (the camp) was intended solely for Jews, political opponents of the regime etc.‘, if the conditions of the camp were not known to have been extremely harsh.”<sup>30</sup>

One woman, Bertha H, who was refused her money on the same grounds, had been subjected to frequent long interrogations by the Romanian Iron Guard at her home at night early in the war. She had survived until the end of hostilities by living with non-Jewish families, and then been persecuted as a capitalist by the new Communist government.<sup>31</sup>

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<sup>27</sup> AEP History, Victims, BT 216/23, p.1241.

<sup>28</sup> Board of Trade Solicitor to Campbell, 195 1, Elias Wolff Case, BT 271/582.

<sup>29</sup> Memo from John Foster QC MP to Trading With Enemy Department, 1950, BT 2710369.

<sup>30</sup> Ibid.

<sup>31</sup> AEPD Memo to Home Affairs Committee, Nazi Victims Relief Trust, 5 June 1956, BT 27 1/597.

One man, according to the officials' own summary, "lost 13 members of his family in concentration camps, and all his family property was confiscated. He only saved his own life by going underground and thus lost his own property. When he got back the property was nationalised without compensation." He escaped from communism, but he was turned down because he had not been deprived of his liberty.<sup>32</sup>

Explaining the thinking behind this interpretation, a junior minister, Toby Low, (later Lord Aldington, deputy chairman of the Conservative Party) told the Commons<sup>33</sup> "As regards hiding cases, it was not only persecuted Jews who went underground, but sometimes criminals." Low explained that the evidence of "hiding" often only came from the victim himself, with no corroboration.

The department decided that the fact that Jews could still be "enemies" even though they had been deprived of rights of citizenship.<sup>34</sup>

An extremely high burden of proof was demanded before claims would be accepted. A 60 year-old who had left Bulgaria in 1948 for Israel was refused his £500 from England because he could not prove he had been deported from Sofia to the suburb of Pleven with his wife and two children in 1943. In any case according to the British legation in Sofia, Pleven was "not a prison, camp or ghetto to their knowledge, simply a place to which Sofia undesirables were banished.""

Others were turned away because they had not left enemy territory, which for the purposes of the definition continued to include Romania, Hungary and Bulgaria long after peace treaties had been signed, and Germany even after it joined NATO.

One man, a Mr Kostelitz, who was refused, had been in the Bergen-Belsen concentration camp and was one of only 1,700 who reached Switzerland.<sup>36</sup> After the war he had returned to Hungary before it became Communist, had not left again by the qualifying date of 1947, and was therefore an enemy.

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<sup>32</sup> Ibid.

<sup>33</sup> Hansard, 29 March 1956, cols. 2408/19

<sup>34</sup> HN Edwards, TWE Dept. to R. Brash, Foreign Office, Status of Jews in Romania, 29 November 1950, BT271/326.

<sup>35</sup> E.P. Assa (Bulgaria), Claim, 1949-59, BT 271/759.

<sup>36</sup> BT 271/629.

The department did not allow claims through a nominee in a “friendly” country on the grounds that the money might end up in the “enemy” country.<sup>37</sup>

The biggest section turned away were those out of time, the ones who escaped from Communism after 1956. Even Harold Macmillan, the Prime Minister, recognised this was an injustice. The money had been spent, and his solution was to continue to pay claimants using any “enemy” assets which continued to be discovered in the 1960s. They decided not to publicise the continued right to claim so that numbers were kept small.

After the cut-off date, claimants were expected to claim from the “enemy” government. Imre Breuer, who had escaped to Israel then England, dropped the claim for his Hungarian father’s money when he heard this, believing it would endanger the lives of his family still trapped under communism.<sup>38</sup> Officials recognised there was practically no possibility of communist countries paying out.<sup>39</sup>

Where victims had died too late from the effects of the war, (ie after the cut-off date of 15.9.47), no allowances were made to their heirs. One man had been sent to the Moghilev camp in Romania where he contracted typhoid as well as the “other horrors of the camp. He survived to be released in a completely broken-down condition, and eventually died 215.48.” His heirs had still not been paid in 1956, although the case had remained “under review” because the cause of death was so clearly the camp.<sup>40</sup>

Officials would sometimes wait for one objection to be defeated before erecting another. The relatives of the joint owners of a company who had both been killed in camps tried to reclaim its assets from London. The company had been confiscated by the Nazis along with all other Jewish businesses under the 1938 Ordinance for the Elimination of the Jews from the Economic Life of Germany, but the London assets had been left.

For several years, until 1954, officials argued that the Wolffs must have continued to run the business under the Nazis until 1941, because that was when official notice of the confiscation was published in a newspaper.

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<sup>37</sup> BT 216/23, p.1191.

<sup>38</sup> Interview with HET, 20 August 1997.

<sup>39</sup> Minute of Controller General, AEP Official History, BT 216/1 1.

<sup>40</sup> AEPD Memo for Home Affairs Committee, Nazi Victims Relief Trust, 5 June 1956, BT 27 1/597.

Eventually they gave way on that point, but now requested hard evidence that Ida Wolff had actually died. A certified hand written judgement of death, confirming that she was transported to Poland and had died in a concentration camp on or about August 1 1942 was finally produced, and some of the assets paid out, ten years after the war. According to the papers, the family had been in dire need of the money for the whole of that period.<sup>41</sup>

For German victims, there was no transfer to the new German Government of the obligation to pay all victims whose assets had been taken by the British Government to pay trade creditors.

The Bonn Conventions,<sup>42</sup> specifically gave the Federal Republic responsibility to compensate refugees who had been persecuted under Nazi race and religious laws, and to repay pensions, and some securities to claimants who had been rejected by Britain for ex gratia payments.

There was no provision for any payments to be made on the assets of deceased victims.

By June 1964, ex gratia releases to German victims totalled £125,153 from assets of £19.5m; £754,745 to Romanians from assets of £7.5m; £753,436 to Hungarians from assets of £3m; and £5,140 to Bulgarians from assets of £380,000.

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<sup>41</sup> Elias Wolff case, BT 271/582.

<sup>42</sup> 26 May 1952, CMD 8563.

## 6. A Gesture to Victims

In the five years following the end of the war, the debate within the Government had been whether any heir-less money among the frozen deposits in Britain should go to foreign Governments of its former owners, to the British Exchequer, or back into the banks where it would stay indefinitely. Now a new claim arose; for the money of dead Jewish people to be used to help living ones.

By the early 1950s as the immediate post-war crisis eased, Jewish organizations were able to look more carefully at the consequences of the Trading with the Enemy Act for Holocaust Victims, and they began to claim for compensation for Jews generally rather than restitution for individuals.

On 7 November 1950, Barnett Janner MP and A G Brotzman, Secretary-General of the Board of Deputies of British Jews, made the new claim in a meeting with Arthur Bottomley, Minister at the Board of Trade.<sup>43</sup> Janner later set out the arguments in writing to Bottomley concerning “the disposal of heir-less and unclaimed bank balances in this country which belonged to Jews who perished as a result of the Hitler persecution in Continental camps.”<sup>44</sup>

Understandably, given the complexities and secrecy of much of the negotiations, the Board did not appreciate exactly how the “unfreezing” had taken place, and where these dormant accounts now lay. They did understand the nature of the victims, however.

“Property of this kind which belonged to Jews living in enemy countries is presumably under the control of the Custodian of Enemy Property. There is however property in this country, including bank balances, which belonged to Jews who were nationals of, or residents in, countries allied to the United Kingdom, and who perished under Nazi oppression when these countries were overrun by the enemy.

The great majority of these victims had no opportunity of making any disposition of their property in Britain before death, and because of the ruthlessness of the Nazi campaign against Jews, involving in many instances the annihilation of whole families, such property has for the most part remained unclaimed and heirless.”

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<sup>43</sup> BT 271/417.

<sup>44</sup> 26 February 1951, BT 271/417.

It went on with a straightforward demand that the Government force banks to disclose “all deposits which have not been claimed since the beginning of the war”. A Government authority could “make investigations as to the ownership of the property and in cases where it could be ascertained that the bank deposits belong to Jews, it could be further presumed that they were victims of Nazi persecution, unless there were proof to the contrary.”<sup>45</sup>

The Department acknowledged that large numbers of the seized “enemy” accounts were Jewish: It was recognised that a disproportionate share of the accounts in London would belong to Jews “because much of the foreign trade of those countries passed through Jewish hands.”<sup>46</sup>

But predictably, the Board of Trade rejected the suggestion of any frozen German money being used in this way, because it would reduce the funds available to British creditors. Publicly the Treasury rejected the notion of dormant bank accounts from invaded countries being used in this way because it would “prejudice the question of Dormant Funds, which was then under consideration.”

It should be left on the table until this “main issue was cleared”, presumably meaning the question of whether these accounts went to the banks, the Exchequer, or to foreign governments. (Privately they thought the banks would refuse to hand it over on principle.) The Board of Trade knew it was in the process of losing control of this money when restrictions on the banks were lifted, but did not apparently tell the Jewish **delegation**.<sup>47</sup>

The same year Lord Samuel, the veteran former Liberal party leader, made a similar proposal. But the Board of Deputies and Lord Samuel apparently then forgot about this area, and there is no further evidence in the files of either the Board of Deputies, or at the Public Record Office, of claims that these dormant accounts should go to a general charitable victim fund.

Demands by Jewish organizations for a share of enemy funds persisted. In 1954 the United States passed a law permitting the President to devote \$3m from heirless accounts in that country to be given to Jewish charities. This set the agenda for future demands in Britain, for a charitable fund, and for its source to be from ex-enemy country funds.

The minds of Board of Trade officials were firmly set. Their task to distribute the money to British creditors, and a small number of “ex gratia

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<sup>45</sup> Ibid.

<sup>46</sup> P.J. Mantle to I. Mathews, 15 March 1954, BT 2711506.

<sup>47</sup> AEP History, Victims, BT 216/23 p. 1206.

victims” was clearly defined. Attempts by Jewish groups to alter the terms of distribution were "attacks".<sup>48</sup>

These officials were given a lead by the senior politicians of both parties. In 1949 the Chancellor of the Exchequer, Sir Stafford Cripps, displayed skepticism about the victims’ circumstances, and a bureaucratic desire to follow rules: He argued [ : “To hand over part of these assets to a body not accountable to H.M. Government is not feasible, even if it were established there was indeed property in this country of victims of Nazi persecution who had died without leaving heirs.”<sup>49</sup>

A Conservative, Donald Kaberry, Parliamentary Secretary to the Board of Trade, told the Board of Deputies that the difficulty in identifying exactly which accounts were heirless meant it was not possible to set up a charitable fund. He wrote in May 1955: “It remains impossible either to define, identify or estimate the extent of Jewish property in the hands of the custodian or to say what part of any property he holds is "heirless".<sup>50</sup>

By 1956 the political considerations had changed, and the idea of a victims’ trust came to be seen as increasingly attractive. The President of the Board of Trade, Peter Thorneycroft, now realised “the setting up of such a fund would provide some sort of an answer to further representations about the alleged shortcomings of the victims concessions.”<sup>51</sup>

In particular, the new stream of refugees from Hungary were threatening to excite public sympathy for those deprived of funds by Britain. The Trust proved a convenient way to pay off these cases without having to re-open the deadline for Hungarian victims’ ex gratia payments.

The objections to such a fund had by now largely evaporated. By now, assets had nearly all been distributed to British creditors, so the amount left, some £250,000, would not materially affect their dividends. It would have produced only another 1\2d in the pound. In fact it would be administratively much easier to pay it in a lump to a charity.

The amounts were too small to make any impact on Government coffers. It was realised that it would be politically unacceptable for the Government to be seen to be appropriating individuals’ assets. Giving them to victims could be defended.

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<sup>48</sup> Ibid., p.1210.

<sup>49</sup> Ibid., pp. 1193-4.

<sup>50</sup> BD, C 1 1/8/7/1.

<sup>51</sup> BT 216123, p.1227.

The Trust was agreed as long as it imposed no administrative burden on the Board, and that the politics of which groups got the cash should be taken by independent trustees.

Payments would be made to people who “had been persecuted before 1945 on racial, religious or political grounds in European countries at war with the UK” and “were in fact suffering.”<sup>52</sup>

The Board had correctly anticipated there would be difficulties over who got the money. They stipulated four Jewish trustees with a non-Jewish chairman, and took a year to persuade the right people to serve.<sup>53</sup> Sir David Eccles became the new president in 1957.

As it was there were complaints from one MP that “an undue proportion” of the trust’s money would go to Jews because most of the trustees were Jewish.

The Nazi Victims Relief Trust’s maximum award was £1,500. Most were for £500. Any later award given to the claimant under ex-gratia arrangements had the sum deducted. Any award was subject to income tax, and in German cases, to double taxation.<sup>54</sup>

If politicians had hoped this final gesture would close the Jewish victims question, they were disappointed.<sup>55</sup> One victim in particular, [Dr Marco R Cohin, an eminent Rumanian jurist, victim of the Nazis and the communists, who had only just escaped from Romania,] in 1957 to find he had missed the final date to reclaim his money in Britain, had persuaded the new Prime Minister Harold Macmillan, that he was a deserving case.

“Questions relating to out of time victims applications which were inherent in the case occupied the greater part of 1 958.”<sup>56</sup>

As described earlier, the Government dealt with a continued stream of applications by making further payments out of reserve funds, but limited the number by keeping the policy secret.

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<sup>52</sup> Ibid., p. 1225.

<sup>53</sup> Ibid., p. 1226.

<sup>54</sup> May 1960, BD B6/2/12.

<sup>55</sup> BT 216/23,p.1230.

<sup>56</sup> Ibid., p. 123 l.



## 7. Dormant Accounts in British Banks

During the war, banks apparently regarded Trading with the Enemy Legislation as a **force majeure**. The mechanics of compliance caused them more concern than the principle of giving over clients' money.<sup>57</sup>

The onus was on the financial institutions to find "enemy" accounts, and although there are suggestions of oversights, there is no evidence that any of them deliberately tried to hide any assets from official scrutiny. As institutions whose whole business ethic was based on trust and probity, they obeyed.

After the war, the banks became proprietorial once more about their clients' money, at least in Allied countries. During Anglo-Dutch negotiations, it became clear to the British Government that "the banks felt that the direction to pay the Netherlands Embassy money...in respect of individuals.. disregarded the principle of secrecy with regard to bank accounts."<sup>58</sup>

The banks' position was strong because British banking practice is clear - that an account remains with the bank in perpetuity in case an heir ever turns up to claim it.<sup>59</sup>

Various Government departments appeared to toy, from time to time, with the idea of trying to keep this money for the Exchequer. The Treasury wrote to Sir David Whaley at the Bank of England in 1946: "it seems attractive to consider some procedure which would turn (unclaimed bank deposits etc) in for the benefit of the taxpayer... we ought not to release from the Custodian ban in a hurry. Once they are gone we shall never get them back."<sup>60</sup>

But after detailed considerations of the legal implications, the Board of Trade decided the British government would have a weaker case than the foreign governments to this "hard core" of dormant accounts, and decided to

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<sup>57</sup> On 24 May 1944, the Midland was worrying about the administrative burden of working out interest on the accounts: (this) will clearly entail an amount of clerical labour .. we propose to charge our Interest Account with a 'deficit' of £24,500... @ Chief Foreign Manager Midland Bank Overseas to C.T. Sadd, Vice Chairman. (Midland Bank Archives - not indexed).

<sup>58</sup> BT 2 16/2, p.52.

<sup>59</sup> Ibid., p.5 1. See also *Tournier v. National Provincial and Union Bank of England Ltd.*, All England Law Reports 1923, p 550.

<sup>60</sup> T 2361390.

let them stay with the banks in preference to letting them go **abroad**.<sup>61</sup> High Street and Merchant Banks' accounts were both covered by this provision.

Mantle (in the same memorandum) explained that lifting the Trading with the Enemy restrictions : "resulted in the return to the banks' (control) of a number of balances which will inevitably go to swell that mysterious reserve of the Banks known as unclaimed balances."<sup>62</sup>

In the "Allied" countries the common arrangements for reclaiming accounts were for the account holder to claim from the central bank in his own country, to be repaid in local currency, and for the Government then to be able to reclaim the money from Britain as a sterling credit. But after five years these interim arrangements were wound up, and the residue returned to normal bank control. Section 6 of the Trading with the Enemy Act was "lifted" country by country, at various dates in the early 1950s.

The value of the residue from each country is not recorded by the Trading with the Enemy Department, but the totals paid out before controls were lifted were: France , £149m ; Belgium, £54.3m; Greece, £14.4m; Norway, £4m; Denmark, £13m; Netherlands, £55m; Luxembourg, £1 1.5m.

A Departmental estimate from 1950 suggests that, depending on the country, between 1 per cent and 10 per cent of accounts from Allied countries were still unclaimed.<sup>63</sup>

In the West, it was unlikely that these balances would ever be reclaimed by account holders. Unless they were dead or unaware of the account, owners and heirs would already have claimed before 1950. It was reasonable to assume remaining Eastern Bloc accounts would not be reclaimed for the foreseeable future for the same reasons. In addition, even living claimants who knew about their accounts would not be expected to make claims, because the Iron Curtain would remain solid.

At the end of the process, the banks had lost the money from the Polish account holders, never recovered the money from the four "enemy" countries, but apparently regained control of accounts from all other former enemy countries.

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<sup>61</sup> PJ Mantle to Mr Howard, internal minute, 10 August 1954, BT271/236, p.3.

<sup>62</sup> Ibid.

<sup>63</sup> Memorandum on Cessation of Allied Release Arrangements, Closure of Money and Property Agreements 1950, BT 27/292

Records have not been published to show whether there was ever a rush of claims from Czechoslovakia in the late 1960s or early 1990s, or whether a steady stream of Yugoslavs continued to reclaim their accounts through the 1960s to 1990s. Because the accounts were private between banks and clients, and no longer anything to do with the Trading with the Enemy or any other Government department, no official record appears to exist.

Assets of victims may still exist in British financial institutions. Any accounts opened by Europeans before the war in the name of a nominee, such as a solicitor, would not have been recognised as “enemy by the banks.”<sup>64</sup> The Board of Deputies recognised in a memo in 1955 that many of these would be dormant too.<sup>65</sup>

In later years, when the original account holders came to seek their funds, the banks were not always as helpful as they might have been. According to H. Chaimoff, they asked him for a fee, and told him how difficult it would be to trace an account, because there were no centralised records.<sup>66</sup>

The absence of centralised records suggests that the banks did not anticipate such applications in any numbers in future. There is no evidence that like the Swiss banks the British refused legitimate claims backed by account details. But as with the Swiss banks, the burden of proof was on the applicant.

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<sup>64</sup> Edwin Green, Archivist, Midland Bank to HET, 27 August 1997.

<sup>65</sup> B6/3/9

<sup>66</sup> Chaimoff to HET, 16 September 1996.

### **Conclusion.**

Britain undoubtedly retained money of Holocaust victims in Germany, Hungary and Romania. It treated many victims of the Nazis and of Communism harshly and insensitively, at a time when they were most in need of help. There may have been some genuine expectation that the victims' own Governments would re-imburse them. By the time it became clear that they would not, the British Government had already disposed of the funds, and finding money from the Exchequer was never contemplated. That policy was consistent through both Labour and Conservative administrations.

The policy was shaped initially by the overwhelming economic pressures on the post-war Labour Government. The policy did not derive from anti-Semitism. Insensitivity to victims stemmed at least in part from ignorance of the Holocaust and the realities of life under Communism, in part from unquestioning bureaucratic rule-following. The resulting policy was nevertheless inhumane.

It was understandable in the context of the 1940s that victims could be overlooked and misunderstood. The policy became less defensible as the decades passed. It must have been difficult for individuals who put their money in English banks for safekeeping from the Nazis, to understand why it was not waiting for them when they eventually escaped from Communism.

The policy of the banks then and now has been rigid compliance with the laws. With the so-called "technical enemy" accounts, Holocaust victims' assets have been treated like any other. In doing so financial institutions have profited to an extent from the assets of victims of the Nazis.

There is no evidence that the British banks refused legitimate claims backed by account details once the money had been unfrozen. But as with the Swiss banks, the burden of proof was on the account holder to be aware of the money, and to find it.

## Appendix 1

**People**

Attlee, Clement. British Prime Minister 1945-51.

Bevan, Ernest. British Secretary of State for Foreign Affairs 1945-51.

Bottomley, Arthur. MP Chatham. Minister at the Board of Trade. Secretary Overseas Trade department, 1947-51.

Byrnes, James. US Secretary of State. July 1945-February 1947.

Churchill, Sir Winston S. British Prime Minister 1940-45, 1951-55.

Cripps, Sir Stafford. President of the Board of Trade 1945-47. Chancellor of the Exchequer 1947- 1950.

Dalton, Hugh. Chancellor of the Exchequer 1945-47.

D'Avigdor-Goldsmid, Sir Henry. MP Walsall 1951-55.

Foster, John. Knighted in 1964, Conservative MP for Northwich Division of Cheshire, 1945-74.

Gregory, Sir Henry S. Controller HM Customs and Excise 1938-46. Custodian of Enemy property for England 1948-50. Principal Finance Officer. Board of Trade 1949-55.

Janner, Barnett. MP Leicester, West. Vice-President of the Board of Deputies of British Jews 1946-55, President of the Board 1955-64.

Karberry, Donald. MP. Parliamentary Secretary to the Board of Trade 1955.

Keynes, Maynard. British economist. Leader British delegation Bretton Woods conference, 1944. Adviser to the Treasury and British monetary negotiator 1944-46.

Lindemann, Professor. Viscount Cherwell. British physicist. Personal assistant and adviser to Sir Winston Churchill during world war II and from 1951-53.

Low, Sir A R . MP Blackpool North. Created Lord Aldington. Minister of State, Board of Trade.

Matthews, Sir William. Under Secretary of the Treasury 1948.

Pridham, Foreign Office.

Roosevelt, Franklin D. President USA 1933-1945.

Samuel, Lord, Leader of Liberal Parliamentary Party, 1931-5.

Thorneycroft, (George) Peter. President of Board of Trade 1951-57.  
Chancellor of the Exchequer 1957-58 (resigned).

Truman, Harry S. President of the United States 1945-53.

Webb. R G. Board of Trade.

Wilson, Harold. Secretary for Overseas Trade 1947. President of the Board of Trade 1947-51. British Prime Minister 1964- 1970 and 1974-76. Knighted 1976. Created Lord Wilson of Rievaulx 1983.

What **proportion** of Jews were killed in the Holocaust, 1939-1945, in the countries that Germany occupied (**including** Germany)?

<u>COUNTRY</u>	<u>TOTAL POP.</u>	<u>J. POP.</u>	<u>LOSS</u>	<u>% OF JEWS MURDERED</u>
AUSTRIA	7,009,014	185,000	50,000	27
BELGIUM	8,300,000 ('40)	65,700	28,900	44
BULGARIA	6,200,000 ('40)	50,000	0	0
DENMARK	3,706,349 ('35)	7,800	60	1
ESTONIA	1,133,917 ('39)	4,500	1,500	33
FINLAND	3,667,067 ('35)	2,000	7	0
FRANCE	41,907,056 ('36)	350,000	77,320	22
GERMANY	69,622,483 ('39)	556,000	134,500	24
GREECE	6,204,684	77,380	60,000	78
NETHERLANDS	8,900,000 ('40)	140,000	100,000	71
HUNGARY	14,683,323 ('41)	825,000	550,000	67
ITALY	42,993,602 ('36)	44,500	7,680	17
LATVIA	1,950,502 ('39)	91,500	70,000	77
LITHUANIA	2,879,070 ('39)	168,000	140,000	83
LUXEMBOURG	300,000	3,500	1,950	56
NORWAY	2,814,194 ('30)	1,700	762	45
POLAND	22,000,000	3,300,000	2,900,000	88
ROMANIA	19,933,802 ('39)	609,000	271,000	44
SLOVAKIA	3,329,793 ('30)	88,950	68,000	76
SOVIET UNION	170,467,000 ('39)	3,020,000	1,000,000	33
YUGOSLAVIA	15,500,000	78,000	56,200	72

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