

SECRET

II. Estimates of Total Capital of German Group

1. It would be fairly difficult, even with official Portuguese documents, to estimate the total value of the holdings of the German Group of Porto. With unofficial reports, such an estimate will be only approximate. In the following analysis, two over-all estimates are referred to in Paragraph 2, and three totals are used in subsequent paragraphs. They are taken from the attached Lists of Assets and are: the total cash obtained by liquidating assets which might have been confiscated; the total value of assets not liquidated, including some assets liable to confiscation and others, such as cinemas, held in Portuguese names, which are not liable to confiscation; and, finally, the total value of concealed assets obtained in the period 1 March to 31 May 1945.

2. External Estimates

One report (OSS A-57744) estimated the total holdings at 40,000,000 escudos, implying that this represented the stock interests in the two mining companies. Another report (contained in both OSS A-57740 and State Department Safe-haven Report from Lisbon No. 215) estimated the value of the Group at 500,000,000 escudos, of which 400,000,000 was believed tied up in the companies in the form of mines, buildings, equipment, etc. Presumably, the other 100,000,000 represents the personal holdings of members of the Group and the inventories of the companies. To a certain degree these estimates coincide with an analysis of the Lists of Assets which follows.

3. Internal Estimates

We know, by List A, that Dithmer was able to acquire at least 13,711,000 escudos in three months through liquidation of certain assets. In addition, the Group held assets, not reported liquidated, of approximately 25,196,800 escudos. This would give a total of cash value of assets held or liquidated 38,907,800. We then have a very approximate figure of the value of the holdings of the Group, without counting the value of the mines themselves, and, undoubtedly, omitting some other personal properties or investments.

4. To check the figure of the value of the Group's holdings, not including the mines, we have the value of concealed assets newly acquired in the period 1 March to 31 May 1945. This is 34,428,000 escudos. In other words, Dithmer et al. must have been able to obtain 34,428,000 escudos in ready cash. This figure would be slightly higher if we add to it those assets listed on chart for which no estimate of cash value is obtainable. We will deal, however, only with the known figure. Part of this sum we know he obtained by the

SECRET

SECRET

- 2 -

liquidation of other assets, that is, at least 13,711,000. It is possible that another part of the cash came from the 25,196,800 escudos in assets not reported liquidated. It is unlikely, however, that the total difference between 34,428,000 and 13,711,000 was obtained in this way. We know, for instance, that the laboratory (1,000,000 escudos) was retained by the Group, and it is obvious that assets such as cinemas and real estate held in Portuguese names and acquired prior to 1 March would not be liquidated. If the Group retained assets such as the laboratory, which was known to be German held, it is not reasonable to believe that Dithmer would unload his own personal estates, or properties previously registered in the name of Portuguese associates. A certain sum, therefore, in addition to the known 38,907,800 escudos which was available to the Group, must have been previously at their disposal perhaps in personal accounts or in safes. This sum is probably between 10 and 25 million escudos, and the total potential value of the Group's holdings is somewhere near 50,000,000, not including the mines.

5. Correlation

The second, and larger independent estimate, that of 500,000,000 escudos of their total holdings, including the mines, implies that Dithmer and his associates hold 100 million in personal assets and inventories of the companies, and 400 million in the heavy assets of the two mining companies. Part of the 400 million, further, represents the equipment and buildings of the companies. If we assume, based on the average cash value of the sale of the companies' movable assets and real estate apart from the mines, that the equipment and buildings are worth approximately 50,000,000 escudos, we get the figure of 350,000,000 escudos as the value of the mines themselves. This, then leaves the figure of 150,000,000 as the value of the personal holdings of the Group together with the assets of the companies, apart from the mines. This figure is much greater than the estimate arrived at in Paragraph 4 by analysis of sales and reported holdings. Since it is impossible to be accurate in such estimates, without full information, the estimate of the Group's personal holdings and assets of the companies, without the mines, must be left at between 50 and 150 million. The value of the mines is then taken to be 350 million, which may possibly be too low.

6. Source of Monies

The original sources of the monies which began this tremendous accumulation of capital was probably fourfold: the money sent by Gesellschaft fur Elektrometallurgie, Berlin, for the purchase of the two companies; subsidies supplied through the German Embassy and Minero Silvicola from ROWAK, Berlin, for wolfram exploitation and export; machinery supplied by ROWAK; and the individual fortunes and profits off investments of persons participating in the German Group. Undoubtedly, the large profits made by the mining companies during the lucrative war period were turned to investments for the personal

SECRET

- 3 -

benefit of members of the Group. Weber (see Appendix 1) charges that a large part of the subsidies and payments for exports made to Dithmer by ROWAK were not justified by Dithmer's actual export. This may account for the German Embassy's irritation at not being kept informed of the eventual disposition of the money.

7. Ultimate Disposal of Mines

One additional note should be made. It appears that the mines are not included as assets of the two companies, but are probably represented as privately owned, and worked by the companies. It is doubtful that the mines will ever be converted to cash, since, as seen by the intercepts in Appendix 1, the former owners are attempting to re-acquire them. It is also doubtful that the Gruenfelds in London will pay 350 million for mines they consider rightfully theirs. The most that the German Group can expect is to renew their association with the former German, now British, interests in an effort to gain protection for their other investments.