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GENERAL HISTORY OF THE COMPANY AND AREA

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**BRUCKER ZUCKER FABRIK G.M.B.H. A.G.**

This report was prepared by Albert R. Perry Jr. from information received from personal interviews and the files of interested persons and firms.

**I. FORMATION AND HISTORY OF BRUCKER.**

A. The Brucker Zucker Fabrik G.M.B.H. A.G. (hereinafter called Brucker), in the present title of the Österreichische Zucker Industrie A. G. founded on 6 August 1909. The firm was incorporated in Austria with its head office in Vienna and was authorized to refine sugar beets and produce sugar beet products. The capital was 4,000,000 Crowns divided into 10,000 bearer shares at par 400 Crowns each. The shares were entirely subscribed and were never offered on the market except in isolated cases of small blocks. (Exhibit 1)

B. The General Meeting of 1 September 1936 increased the share capital from 5,000,000 consisting of 20,000 par 250 bearer shares, to 8,400,000, by capitalizing the free reserves and raising the par value of a share to 420. No further capital changes occurred until after Anschluss. (Exhibit 1)

C. The processing of raw sugar and sugar products at the factory at Bruck a.d. Leitha (now Soviet Zone of Austria) totaled 18% of Austria's production. (Exhibit 1 & 2)

**II. SHARE OWNERSHIP, MARCH 19, 1938**

A. On 5 March 1938 a syndicate voting agreement was concluded at Zurich, Switzerland, representing 71,246 of the 80,000 shares, (89% of the shares) (Exhibit 2)

2) This agreement restricted the sale of the shares, the manner of voting and provided for the deposit of the shares in Switzerland. The underlying motive was to place the shares outside Austrian-German control. The shares held by the syndicate were owned as follows:

1. The Schweizerische Eidgenossenschaft, Zurich represented a block of shares owned by:

|  |               |       |
|--|---------------|-------|
| a) Schweizerische Eidgenossenschaft<br>Zurich, Switzerland | 16,500 shares | 20.6% |
| b) Schweizerische Eidgenossenschaft<br>Zurich, Switzerland | 16,000 "      | 20.0% |
| c) Schweizerische Eidgenossenschaft<br>Zurich, Switzerland | 4,746 "       | 7.0%  |

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|  |               |        |
|--|---------------|--------|
| 1) Dr. Gustav Bloch-Sauer, Vienna.....                         | 448 shares    | 5.3%   |
| 2) Dr. Robert Bloch-Sauer, Vienna.....                         | 305 "         | 3.6%   |
| 3) Maria Altmann (nee Bloch-Sauer)<br>Eugene, Vienna.....      | 200 "         | 2.5%   |
| Subtotal   | 48,195 shares | 59.2%  |
| 4. Credit Industrial, Geneva (owned<br>by the Low Family)..... | 5,100 "       | 6.37%  |
| 5. Dr. Ferdinand Bloch-Sauer.....                              | 3,300 "       | 4.12%  |
| 6. Dr. Gustav Bloch-Sauer.....                                 | 2,335 "       | 2.92%  |
| 7. Dr. Marius Hamburger Low.....                               | 8,324 "       | 10.41% |
| 8. Mrs. Gertrude Low.....                                      | 8,300 "       | 10.37% |
| 9. Ing. Otto Pick.....   | 3,487 "       | 4.31%  |
| total  | 71,246 shares | 89.06% |

(Exhibits 2 & 3)

C. 8,754 shares, 10.96% of the share capital, were not held in the syndicate. Of those shares, the Petschneider family, Hungarian Arsons, owned 4,448 shares, 5.56% of the share capital, and the remainder were held in blocks of less than 1,000 shares. (Exhibit 3 & 7)

D. 92% of the shares were held by persons who qualified as Jews under German Racial Laws of whom several were non-Austrian residents or non-Austrian citizens.

III. THE EVASION SECURITY SUIT

A. On March 28, 1938 President Ferdinand Bloch-Sauer and Director Pfeiffer appeared before the tax authorities through their attorney and made an oral self indictment against the firm for tax evasion. No fines amounts were stated. Since it would take some time to go over the books for the years 1934 to 1938, it was agreed that 2 separate detailed statements should be filed at the earliest possible date, the first to cover the years 1934/35, to 1936/37 and a later declaration to cover the years 1938/39 to 1939/40. (Exhibit 4)

B. Subsequently four supplemental tax declarations were filed revealing additional taxes due on income amounting to:

|         |         |         |         |
|---------|---------|---------|---------|
| 1934/35 | 1935/36 | 1936/37 | 1938/39 |
| .....   | .....   | .....   | .....   |
| total   | .....   |         |         |

(Exhibits 5, 6, 7)

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On these amounts a tax of approximately \$42 was due (Exhibit 7 and attachment thereto)

C. The tax authorities ordered an investigation of the books of Bruckner and its two subsidiaries, A.G. zwei Landwirtschaftliche Betriebe and Vereinigungsmittel A.G. The report of auditor Eng. Gust. Guido Welscher dated 23 May 1938 states that the books reveal discrepancies consisting of false entries, creases, hidden accounts, double entries for the same items, expenses for which no vouchers existed, illegal payments and undervaluation of the inventory and reality. It concludes that these irregularities, which it terms as fraud and embezzlement, were carried out by the president Ferdinand Bloch-Bauer, the manager, Carl Bloch-Bauer and by Director Pfeiffer. (Exhibit 8)

D. Taxable sums which had not been declared in the annual tax returns nor in the self indictments were discovered. Such items were subject not only to the normal tax but also to a penalty of 3 to 9 times the tax. Rumors were rife that the maximum penalty would be assessed which would have exhausted the free reserves and impaired the capital of the firm. The tax suit and the threat of a large penalty decreased the market value of the shares and in part accounts for the low selling price at which they were purchased during the time the tax suit was pending as described below. (See tax statutes Exhibit 29)

E. Responsibility for certain discrepancies in the books regarding which the firm did not want to disclose further details which apparently consisted of bribes, etc., to tax officials and others, was accepted by Ferdinand Bloch-Bauer personally. At the same time he and his nephew Carl Bloch-Bauer wrote to their attorney stating that they had not received illegal payment of any kind. (Exhibit 9 & 10)

F. The tax investigation dragged on through 1938 and early 1939, during which time the shares of the firm were acquired by Clemens Bauer. On 17 April 1939 a decision on the tax suit was concluded, by the terms of which the tax was set as follows:

- 1) The firm was to pay a tax of RM 1,150,000  
 RM 400,000 to be paid by 1 May 1939  
 RM 350,000 to be paid by 1 June 1939  
 RM 350,000 to be paid by 1 July 1939  
 Payments already made were not to be deducted from this amount.
- 2) The personal taxes of Ferdinand Bloch-Bauer, et al. were assessed.

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by the firm. The tax penalty against F. Bloch-Bauer was to be satisfied from a block of 3,300 shares of Deutscher which had already been seized by the tax authorities.

3) The tax and penalty due from the A.G. für Landwirtschaftliche Betriebe was RM 420,000 and from Vereinsschweizer A. G. RM 66,700. (Schicht 11)

G. The tax suit was dropped and an agreement was concluded on 8 November 1939 in Berlin with the Reich Finance President. The settlement of 17 April 1939 was amended so that the tax liability of F. Bloch-Bauer, RM 806,000, was to be paid by him personally and not by the firm and the tax penalty of RM 100,000 against the A.G. für Landwirtschaftliche Betriebe (See F 3) above) was forgiven.

|   |                 |
|---|-----------------|
| Thus the tax against Brucker amounting to                               | RM 1,350,000.00 |
| plus tax and penalty against A.G. für Land-<br>wirtschaftliche.....     | " 420,000.00    |
| and tax against Vereinsschweizer.....                                   | " 66,700.00     |
| Total   | RM 1,836,700.00 |
| was reduced by the penalty against A.G. für<br>Landwirtschaftliche..... | RM 100,000.00   |
| and tax against F. Bloch-Bauer.....                                     | 806,000.00      |
| leaving a tax against Brucker of.....                                   | RM 930,700.00   |

It was further provided that payments already made were to be deducted from this figure. (Schicht 12)

H. The attorneys for the shareholders contend that since a self-indictment was made prior to the institution of a tax investigation, the entire criminal tax penalty suit was illegal; (See Exhibit 29 for statutory provisions governing tax penalty proceedings), that their legal rights to protection from such a suit were denied them because they were Jews and that the suit was instituted and kept pending with the motive of pressing them to sell their shares at a low figure. The shareholders were in fact urged to sell their shares at a low figure because of the threat of an adverse decision in the tax penalty suit (Schicht 13).

I. Dr. Wagner, attorney for Gleason Auer contends that only a portion of the unreported assets was disclosed in the self-indictment and that therefore the tax penalty suit was legal as regards the undisclosed profits; that settlement of such a tax suit requires considerable time and the suit was not finally concluded until many months after Auer had acquired control; that the value of the shares dropped considerably due to this tax penalty suit and that the shares were worth only approximately per value at the time they were purchased by Auer.

IV. GLEASON AUER, INC. (Continued)

IV. REAR INDUSTRIES POST ACQUISITION

A. COMMERCIAL REGISTRATION

1. The acquisition of Reuter was a part of the planned penetration of the Austrian economy by German interests. On 14 March 1938, the only known Nazi party employee the Chief Cashier, Malock was appointed by Dr. Ferdinand Koch-Reuter to act as manager and director of the firm pursuant to orders of Nazi officials. The appointment was not recorded in the Commercial Register and thus Malock acted in an unofficial capacity. (According to oral information given by Dr. Gustav Reinisch, attorney for former shareholders and Marie Hissaro, Public Administrator, & Exhibit 1)

2. On 13 May 1938 Malock was replaced by Rudolf Bruminger, whose appointment was officially registered in the Commercial Register. (Exhibit 1)

3. Leopold Koch-Reuter, the son-in-law of Otto Riek, a large shareholder was imprisoned from 14 March 1938 until 23 March 1938. As a condition to his release he agreed to negotiate the sale of large blocks of stock belonging to his father-in-law. In June 1938 through the Schweizerische Bankgesellschaft, a block of 10,000 shares belonging to Otto Riek were offered to the Landesbank Wien at RM 160.- per RM 83.33 share. There were no purchasers at this figure and the offer lapsed. (Exhibits 9, 14 & 15)

4. By letter dated 3 December 1938 the Property Effects Authority instructed Landesbank Wien, to purchase all available shares of the company and indicated the possibility of using the pending tax penalty proceedings to exert pressure on the shareholders. The first paragraph of the letter stated:

"In the course of the liquidation of the above mentioned firm and assets create a realistic possibility in consequence of the pending tax evasion penalty proceedings of securing foreign share holdings under German jurisdiction."

The letter mentioned Marie Hissaro, A.D. Reuter, and Klausen Jany, Cologne as ultimate purchasers of the shares through the Landesbank Wien, Bruminger withdrew, and later instructed Landesbank to transfer the shares to his account by letter dated 20 December 1938.

B. ADMINISTRATION OF SHARES BY KLAUSEN JANY

1. During the tax controversy Klausen Jany authorized the Landesbank to offer RM 75 per share or in the event that more than 20,000 (20% of the shares) shares were sold, RM 75 per share, with a 2% discount 1938 and 1939. The Landesbank

Isak Hunkeler notified the members of the syndicate of this offer on 22 December 1938 and stated that Director Pilgrin of the Loenderbank had informed the syndicate that there was considerable discussion favoring the nationalization of the factory and that it was doubtful if an offer of RM 70 - 75 would be made in such an event. (Exhibit 15)

2. Pursuant to the above offer, 36,667 shares (45.83%) consisting of 16,450 shares owned by the Greuts family and 20,187 shares owned by Otto Piek were transferred to the Loenderbank.

3. Subsequently Clemens Auer acquired at increasingly higher prices ranging to RM 93 per share, 78,968 of the 80,000 shares (98.71%) for a total cost of RM 6,490,297.50 or an average of RM 82.18 per share. (Exhibit 17)

G. DETAILS OF THE ACQUISITION OF THE VARIOUS BLOCS OF SHARES:

1. Otto Piek - 21,187 shares - 26.45%

a) 16,500 were owned by Sapafin A.G. Chur, Switzerland, which was wholly owned by Otto Piek. (Exhibit 18). T.E. H. Davis, British, held 4,250 of these shares and 2,250 were held by J. E. Lloyd, British, both agents of Piek. The remaining 10,000 shares were held directly and were sold on 30 December 1938 at RM 75 per share to Clemens Auer through the Loenderbank. The proceeds of the sale of the 10,000 shares were paid to Aktien-Sperrkonto and were later released to the Mercantile Trust Company, London and converted to \$ 28,000.

b) The 6,500 shares held by Davis and Loyd were sold on 30 December 1938 to Clemens Auer through the Loenderbank for RM 75 per share. The proceeds of the sale were credited by Loenderbank to Piek's debt to it.

c) Piek's 3,687 remaining shares were sold on 30 December 1938 for RM 75 and the proceeds credited to Piek's bank debt. (Exhibits 19, 20 & 21)

2. THE GREUTS FAMILY - 16,450 shares - 21.40%

a) These shares were sold on 30 December 1938 to Clemens Auer through the Loenderbank for RM 75 a share. The proceeds of the sale were paid into the Aktien-Sperr-Konto and later transferred to Loenderbank, New York, New York in favour of Greut's trusts by the official intermediaries of exchange. (Exhibits 19 & 20)

3. Ferdinand Bloch-Bauer - 9,375 shares - 11,066

a) The 6,275 shares deposited by Ferdinand Bloch-Bauer in the Swiss syndicate were sold on 28 June 1939 to Glenside Bank through the London-Bank for £2 25/- per share. The proceeds of the sale were paid to Handelsbank with the London-Bank, Berlin, for purchase of 4 1/2 Reichpost Treasury Bonds 1935, and later transferred to Lowenthal, Amsterdam, for free disposition of the seller. The exact amount received by Ferdinand Bloch-Bauer for this block is not known. (Exhibits 19 & 20)

b) The remaining 3,100 shares were deposited in the home office of the firm at the time of Anschluss. During the tax penalty proceedings described above, these shares were seized pursuant to orders of the Finance Office, Vienna, on 31 March 1939 (order dated 29 March 1939 S-1, S 32-36) and sold to Glenside Bank for £2 90/- per share on 20 August 1939 by the Chief Finance-Inspector. The proceeds were credited to Ferdinand Bloch-Bauer's tax penalty obligations. (Exhibits 19, 20 & 22)

4. Gustav Bloch-Bauer - 2,575 shares - 3,226

a) Doctor Gustav Bloch-Bauer died on 2 July 1938 and left as possible heirs his wife, a resident of Vienna and five children, living outside of Austria. Only one daughter Leticia Baroness Gutman a Yugoslav citizen, by marriage, elected to declare herself as heiress being the only heir not liable to Reich's emigration tax. Her claim was denied however, and the emigration tax office refused to permit the widow of Gustav Bloch-Bauer to leave Austria until she claimed the estate and paid the Reich's emigration taxes on it. The amount of tax claimed was RM 172,230 which was later reduced to RM 55,000/

b) 2,135 of the 2,575 shares were deposited in Creditanstalt Bloch-Bauer, Vienna and were seized pursuant to the Finance Office, emigration tax order of 16 June 1939. The shares were sold to Privatbank Handelbank, Berlin without authorization. Since the emigration tax had been reduced, the value of the shares exceeded the tax and a deposit for the return of the balance of these shares was made by Dr. Gustav Bloch-Bauer, attorney for the widow. The shares having been transferred, their return was impossible and hence their disposition with a face value of RM 1,000,000, less worthless, was ordered in lieu of the cash shares and other securities owned. (Exhibit 21) None of these 2,135 shares were sold to Glenside Bank for £2 90/- per share on 17 October 1939. The disposition of the remaining 440 shares of this block is unknown. (Exhibit 19)



c) 448 shares were sold on 28 June 1939 to Clemens Auer through the Landerbank at par, RM 83.33 per share. The proceeds were paid to the Handelsvermittlung with the Dresdener Bank, Berlin, for purchase of 4 1/2 Reichsbank Treasury Bonds 1935 and later transferred to Loversberg, Amsterdam, for free disposal of the seller. (Exhibit 19, 20 & 23)

- 5. Gustav Bloch-Bauer - 395 shares - 3.28%
- Herin Aitzinger (nee Bloch-Bauer) - 220 shares - 1.92%

a) These shares deposited with the Schweizerische Bankgesellschaft were sold on 28 June 1939 for RM 83.33 per share and the proceeds were handled like Dr. Gustav Bloch-Bauer's block of 448 shares described above. (Exhibits 19 & 20)

- 6. The Loew Family, Angern, Austria - 21,665 shares - 27.02%

a) The Loew family operated agricultural and industrial property in Angern, Austria. On 18 March 1938 a self-declaration of tax evasion was made by the partners, Gustav and Wilhelmine, to the competent tax authority and the protection accorded by law Sec. 243 P. 5b. G. was claimed.

b) The details of the subsequent legal action have not been examined. A criminal tax penalty suit was instituted against the partners. On 30 June 1938 a total tax and penalty amounting to RM 11,300,665.74. was assessed. The entire property of the partners was confiscated including 21,665 Brucker shares and sold by the Vermögensverwalterschaft. (Property Traffic Authority) of the Ministry for Economics and Labor, to Clemens Auer through the Oberfinanzpräsidenten, Wien, at RM 90 each. (Exhibits 19, 20 & 24)

- 7. The Patzenhofer Family - 4,448 shares - 5.46%

a) The Patzenhofers were Hungarian Aryans and owned 4,448 shares. These were sold on 30 September 1939 to Clemens Auer. The proceeds, amounting to RM 93 per share the highest amount paid for any block of shares, were paid directly to the Patzenhofers.

8. The remaining 4,336 shares (5.98%) were held in small blocks and were sold at figures varying from 70 to 85 RM per share. (Exhibits 19 and 23)

D. AVERAGE OF THE PURCHASE PRICE.

1. The par value RM 83.33 shares were purchased by Clemens Auer at prices ranging from RM 75 to RM 93, an average price of RM 81.92 per share. (Exhibit 1, 19, 20)

2. The balance sheet for 17 July 1937 indicates that the share capital was intact and the firm had free reserves of 5,553,000 (Exhibit 25). The firm was also earning substantial profits (see page 11 below). The existing criminal tax evasion penalty suit had a depressing effect on the market value of the shares however. Had the tax amounting to roughly RM 1.5 millions and the maximum penalty amounting to roughly four million been assessed, the free reserves and half the capital account would have been wiped out. The question whether the tax was adequate compensation must therefore be decided in terms of the legality of the tax penalty suit.

3. Subsequent to acquisition of 98% of the shares, Clausen Auer converted the firm into a private firm under the name Krusker Maschinenfabrik Clausen Auer. Auer had financed the share purchases through four bank loans. One of these loans was paid off by liquidation of the two Krusker subsidiaries (A.G. für Landwirtschaftliche Geräte and Vereinigte Maschinen A.G.) which had a book value of RM 636,000. The remaining three bank loans, totaling RM 5,443,939 were charged as liabilities of the firm in the balance sheet opening balance of 1 January 1940 (Exhibit 26). Obliging the firm to pay these loans was possible since the firm was now wholly owned by Auer. (Exhibits 1, 19, 20, 26 and oral statement by Clausen Auer) The balance sheet indicates the capital of the firm as RM 6,191,768.00 as against the share capital of RM 6,666,666.66. Unobligated reserves were sufficient to make up the capital account impairment however. Thus, without introducing any new capital, Auer purchased the entire firm less its two subsidiaries. Thus, but for the uncertainty created by the tax penalty suit, the shares of the firm were worth considerably more than par value.

4. On 14 May 1947 the General Secretary of the Vienna Stock Exchange certified that he had investigated sales of shares of Krusker during 1935 - 1938, and had found the value of the shares in March 1938 was 2.25 to RM 2.50 per share. (Exhibits 1, 19, 20, 26 and oral statement by Clausen Auer) The Vienna Stock Exchange also certified that the shares of Krusker were sold at RM 2.50 on 3 December 1938 and RM 2.00 on 21 October 1939.

V. THE ACQUISITION OF THE FIRM

1. On November 4, 1937 Auer had general control of the firm, but was not Director. The rest of the firm was controlled by bank liquidators (Exhibits 1, 19, 20, 26 and oral statement by Clausen Auer)

of Austria). The General Meeting of 15 February 1948 made the firm a sole proprietorship under the name of Bruckner Zuckerfabrik Siemens Ausr. A.G. as of 1 January 1948. Siemens Ausr accepted the obligations of the firm and liability to the minority share holders not yet purchased by him (1.5%). (Exhibit 1)

H. On December 2, 1948 the seat of the firm was again moved back to Vienna. (Exhibit 1)

G. On 23 March 1948 the sole proprietorship was converted into a limited partnership by the introduction of the manager Karl Rigel, an Austrian, as general partner with a nominal capital of RM 12,000 and Siemens Ausr as a limited partner with a nominal capital of RM 4,610,000. That this partnership agreement served as a cover for Siemens Ausr is indicated by the fact that the agreement provided the General Partner, Rigel was not responsible for business losses and received a salary and a restricted participation in the profits. (Exhibit 1 and information given by Public Administrator Mazzaro)

VI. HISTORY FROM THE END OF THE WAR TO DATE

A. Pursuant to the law of 10 May 1945, St.GZ. No. 9 Friedrich Schanz became public administrator of the Vienna office and Alfred Wank became public administrator at Bruck a.d. Leitha, representing the firm actually. (Exhibit 1)

B. On March 22, 1946 Friedrich Schanz was replaced as administrator by Mario Mazzaro of Vienna (Exhibit 1). The Soviet Government disagreed with these appointments and appointed Ing. Anton Erisman on April 16, 1946. The contract was carried to the Oberlandesgericht, Vienna. On 30 October 1946 the Court ruled (A R 73/46) that his appointment of Ing. Anton Erisman was cancelled and Alfred Wank of Bruck a.d. Leitha and Mario Mazzaro, Vienna, were the proper public administrators (Exhibit 1).

C. The Soviet Government ignored the court's decision and has continued to operate the sugar refinery with Erisman as administrator under a Soviet Commissar, St. G. L. Dupala. Correspondence from Vienna remains unaccounted and no funds are allocated for payment of salaries and expenses of the Vienna home office. The administrator and his secretaries are paid from funds loaned by the Landesbank Wien. (For information given by Public Administrator Mazzaro)

D. Siemens Ausr is in the Vienna jail awaiting trial for his participation in the liquidation of this firm under Art 18 of the war Criminal Law. His file number is 62-30-28-1100/45 at the Landesgericht. (For information with Siemens Ausr and his attorney Dr. Wagner).

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E. At a meeting early in October 1947, Dr. Gustav Kinsch, was instructed by Doctor Fajeff, Soviet Element, that the Soviet Government considered the sugar refinery at Brno a common external asset in Austria and that unless proof could be brought that direct physical force had been used to acquire the shares, or that the shareholders had received no compensation whatever, the Soviet Government had no further interest in restitution claims.

F. The 46/47 season sugar production resulted in an operating loss of roughly \$ 2,000,000. The Soviet alleges that the control price fixed by the Austrian Government was so low that production costs amoung proceeds. According to Dr. Kinsch, the Austrian Government paid this loss and the entire stock of sugar is being released to the Austrian Economy. The payment was made to the Soviet since it had financed the current season operations. (See oral information given by Dr. Kinsch.

VII. FINANCIAL STATE

A. Following is a tabulation of the profit and loss for the years 35/36 through 43/44:

| YEAR    | PROFIT          | LOSS            |
|---------|-----------------|-----------------|
| 1935/36 | \$ 1,485,011.65 |                 |
| 1936/37 | \$ 1,535,125.84 |                 |
| 1937/38 | RM 89,468.21    |                 |
| 1938/39 | RM 226,181.13   |                 |
| 1939/40 |                 | RM 461,636.86   |
| 1940/41 |                 | RM 913,546.52   |
| 1941/42 | RM 690,744.09   |                 |
| 1942/43 |                 | RM 296,687.95   |
| 1943/44 |                 | RM 433,725.36   |
| TOTALS  | \$ 3,018,357.49 | RM 2,005,597.69 |

B. The latest available balance sheet dated 30 September 1944 carries assets totaling RM 7,642,947.98 and liabilities totaling RM 2,451,147.79. The capital investment then accounted to RM 5,211,800.19. Of the total assets, Real Estate and buildings accounted RM 1,025,000, machinery, fixtures and equipment RM 2,225,000, securities RM 2,475,000, sugar RM 211,942.18, and RM 42,772.44. Accounts receivable RM 511,000.00 and the position consisted of advanced payments and adjustment credits. The only large liability was the Accounts payable account totaling RM 1,951,000. (RM 1,000,000 and securities advanced shares.) The firm was in a very liquid condition as of September 1944.

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CONCLUSIONS

1. As of December there was no German capital invested in the firm.
2. Between December 1938 and November 1939 Clemens Auer, a German, acquired 100% of the shares at about par value.
3. At the time Auer purchased the shares they were worth nearly double par value according to previous sales figures, the profit and loss statement and the current balance sheets.
4. During the time when Auer was purchasing the shares a tax evasion penalty suit was pending against the firm. Had the maximum penalty been assessed the value of the shares would have been reduced to a figure somewhat under par and thus the pending suit depressed the market value of the shares.
5. Despite contentions by restitution claimants that par was inadequate compensation, shares which had been seized by the German authorities for various reasons were sold to Auer at par or slightly above. Also the shares owned by Hungarian Aryans, against whom no pressure was brought were sold at 10% above par. Such sales would not have been made had the price been excessively low.
6. Despite contentions of restitution claimants that the tax penalty suit was illegal since they had made self-indictments and thus claimed immunity from a tax penalty, the various audits of the books of the firm reveal numerous irregularities which, coupled with the reluctance of the former directors and the attorneys for the restitution claimants, indicate that a tax investigation was in order and the penalty suit was not illegal.
7. While it appears that the tax penalty suit was legal, it appears that the investigation was widely averted and that the pending suit was used as a means to induce the shareholders to sell at low figures. Although the tax suit was used as an inducement to sell, it was not kept pending for that purpose since it was not settled until many months after Auer had secured control of the firm.
8. As regards the individual blocks of stock, it is concluded that:

a. Adequate compensation was paid for the shares of:

|                                     |        |
|-------------------------------------|--------|
| 1. Ferdinand Blockbauer             | 11,765 |
| 2. Schenckel                        | 5,300  |
| 3. Robert Blockbauer & Marie Altman | 437    |
| 4. The estate of Paul               | 20,447 |
| 5. Otto Block                       | 26,425 |

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b. Indemnity consideration was paid for the shares of

1. Dr. Gustav Kisch-Hauer + 3.00% raised for emigration tax.

c. Unknown:

1. The Low family - 27.00% - this would depend on the nature of the tax penalty suit against them.

9. This firm should be considered as a German external asset in Austria valued at roughly US \$ million as of the last balance sheet (September 1944). Compensation should be paid to shareholders listed in a b. and possibly in c. a. above.

10. The firm is considered as a GEM by the Soviet and is treated as such. There are no known assets in the U.S. Born of Austria.

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27. Certificate dated 21 May 1947, re value of Bruckner shares in 1938.
28. Extract from Balance sheet of 30 September 1948.
29. Extracts from tax law applicable to tax payable unit.