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STAFF

CONF: EUR/EXO INFO: CIC/CEG, CIC/CEGEUR, CIC/OG, CIC/PRC, DC/EUR,
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FILE, CIC/EUR (2/P)

98-1616661

PAGE 001
TOT: 29 230Z MAY 98

DIRECTOR 832899

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STAFF 292312Z DIRECTOR 832899

TO: PRIORITY C

FROM: LIMITED DISSEM EUR/EXO INFO EXDIR, EUR/CG, EUR/SG, EUR/NG,
DC/EUR, EUR/LGL, EUR/LSN, CIC/EUR

SLUGS: WNINTEL RYBAT

SUBJECT: PENDING RELEASE OF AMB. EIZENSTAT'S VOL. II REPORT ON
WWII VICTIM GOLD

REF: DIRECTOR 791715 98 1309218

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2001 2006

TEXT:

1. ACTION REQUIRED: PLEASE SEE PARA 2 AND PARA 4.
2. AMBASSADOR EIZENSTAT NOW PLANS TO RELEASE THE SUPPLEMENT TO LAST YEAR'S STUDY ON WWII-ERA VICTIM GOLD CIRCA 2 JUNE, WITH TESTIMONY TO THE CONGRESSIONAL COMMITTEES CIRCA 4 JUNE. BASED ON YOUR COMMENTS, WE HAVE URGED STATE TO SEND GUIDANCE AND COPIES OF EIZENSTAT'S COMPLETE REPORT TO POSTS PRIOR TO THE OFFICIAL RELEASE DATE. PLEASE ADVISE IF STATIONS WOULD LIKE COPIES OF THE USTASHA CHAPTER.
3. THE USTASHA GOLD CHAPTER IS A SMALL PART OF A 260 PAGE REPORT THAT DEALS WITH US AND ALLIED WARTIME AND POSTWAR NEGOTIATIONS WITH ARGENTINA, PORTUGAL, SPAIN, SWEDEN AND TURKEY ON LOOTED GOLD AND GERMAN EXTERNAL ASSETS. AS STATED IN REF, THE USTASHA GOLD CHAPTER CONTAINS REFERENCES TO CIRCA 13 DECLASSIFIED CIA DOCUMENTS, IN ADDITION TO INFORMATION PROVIDED BY THE BRITISH FOREIGN OFFICE, STATE DEPARTMENT, THE DEPARTMENT OF JUSTICE'S OFFICE OF SPECIAL INVESTIGATIONS, DOD, TREASURY, AND OPEN SOURCE REPORTING, THE UNITED KINGDOM HOLOCAUST EDUCATIONAL TRUST AND THE CROATIAN DELEGATION TO THE DECEMBER 1997 LONDON CONFERENCE ON NAZI GOLD ALSO PROVIDED INFORMATION.
4. IF STATIONS WISH TO DO SO, YOU MAY SHARE THE TEAR-LINE CHAPTER SUMMARY WITH LIAISON AND COORDINATE THE TIMING OF THE LIAISON BRIEFINGS WITH YOUR EMBASSY COLLEAGUES. WE HAVE BEEN JUST INFORMED (29 MAY AFTERNOON) THAT THE APPROPRIATE U.S. EMBASSIES OVERSEAS WERE FEDEX'D THE ENTIRE REPORT ON 29 MAY AND THAT THE FOREIGN COUNTRY REPRESENTATIVES IN WDC WILL BE BRIEFED ON THE MATTER ON CIRCA 1 JUNE. HQS PREFERS THOUGH THAT YOUR BRIEFINGS TO LIAISON NOT OCCUR PRIOR TO EIZENSTAT'S ANTICIPATED 2 JUNE MORNING

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PRESS CONFERENCE. STATIONS SHOULD NOTE TO LIAISON THAT THIS CHAPTER IS NOT, REPEAT NOT, A PRODUCT OF [] BUT RATHER AN INDEPENDENT PRESIDENTIAL COMMISSION. YOU MAY ALSO NOTE TO LIAISON THAT PORTIONS OF THE REPORT, AS EVIDENCED BY FOOTNOTES, ARE BASED ON UNCORROBORATED OSS AND CIG REPORTING RETRIEVED FROM OUR FILES. THESE DOCUMENTS, WHICH MAY BE RELEASED IN THEIR ENTIRETY BY AMBASSADOR EIZENSTAT, WILL BE AVAILABLE CIRCA 2 JUNE UNDER THE US FREEDOM OF INFORMATION ACT TO ANY REQUESTER, INCLUDING THE FOREIGN MEDIA.

5. A TEAR-LINE SUMMARY OF THE USTASHA GOLD CHAPTER FOLLOWS PARA 6-10.

-----TEAR-LINE-----

6. AMBASSADOR EIZENSTAT'S SUPPLEMENT TO LAST YEAR'S STUDY ON US AND ALLIED EFFORTS TO RECOVER AND RESTORE WORLD WAR II VICTIM GOLD INCLUDES A SHORT CHAPTER THAT DEALS WITH THE FATE OF THE CROATIAN USTASHA TREASURY AND RAISES QUESTIONS ABOUT ASPECTS OF THE VATICAN'S RECORD DURING AND IMMEDIATELY AFTER THE WAR.

7. THE CHAPTER CONSISTS OF THE FOLLOWING POINTS: BRITISH INTELLIGENCE SOUGHT FOR A TIME TO MAINTAIN CONTACT WITH HIGH-RANKING OFFICIALS OF THE PUPPET CROATIAN GOVERNMENT, BUT THE CONTACT ENDED AFTER USTASHA LEADER ANTE PAVELIC RECOGNIZED THAT THE ALLIES INTENDED TO SUPPORT THE PARTISANS. THE USTASHA REGIME SYSTEMATICALLY ROBBED, MURDERED OR DEPORTED ITS SERBIAN, SINTI-ROMANI AND JEWISH POPULATIONS. THE VATICAN, WHICH MAINTAINED AN "APOSTOLIC VISITOR" IN ZAGREB FROM 1941 UNTIL THE END OF THE WAR, WAS AWARE OF THE KILLING CAMPAIGN, WHICH STARTED WITH THE INTERNMENT OF MOST OF THE 35,000 TO 45,000 CROATIAN JEWS IN THE SPRING AND SUMMER OF 1941.

8. U.S. INTELLIGENCE EXPERTS CONCLUDED AFTER THE WAR THAT USTASHA LEADERS AT ONE TIME HAD AT THEIR DISPOSAL MORE THAN \$80 MILLION (350 MILLION SWISS FRANCS), MOSTLY COMPOSED OF GOLD COINS, SOME OF WHICH WERE PLUNDERED FROM THE VICTIMS OF THE CROATIAN HOLOCAUST. IN 1944, THE USTASHA REGIME BEGAN TO MOVE ASSETS INTO SWISS BANK ACCOUNTS FOR SAFEKEEPING. U.S. GOVERNMENT REPORTS NOTED THAT THE SWISS GOVERNMENT FROZE CROATIAN GOVERNMENT ACCOUNTS IN SWISS BANKS AT THE END OF THE WAR WORTH A TOTAL OF 15-16 MILLION SWISS FRANCS (\$3.5-3.7 MILLION) IN PART AS COMPENSATION FOR OUTSTANDING CROATIAN DEBTS. REPORTS INDICATE THAT THE USTASHA LEADERS CARRIED AT LEAST PART OF THE TREASURY WITH THEM INTO THE BRITISH ZONE OF OCCUPATION OF AUSTRIA WHERE IT WAS SEIZED BY THE BRITISH AUTHORITIES. THE BRITISH OCCUPATION AUTHORITIES IN AUSTRIA ACKNOWLEDGED NO RECOVERY OF ANY MONETARY GOLD OR NON-MONETARY GOLD ORIGINATING WITH THE PUPPET CROATIAN USTASHA REGIME, AND NO GOLD ATTRIBUTED TO THE CROATIAN REGIME WAS TRANSFERRED TO THE TRIPARTITE GOLD COMMISSION.

9. THE COLLEGE OF SAN GIROLAMO DEGLI ILLIRICI IN ROME, WHICH SERVED AS LIVING QUARTERS FOR CROATIAN PRIESTS STUDYING AT THE VATICAN DURING AND AFTER WORLD WAR II, WAS A CENTER OF USTASHA COVERT ACTIVITY AND A CROATIAN "UNDERGROUND" THAT HELPED USTASHA REFUGEES AND WAR CRIMINALS TO ESCAPE EUROPE AFTER THE WAR. THE PRIME MOVER BEHIND THIS USTASHA ACTIVITY IN ROME WAS THE SECRETARY OF THE COLLEGE, FATHER DR. KRUNOSLAV STEFANO DRAGONOVIC, WHO ALSO WAS AN USTASHA COLONEL. FROM EARLY 1946 TO LATE 1947, THE USTASHI IN THE VATICAN HARBORED ANTE PAVELIC, AS WELL AS OTHER USTASHA LEADERS, AND THE SUPPORT OF THE CROAT UNDERGROUND IN THE VATICAN WAS CRITICAL FOR PAVELIC'S ESCAPE FROM EUROPE TO ARGENTINA.

10. AVAILABLE INFORMATION INDICATES THAT THERE WAS SOME QUANTITY OF GOLD AT THE DISPOSAL OF THE USTASHI IN ROME, AUSTRIA, AND SWITZERLAND. FROM THE CHARACTER OF THE USTASHA REGIME AND THE NATURE OF ITS WARTIME ACTIVITIES, THIS SUM ALMOST CERTAINLY INCLUDED SOME QUANTITY OF VICTIM GOLD. THE LARGEST ESTIMATE OF CROATIAN STATE TREASURY REACHING THE VATICAN WAS MADE IN AN OCTOBER 1946 REPORT TO THE TREASURY DEPARTMENT, WHICH ESTIMATED THAT 200 MILLION SWISS FRANCS (ABOUT \$47 MILLION) WAS ORIGINALLY HELD IN THE VATICAN BEFORE BEING MOVED TO SPAIN AND ARGENTINA.

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11. FILE: NONE. CL CL REASON: 1.5(C), DECL
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Date