

APPENDIX E

Extract from Morgenthau Diary (Germany) Regarding Sosthenes Behn of I.T.T.

March 16, 1945
11:30 a.m.

GROUP MEETING

Bretton Woods — I.T.&T. — Reparations

Present:

Mr. White

Mr. Fussell

Mr. Feltus

Mr. Coe

Mr. DuBois

Mrs. Klotz

H.M., Jr.: Frank, can you boil *down* this business on I.T.&T.?

Mr. Coe: Yes, sir. I.T. &T. by the way did transfer or did get \$15 million yesterday or a few days ago of their debts in dollars paid to them by the Spanish Government and that they are allowed to do under our general license, so that's all right. However, it is in part in their representation to us, part of a deal for the sale of the company in Spain, so they are trying thereby to force our hand. Now, the proposition which they have had up over some years in different forms now takes this form. They can get their receivables paid off in dollars, which they say they have not been able to do hitherto — either \$15 million now and \$10 million or \$11 million later. They will sell the company to Spain and take in return \$30 million worth of bonds — Spanish Government bonds — which are to be amortized over a number of years and roughly at the rate of \$2 million per annum, and they are to receive 90% of those exports in order to amortize bonds faster, if they are to export it to the United States.

H. M. Jr.: Like the match dealer I mentioned in my speech.

Mr. Coe: That's right. The Spanish Government. They are willing, they say — they are able to get from the Spanish Government assurances, that these will not be, that the shares which the Spanish Government intends to resell will not go to anybody on the black list, and so forth. In some negotiations we have had with them over the last few weeks, they have been willing to come further on that. Our hesitation on the matter relates to two things; First, that you can't trust Franco, and that if they are able — if Franco is able to sell \$50 million worth of shares of this company in Spain in the next period of time, he may very well sell it to pro-German interests. It seems doubtful that he would be able to dispose of it to the Spaniards, so that is the first thing. The second thing we can't document too well, but I think it is more pronounced in my mind than in the minds of the Foreign Funds and legal people. I don't think we can really trust Behn either.

Mr. White: I'm sure you can't.

Mr. Coe: We have records here of interviews, going far back, that some of your men had with Behn — Klaus was one — in which Behn said that he had had conversations with Goering with the proposition that

Goering was to hold I.T. &T.'s property in Germany, and as you recall, I.T. &T. here did try to purchase General Aniline and make it an American company thereby and that was part of the deal which Behn told State and our lawyers very frankly he had discussed. He thought it was perfectly all right protecting property: That was before we entered the war,

H. M., Jr.: I don't remember that,

Mr. Coe: The man in charge of their properties now is Westrick who you recall came over here and was mixed up with Texaco. They tried in every way to cook up deals earlier to escape. They are tied up with top German group and etc. On the other hand, Colonel Behn has been used several times as an emissary by the State Department, and I believe he is personally on very good terms with Stettinius. We have heard from State on this letter saying they have no objections. We proposed to you earlier — the letter which I sent in to you suggesting that you ask State, if in view of our safe haven objectives, they still said yes. I am confident from talking with them on the phone the last day or two, they will write back and say yes, they still think it is a good deal.

H. M., Jr.: This is the position I am in. As you gentlemen know I am overextended now and I can't go into this thing personally, and I think that we are just going to have to throw the thing in the lap of the State Department, and if they want to clear it, all right. I just haven't got the time or the energy to fight them on that basis.

Mr. Coe: Then we ought to license it now.

Mr. White: First you ought to get a letter. I agree with the Secretary on this point of view that this fellow Behn is not to be trusted around the corner. There is something about this deal that looks suspicious and has been for the last couple of years we have been dealing with him. However, it is one thing to believe that and another thing to defend that before the pressure that will be brought in here that they are trying to deprive this company of the business deal, but I think that what we might do is get the State Department on record that in view of a safe haven project they don't think that there is any danger that any of these assets — I would cite some of them, spell the letter out. Get them down on record and even make them a little frightened and hold out or they will at least have had the record and you will have called their attention to these dangers. This fellow Behn hates our guts anyway. We have been standing between him and deals for 4 years, at least.

H. M., Jr.: Follow what White said. Something along that line. "Dear Mr, Stettinius; I am bothered about these things due to the following facts, and I would like you to advise me whether we should or should not "

Mr. White: "In view of the danger that German assets may be cloaked here, the future —" and let him come back and say, "No," and we'll watch him.

Mr. Coe: We said we wanted to give Acheson something Monday.

H. M., Jr.: And if you get that ready for me by tomorrow morning, I'll sign it. *Mr. Coe:* O.K.

Source: United States Senate, Subcommittee to Investigate the Administration of the Internal Security Act. Committee on the Judiciary, *Morgenthau Diarty (Germany)*, Volume 1, 90th Congress, 1st Session, November 20, 1967, (Washington D.C.: U.S. Government Printing Office, 1967), p. 320 of Book 828. (Page 976 of U.S. Senate print.)

Note: "Mr. White" is Harry Dexter White. "Dr. Dubois" is Josiah E. Dubois, Jr., author of the book, *Generals in Grey Suits* (London: The Bodley Head, 1953). "H.M., Jr." is Henry Morgenthau, Jr., Secretary of the Treasury.

This memorandum is important because it accuses Sosthenes Behn of attempting to make behind-the-scenes deals in Nazi Germany "for 4 years, at least" — *i.e.* while the rest of the U.S. was at war, Behn and his friends were still doing business as usual with Germany. This memorandum supports the evidence presented in Chapters Five and Nine concerning the influence of I.T.T. in the Himmler inner circle and adds Herman Goering to the list of I T T. contacts.

BACK