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SAFETY REPORT

Subject: 1. Henri Jean Jacques Ferroy and the Group Suisse, Rio de Janeiro, Brazil.

2. Georges Capitaine, Société Mandataire, Geneva, Switzerland.

Reference is made to the Department's Instruction 3050 July 6, 1945 transmitting a copy of a memorandum from the Treasury Department entitled Treasury Investigative Request, Switzerland, No. 26. The latter request originated in the circumstance that Ferroy and the Group Suisse have substantial assets in the United States which were blocked as Swiss and French and as a result of their designation as Special Blocked Nationals. The memorandum requests the American Legation at Bern to obtain a list of the beneficial owners of the Group Suisse and to indicate the extent of their holdings, the reputation of the parties at interest in Société Mandataire (described as having been founded by Ferroy), the relationship between this firm and Group Suisse and the likelihood that the individuals and companies named may be serving as a conduit for safehaven funds.

Reference is also made to the Department's A-655 of December 10, 1945, which indicates that Ferroy had cabled Georges Capitaine of the Société Mandataire, Geneva, requesting the latter to confirm that "Mandataire and its shareholders, after sale by Ferroy in 1941, and clients and affiliated societies are not in any way linked with Axis interests".

Georges Capitaine, according to a recent credit report, is a Swiss national who has resided for several years in Geneva. Prior to his residence there he was attorney for the Bank Populaire Suisse at Bern. His first activity in Geneva was to effect the liquidation of the S.A. Consortium de Meimrie Internationale, a company in which he had placed substantial sums and which had had disastrous speculative results. He thereupon began the practice of law in Geneva, engaging at the same time as administrator for a number of societies domiciled in that city. He was made professor of

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civil law of the University of Geneva in 1941, the credit report describes him as well situated.

The Swiss Directory of Directors (1943) lists Georges Capitaine as a director of the following societies, directorships which he continued to hold in 1945 with the exception of that of the Savonnerie de Genève:

Isolierdraht S.A.  
Wilmerci Rosenthal A.S.  
Elvett-Herre S.A.  
Atar, Société Anonyme  
Holding des Vins et Spiritueux S.A.  
Omnium Brain S.A.  
Société Commerciale de Saïnes S.A.  
Société Immobilière Atlas S.A.  
Société Immobilière Le Rison S.A.  
Société Immobilière L'Arc S.A.  
Société Immobilière Jolie Vue S.A.  
Société Immobilière Quai Gustave Ador 50 S.A.  
Société Immobilière Villa Gloria S.A.  
Société Villa les Clématites-Champel S.A.  
Fabriques de Signons Réunies S.A.  
Produits Martini et Rossi Société Anonyme pour la Suisse  
Compagnie d'Importation de Produits Alimentaires et  
Agricoles, CIA, S.A.  
Savonnerie de Genève

The Legation has made reference to Georges Capitaine in its RM Note No. 157 dated June 1, 1942, at which time he was recommended for the Confidential List because of his directorship in the Produits Martini et Rossi S.A. Reference to him was also made in the Legation's RM Note No. 327 of September 10, 1942, which indicates that Capitaine is an important shareholder in the Fabrique de Signons Réunies S.A., a watch part manufacturing concern which was engaged, until submission of the reference report, in the exportation of fuses and fuse parts to Germany.

In connection with investigations made by the Legation with respect to Cie d'Importation de Produits Alimentaires et Agricoles, CIA, S.A., whose administrateur Capitaine became on February 16, 1942, and which company was placed on the Prohibited List in July 1942 because of its alleged connections with the Hertsch Bank and its delivery of food stuffs from Turkey and the Balkans to the then unoccupied zone of France (see Legation's RM Note 104, April 23, 1942), the following information was procured on February 5, 1943 from a confidential source:

"Capitaine is often the "straw" president of unreliable, short-lived firms which deal with large sums.

"He

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"The Société Mandataire, S.A. was founded in Lyon by R. Kimmitt. Having received in deposit several fortune's fortunes, many of which were attributed to him in Switzerland, decided to establish a branch in Geneva under the name of Société Mandataire. Ferroy, submanager in Lyon, was put in charge of the Société Mandataire and Capitaine was named President. Big transactions were handled under the name of Société Mandataire. It obtained important bank connections and the public was deeply impressed. There came disastrous speculations resulting in the loss of large amounts in Geneva and shortly before the war Ferroy fled to Brazil."

The same informant alleged that CIPA, in addition to serving as a cloak for the Bertson Bank was under the ultimate direction of Michael Ullin (C) notorious German agent (with respect to Ullin please refer to the Legation's airmails No. A-1661 of September 11, 1945 and No. A-1262 of December 17, 1945 and Despatch No. 11902 (AM Report No. 45), June 12, 1945). Price Waterhouse reports, together with explanations offered to the British Legation by Neon Delorme, manager of CIPA S.A., failed to substantiate the aforesaid allegations concerning the company and it was delisted pursuant to the request of the Provisional French Government in December 1944.

Professor Guenheim of the University of Geneva advised the American Consulate at Geneva on May 9, 1944 that "he had known Capitaine for a long time and considered him an able jurist (he has written one of the leading works on the bank secrecy act). He gave him a good character but admitted that he was an opportunist who has always had to earn his own living and has not always been so scrupulous in his business dealings".

A recent credit report on the Société Mandataire S.A., Geneva, states that it was inscribed in the register of Commerce on February 8, 1933 and has for its object the following:

1. The administration and directorship of securities and assets for its own account or for the account of third parties in Switzerland or abroad;
2. The administration and directorship of financial participations in all commercial or industrial enterprises established in Switzerland or abroad;
3. The administration of large fortunes. The society does not solicit public deposits and does not act as a banker in the proper sense of the term.

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The capital of the company according to the credit report, consists of 50,000 francs divided into 100 bearer shares of 500 francs each. Georges Capitaine is its President and Charles Jean Rodolphe Grossmann of Basel its Secretary. Each of these individuals has the power to sign for the company. The procuracy of the company is vested in Robert Edouard Dufresne of Geneva. The credit report further indicates that the company was first founded at Tangier, Morocco with a capital of 25,000 francs and that the administrative council was chosen by Jacques Perroy, then domiciled at Cologny. The report further indicates that in Switzerland the company exercises no activity, functioning solely as a medium for the directorship of capital of Jacques Perroy and his family, including his brother-in-law, Pierre Goyet. The seat of the company is the professional domicile of Jacques Perroy (14 Rue de la Corratierie, Geneva).

The American Consulate at Geneva has supplied the following background information:

"Mr. Jacques Perroy was for thirty years a silk buyer at Shanghai for Schappe, Basel. He came to Geneva in 1935 from Lyon, France where he had been director of financial relations of the Société Lyonnaise de Dépôts et de Crédits Industriels. His reputation in Lyon was good.

"He was the organizer of two companies in Geneva: (1) Société de Documentation Economique et Financière "SODEFI", and (2) Société Mandataire S.A. Its only present administrator is Georges Capitaine.

"The Société Mandataire constituted the Groupe-ment Industriel et Agricole with Perroy as President and Administrator.

"Perroy was also administrator of the Société Parisienne de Documentation et de Coopération, a subsidiary of the Banque de l'Union Parisienne. According to a credit report, he left Geneva in 1940 for Bordeaux, Lisbon, and Rio de Janeiro but is still in close touch with Société Mandataire."

Georges Capitaine was interrogated on September 21, 1945 by Vice Consul Neill at the American Consulate, Geneva. Mr. Neill's report of that interview is as follows:

"He acknowledged having received the cable mentioned, to which he replied by cable refusing to divulge the names requested, and by letter about the middle of July explaining why. The explanation is the one to be expected, namely that since all the beneficiaries are French who are supposed to have declared their assets abroad, he refuses to be responsible for any possible leakage of undeclared assets. If he did so, his would be the legal responsibility, and quite contrary to his peculiar legal ethics. Such a position is under-

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standable considering the use to which he substitutes his talents. He understands that Mr. Perroy is anxious to liquidate his affairs in Brazil and return to France. Mr. Perroy is able to give the desired information, but he would prefer to be able to say that Mr. Capitaine was the culprit in case any of his former clients were inclined to accuse him. Mr. Capitaine wrote Mr. Perroy that he would transmit the information if authorized by the interested parties, that he would attempt to sue the interested parties on his next trip to France as he could not use the mails for such a purpose. However, he was not interested in involving himself just to unblock the funds of Perroy and his associates.

Mr. Capitaine swears that no prize funds are involved either as to beneficiaries or as to operations, that all capital existed prior to 1930. The beneficiaries are all persons except Mr. Grossman and Mr. Louis Duohay, whose investments are very minor. Allic Hovy went to Brazil as Mr. Perroy's secretary.

As for the Société Industrielle, its only function is to serve as intermediary, a mere "boite aux lettres" between the Group Swiss and the French clients. At the present time it is practically inoperative, according to Capitaine, having no other business. Perroy's listing of the stockholders is correct for local purposes. However, he obviously did not mention that he actually owned all the stock in the company. The shares listed as belonging to Capitaine, Grossman, and the three employees of the company were left to them in a fiduciary capacity (a titre fiduciaire). It is true that Perroy has not failed to do with the management as he is legally prevented by Swiss law. However, Mr. Capitaine stated that the Société Industrielle has never been recognized as a Swiss company because he would not declare Mr. Perroy's interest.

I questioned Capitaine briefly on the other companies mentioned in previous reports.

The Compagnie de Transaeros-Intercantinas is a Brazilian holding company, managed from Rio de Janeiro by Perroy with funds entrusted to him.

He does not know, but supposes that Perroy still has certain relations with the Société Industrielle.

His independent investigation of the Société Industrielle has never been completed.

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"The Société Française de Documentation was a brain-child of Grossman who is interested in statistics.

"Perroy has excellent relations with the Director of the Banque de l'Union Parisienne."

The Consulate at Geneva under date of November 15, 1945, submitted the following additional information:

"Mr. Capitaine has received several more telegrams from R. Perroy urging him to do something more about getting his funds unblocked in America. Perroy stated in one telegram that all of his shares in Société Mandataire were transferred to Trust Securitas, Rio de Janeiro, in March 1941. All the Brazilian firms were organized after 1940. In another, all the funds of Perroy, Bovy, Grossman are entirely independent of the funds of the clients. He asks Capitaine to confirm this latter statement, but Capitaine says he can't do it since he doesn't know what has been done in Rio. Capitaine says the matter stands where it was before, insofar as he is concerned. He offers to show the books of Société Mandataire, revealing the date of the investments, but not the names of the French shareholders. In fact, some of them have been secret and requested him not to do so as their funds were not declared in France."

A summary of the foregoing information has been conveyed by the Legation in its telegram No. 5145 dated December 28, 1945.

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