

German assets  
in Austria (Italy)  
Box 22  
Lot 608139

SECRET

Industry Report No. 6

BRUCKER ZUCKERFABRIK CLEMENS AUER  
(Former name: OESTERREICHISCHE  
ZUCKERINDUSTRIE A.G.)

I. RECOMMENDATIONS

1. Under the U.S. definition, the acquisition of most of the German interest must be regarded as a case of duress and inadequate compensation, mostly in the process of Aryanization. Hence no legitimate German interest exists with the exception of about 6% acquired in the open market or in a way not known.<sup>1/</sup>

2. No different position is indicated.

3. The Soviets regard all acquisitions as valid and hence regard Brucker Zucker as a 100% German asset.

II. NATURE OF ENTERPRISE

The Brucker Zuckerfabrik, with its factory at

<sup>1/</sup> In Chapter VI of the Report it is assumed that even these acquisitions were involuntary.

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Bruck a.d. Leitha (Lower Austria)-- now under USIVA administration--is the country's most important sugar refinery, accounting for about one-fifth of Austrian production. Total prewar assets amounted to about (new) \$ 15 million, of which about \$ 13 million represented equity.

The property has suffered considerable damage by military activities, requisitions and looting. Basically, however, plant and equipment seem to be in fair shape. The factory is in operation, but liquid funds apparently are short. Even at the present time the value of the property is substantial, probably well above 5 million pre-war Schillings or about \$ 2 million.

III. OWNERSHIP BEFORE ANSCHLUSS

Early in 1938 most of the 80,000 outstanding shares of the corporation were closely held as follows:

1. 21,665 shares by LOEW group (Austrian; Jewish)
2. 16,480 shares by GRAETZ group (Austrian; part Jewish; held through a family foundation located in Switzerland)

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3. 13,687 shares by OTTO PICK (Czech; Jewish)
4. 6,500 shares by DAVIES-LLOYD group (British; associated with PICK)
5. 12,850 shares by BLOCH-BAUER group (Czech and Austrian; Jewish)
6. 4,448 shares by PATZENHOFER group (Austrian; non-Jewish)

Total 75,630 shares, or 94.5 percent.

The nationality of most of the shareholders, or their heirs has changed since 1938. At the present time nearly one-half of the interest in Brucker Zuckerfabrik is claimed by U. S. citizens (Loew and Graetz groups) and an additional 25 percent or more by British subjects (Davies, Lloyd, Pick, and some Bloch-Bauer heirs). There also seem to exist substantial Swiss, Czech, and Yugoslav interests in the rest of the equity.

The shares were occasionally traded on the Vienna stock exchange and before Anschluss were quoted at about \$ 300 to \$ 350 or RM 200 to RM 230. This would

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indicate a value of the equity of about \$26 million or RM 18 million, well above balance sheet value. However, dividend payments of \$ 15 to \$ 18.75 per share were not out of line with the stock exchange quotations.

IV. CHANGES IN OWNERSHIP 1938-1945

A. Aryanization

Aryanization of Oesterreichische Zuckerindustrie in essence took the form of (a) the acquisition at a low price by means of bank credit of almost all outstanding shares by one CLEMENS AUER, a Rhenish industrialist (now reported under arrest in Austria); (b) the transformation of the corporation into a sole proprietorship owned by Auer; and (c) the repayment of the bank credits out of the liquid funds of Brucker Zuckerfabrik. The result of the numerous and complicated transactions involved was that Auer acquired Oesterreichische Zuckerindustrie without any investment of his own.

Auer, with the active support of high NSDAP functionaries and the consent of the competent German

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authorities (Vermögensverwaltungsstelle) in 1938 and 1939 acquired the following blocks of shares, mostly through the Laenderbank:

1. A block of 33,695 shares (16,480 from Graetz; 10,000 from Pick; 7,200 from Bloch-Bauer) for a consideration of about RM 2,500,000 in blocked marks (Average RM 75-). That duress was involved is indicated by the fact that the son-in-law of Pick and nephew of the company's President Ferdinand Bloch-Bauer, one Leopold Bloch-Bauer, had been arrested immediately after the Anschluss and was released and given an exit permit through the intervention of the Laenderbank only after he had undertaken to secure the sale of important foreign-owned blocks of shares to German interests.

2. Pick's remaining 3,687 shares for RM 276,525 (average RM 75-). The purchase price is reported to have been used to reduce a loan of another enterprise of Pick's (Makospinnerei and Zwirneri Pick & Co., Wiener Neustadt) at the Merkurbank.

3. Lloyd and Davies' entire holdings of 6,500 shares for RM 486,525 in blocked account (average RM 75-);

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use of proceeds as under 2.

4. Another 2,100 shares of the Bloch-Bauer block from German Ministry of Finance, which had confiscated the shares in payment of "flight tax", for RM 193,200 (average RM 92-).

5. The Löew block of 21,665 shares and the remaining 3,350 shares of the Bloch-Bauer block were confiscated by the German tax authorities in connection with criminal tax evasion proceedings against the owners and the corporation and were sold to Auer for RM 2,246,850 (average RM 90-).

6. The Ratzenhofer block of 4,448 shares for RM 400,320 (average RM 92-). In this transaction--the last large acquisition by Auer made in October 1939--considerable pressure was exercised on the seller.

7. Miscellaneous smaller blocks aggregating 3,538 shares at prices and from sources not known.

Auer thus obtained 78,968 shares (98.7% of the total) for RM 6.5 million, or an average of about RM 82. Auer also had to pay to the Government an "arisierungs-

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abgabe" of nearly RM 300,000 for permission to acquire the Jewish interest in the firm. He raised the necessary funds by borrowing RM 6,782,265 from four banks, RM 3,282,265 from the Laenderbank, Vienna, and RM 3,500,000 from three banks in Cologne.

B. Transformation into sole Proprietorship

At the end of 1939, after the acquisition of the predominant majority of the shares by Auer, the Oesterreichische Zuckerindustrie A.G. was transformed from a corporation into a sole proprietorship under the new name of Brucker Zuckerfabrik Clemens Auer. On this occasion the capital of the corporation was first restated at RM 13,444,583 (against a previous book value of RM 6,666,666 and a purchase price by Auer of about RM 6.5 million), and then reduced by about RM 6,453,000 to repay out of the firm's liquid assets the outstanding bank debt, incurred by Auer in acquiring the shares, to the initial capital of the proprietorship of RM 6,991,700.

On March 31, 1944 the sole proprietorship was transformed, it is alleged in order to camouflage Auer's

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interest, into a limited partnership. One KARL RIGAL, an Austrian sugar factory manager, became active partner with a contribution being set at RM 4,610,000, the reduction from the initial capital of 1940 being due to accumulated net losses and special depreciation charges during the years 1940 to 1944.

V. OWNERSHIP AT END OF WAR

In March, 1945 Auer still owned practically 100% of the capital of Brucker Zucker.

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