

*Ulf Olsson*

---

**Stockholms Enskilda Bank  
and the Bosch Group,  
1939-1950**

---

**Banking & Enterprise**

No. 1 Stockholm 1998

*Electronic issue*

*The Foundation for Economic History Research within Banking and Enterprise*  
Box 16066 S-103 22 STOCKHOLM

Telephone + 46 8 661 70 55 Facsimile + 46 8 665 34 57

arkivstiftelsen@sfeh.se <http://arkiv.wallenberg.org/>

---

© Ulf Olsson and The Foundation 1998  
Translation by Björn Norrbom  
Printed in Sweden 1998 by Centraltryckeriet, Borås  
ISSN 1403-2198  
Stockholm 1998  
*Electronic issue*

---

**Banking and Enterprise**

---

The Foundation for Economic History Research within Banking and Enterprise was established in 1994 for the purpose of promoting research into economic history, esp. business history. With this end in view, the Foundation collects, organises and manages the historical archives of Stockholms Enskilda Bank (1856-1971) and its Management, as well as those of other companies and foundations closely associated with that bank. In 1994-1995, these historical archives were transferred to refurbished premises close to the Villa "Täcka Udden" at Djurgården in Stockholm.

The archives have been made available for research within those areas supported by the Foundation. Since the 1950's these archives are among the most useful and well-used for different business history monographs. Sources from here form the basis of a long series of research.

In order to provide information about its archives, the Foundation has decided to issue a series of publications on the theme Bank and Enterprise. The series will be published mainly in English and present the results of research, which to an essential extent is based upon the archives of the Foundation.

A more detailed, up-to-date information about these matters can be obtained via the Internet. The web-service of the Foundation may be found under <http://arkiv.wallenberg.org>.

Marcus Wallenberg  
Chairman

---

## Contents

---

Preface	5
Background	7
The Wallenberg Group buys European and American Bosch companies 1939-1940	8
American Bosch Corporation seized	12
Sale of European Bosch companies and developments 1942-1944	15
The finds in Stuttgart in 1945 and the freezing of SEB's assets in the U.S.A.	17
The Safehaven-negotiations and SEB 1945-1946	21
Legal preparations and reconciliation 1947-1950	27
SEB and the Bosch deal – a summary	29
Notes	31
References	42

---

## Preface

---

The relations between the Bosch Group and the SEB Group have recently been focused in the media in connection with international discussions about the economic relations between Germany and the neutral countries in Europe during World War II. These transactions have been described in detail in the Swedish monograph of mine *Bank, familj och företagande, Stockholms Enskilda Bank 1946-1971 (Bank, Family and Enterprise, Stockholms Enskilda Bank 1946-1971)*, published in 1986. The analysis was based on a rich source material from public archives in the U.S.A. and Sweden as well as private, including the records of Sullivan & Cromwell in New York and Archiv Robert Bosch in Stuttgart.

The Foundation has offered to publish the relevant part of the book in English in order to make it available to a wider audience. Even though some new material has been found after the book was written, the interpretation of the Bosch deal has not changed to any significant extent. The original text from 1986 has therefore been translated directly, without any additions, omissions or changes in the text, including all the endnotes and references.

My sincere thanks to Björn Norrbom, who translated the text.

*Gothenburg, February 1998*  
*Ulf Olsson*



---

## Background

---

In early September 1939 Carl Goerdeler came to see Jacob Wallenberg in Stockholm.<sup>1</sup> Goerdeler had been Oberbürgermeister in Leipzig, but had resigned after a controversy with the new German rulers. At this point in time he served as an adviser to the Bosch Group in Stuttgart. During the war years, he became one of the leading representatives of the internal resistance movement against the Nazi Government and was executed after the attempt on Hitler's life in July 1944.<sup>2</sup> Jacob Wallenberg and Goerdeler were to meet on a number of occasions during the war. Goerdeler's assignment in Sweden in September 1939 was to sound out Swedish banks' possible interest in purchasing certain Bosch Group companies outside Germany. He had also visited Helmer Stén of Svenska Handelsbanken for that purpose.<sup>3</sup> After his meeting with Jacob Wallenberg, Goerdeler could report to Stuttgart that Stockholms Enskilda Bank ("SEB") had shown a certain interest. He recommended that Waldemar von Oppenheim of the German banking house Pferdmenges & Co should be prevailed upon to contact Jacob Wallenberg. These two gentlemen had already known each other for years.<sup>4</sup> von Oppenheim contacted Jacob Wallenberg in late October-early November, proposing him to buy primarily Bosch companies in the neutral European states and in Argentina. This marked the beginning of a long series of arrangements and transactions between the Wallenberg Group and Bosch. The international complications of the war were going to cause the Bank a lot of work and great problems in connection with these transactions. The "Bosch Deal", as it was referred to internally in the Bank later on, was not brought to an end until eleven years later.

The reasons for the approach of the Bosch Management were in brief as follows. After its foundation in 1886, the Robert Bosch workshop for precision mechanics and electrical engineering had rapidly developed into an advanced company in the technology of igniting combustion engines and become a leader in electrical equipment for automobiles.<sup>5</sup>

Robert Bosch GmbH found an expanding market in the growing automobile industry during the first decades of the 20<sup>th</sup> century. Thanks to its expertise, the Stuttgart company expanded to a considerable size and a dominating position in its particular field, building up a large international organisation.

However, the major part of its foreign representation was lost during World War I. Germany's enemies confiscated its factories, sales companies and patents and its competitors seized the opportunity of expansion. Among other things, the Bosch Group's factory in the U.S.A. was seized in 1917 and started to compete successfully, under new owners, with its former German parent company.

The Bosch Group was built up anew in the financial post-war chaos, regaining its former position. At the end of 1936, the Group had manufacturing facilities in England, France and the U.S.A.<sup>6</sup> These companies also served as sales companies and general agents for Bosch products. There were for example pure sales companies in Sweden (AB Robo), Norway, Denmark, Belgium, Switzerland, Portugal, Italy and Argentina. In addition, there were two Swiss holding companies. One of these, Industria, was the majority shareholder in the Group's companies outside Germany for the account of Bosch. In several cases the ownership influence of Bosch was concealed through some form of dummy-owner relationship. This was due, among other things, to the company's experience from World War I and the times thereafter. In other words, the Bosch Group was once again firmly established on the world market by this time through its foreign companies and direct sales activities from Germany.

In April 1937 practically all the foreign companies were taken over by NV Administratiekantoor voor Internationale Belegging (“Nakib”). Behind this company was Mendelssohn & Co, Amsterdam, an internationally active banking house formerly headquartered in Berlin. This arrangement seems in part to have been prompted by changes in the German foreign exchange legislation. As a result of the new rules it was difficult to mobilise capital in Germany for a necessary re-organisation of foreign activities. However, the sale to Nakib did not imply that the companies concerned ceased to be the representatives of the Bosch Group and a safeguard of its interests around the world. The continued influence of Bosch was guaranteed through a series of agreements concerning markets, patents, staff appointments, etc. Furthermore, Nakib had to undertake not to sell the majority share-holding in any company to a third party without first granting Bosch the opportunity of buying it within a four-week period at the price then prevailing.

The arrangement with Nakib worked satisfactorily up to 12 August 1939, when Mendelssohn & Co went bankrupt, thus leaving Nakib’s assets in the hands of the liquidators. Besides, it turned out that Mendelssohn had pledged the shares in the American company in the U.S.A. There was now an imminent risk that the Bosch companies would be scattered and end up in the hands of the competitors of Bosch. Representatives of the German company started an intensive work to prevent such a development and to find new solutions. Like in 1937, one did not desire to figure as the owner of the foreign companies. Shortly afterwards, in connection with the outbreak of World War II, the currency situation became even more difficult and the political complications worsened further. Faced with the threat of seizure of the French and English companies, the assets of which were now located in enemy country, Bosch waived its right of pre-emption concerning these two companies, but was granted an option to acquire all the shares in the other companies in return. During this short respite Bosch was looking for potential buyers, which for political reasons ought to be found in the neutral countries. To Bosch it was important to keep its influence over “its own” companies and to create some form of a guarantee that they could not be sold. American, Swiss, Dutch and Belgian financiers were consulted, particularly concerning the U.S. company, but also some Swedish ones. In Sweden, the response was positive.

### **The Wallenberg Group buys European and American Bosch companies 1939-1940**

The guarded inquiries made by Bosch and von Oppenheim were thus positively received by SEB. After the preliminary contacts in the autumn of 1939, negotiations concerning the practical implementation of the transactions were initiated. From the German side these were led by KE Thomä, Head of the Legal Department of the Bosch Group, and H Walz, Chief Group Executive. Carl Goerdeler continued to play a role, mainly through his direct contacts with Jacob Wallenberg. On the Swedish side Rolf Calissendorff and Rudolf Lindh also participated in the negotiations. Calissendorff was put in charge of the handling of the deal and negotiated directly with Thomä, as a rule. The first result of the negotiations was an agreement that was signed on 5 December, according to which SEB would buy “*beabsichtigt*” (*intends to*) eight Bosch companies in neutral countries, with Bosch reserving the right to name a new buyer to these companies when they were to be re-sold, on a later occasion to be agreed upon by the parties.<sup>7</sup>

The companies in question were the following:

Robert Bosch GmbH, Geneva  
Allumage-Lumière S A, Brussels

A/S Magneto, Copenhagen  
 A/S Automagnet, Oslo  
 Aktiebolaget Robo, Stockholm  
 Robert Bosch S A, Buenos Aires  
 Equipo Bosch, Barcelona  
 Guma, Solothurn (Switzerland) <sup>8</sup>

Two other Swiss Bosch companies were mentioned in the agreement as possible future additions to the purchase.

At SEB's Board meeting on 7 December Jacob Wallenberg informed that these purchases were being negotiated and was authorised to sign the relevant agreement.<sup>9</sup> On 13 December the SEB Group thus acquired these eight Bosch companies. The seller was Nakib and the buyer the newly-formed limited liability company Planeten, the shares of which were held by Svenska AB Caritas, a subsidiary of Providentia in liquidation. This company in turn was a holding company that was closely associated with SEB. The purchase, which after deduction for certain liabilities amounted to SEK 3,280,000, was financed with the help of a loan from SEB to Planeten via Caritas.<sup>10</sup>

In addition to the purchase agreement two supplementary documents were drawn up, "Niederschrift I" and "Niederschrift II". These documents were neither signed nor initialled, apparently for the purpose of not binding the parties formally. From notes on the cover it appears that these documents were the outcome of deliberations between Jacob Wallenberg, R Calissendorff and R Lindh, of the one part, and H Walz and K E Thomä of the other. According to the first document SEB undertook to return the companies in question to Bosch within a two-year period after the armistice between Germany and "*den Westmächten*" (*Western Powers*). Likewise, Bosch undertook to buy them back within the said period.<sup>11</sup> The repurchase price was fixed as identical with the purchase amount plus a one-per cent surcharge for costs for the first year and a two-per cent surcharge for each of the following years, up to and including the second year after the armistice, for which an annual surcharge of 4 per cent was fixed. On the other hand deductions for dividends received were to be made.

Niederschrift II established that Niederschrift I would become effective as soon as Bosch had received permission from the German authorities to transfer SEK 660,000 to SEB.<sup>12</sup> This permission was granted at the end of December and the funds were transferred to SEB on 2 January 1940. The reason for this transaction was that SEB wished to release certain assets that were tied up in German bonds. In order to stimulate SEB's interest in the total deal Bosch had promised to prevail upon German authorities in order that part of the purchase amount be procured through SEB's sale of bonds in Germany and a transfer of the corresponding proceeds.<sup>13</sup> SEB and Bosch had agreed that the value of the bonds would correspond to 3/8 of the total payment for the European Bosch companies. As it turned out, however, the only authorised buyer of the bonds in Germany was Deutsche Golddiskontbank, which applied lower bond prices than expected. The bonds were now delivered to Golddiskontbank, but the price difference or "exchange loss", amounting to SEK 660,000, was compensated through a "*Zuzahlung*" (*extra payment*) directly from Bosch to SEB, although the deal as such had been done by Nakib and Planeten.<sup>14</sup>

The reasons for which the Executive Management of the Bosch Group wished to transfer its sales companies in neutral countries to the SEB Group have already been described.<sup>15</sup> After the arrangement with Mendelssohn & Co had collapsed, Bosch wanted to find a new partner with whom large parts of the Group could be held together, out of the reach of its competitors. In reality SEB made a loan available, against security in the shares, in order to carry out the transfer, which was obviously attractive in view of the prevailing difficulties to procure foreign currency in Germany.

The SEB Management saw the prospects of a profitable deal. After the Nazi take-over and the outbreak of the war, German bonds had dropped in value and were regarded as uncertain investments. SEB paid a low price for the companies, considering their established position in different markets and patents. The terms of a future re-purchase were also good. SEB's negotiating position was favourable and it was used to achieve a profitable financial agreement.<sup>16</sup>

As far as SEB was concerned the risks involved depended on the military and political development. No one could foresee the consequences of the war and there must have been some uncertainty whether Bosch would be able to fulfil its part of the agreement in the future. From a formal point of view none of the parties had committed itself for the future, since the memorandum in which the right and obligation of Bosch to re-purchase the shares were expressed had neither been initialled nor signed. As will be described in the following, SEB liquidated its engagement in the European Bosch companies during 1941-1943.

However, Robert Bosch GmbH had a company in the U.S.A., American Bosch Corporation ("ABC"). Among the assets forming part of the Mendelssohn estate in bankruptcy were 535,000 shares in ABC, corresponding to 70 per cent of shareholders' equity. ABC was mainly a manufacturing company, with a factory in Springfield, Massachusetts, but it also represented Bosch on the entire American market. The Bosch Group was keen to find an arrangement for ABC similar to the one arrived at for the European companies and sounded the interest for such a solution in Sweden during the autumn of 1939.<sup>17</sup> SEB must have had certain apprehensions: the deal was much larger than the European one, running into values of about SEK 10 to 15 million. The political risks were not less apparent. If the U.S. were to join the war on the Allied side, the situation would become embarrassing.<sup>18</sup> On the other hand, the prospects of a profitable deal were obvious, particularly if it could include the sale of German bonds. A transfer of certain SEB-investments to the U.S.A., both from Germany and Sweden, could appear to be prudent moves per se, considering the political development abroad in the winter of 1939 and spring of 1940.

From October 1939, the question regarding a purchase of the ABC-shares was discussed in parallel with the matter concerning the European companies. von Oppenheim and O Fischer together with other representatives of Bosch met on several occasions with SEB's representatives. After internal deliberations within the Bank, an analysis of ABC's position and future prospects in the U.S.A. and contacts with the Chairman of the Board of Directors of ABC, G Murnane, SEB sent a purchase proposal to Bosch for the ABC-shares on 25 January.<sup>19</sup> The negotiations that followed during the next couple of months were concerned with how much of the block of shares that should be bought, the price per share and the terms of payment. As it had done with respect to the European companies Bosch demanded some form of option arrangement to ensure that the controlling interest in ABC would not fall into unwelcome hands.<sup>20</sup>

On 6 May 1940, i.e. after Denmark and Norway had been occupied by Germany, SEB finally bought 535,000 ABC-shares on behalf of AB Planeten for a total price of USD 2,942,500, the equivalent of SEK 12.4 million.

Also in connection with this transaction Jacob Wallenberg forced through that German bonds were taken over. Bosch assisted in the placement of bonds in Germany for a total value of approximately USD 3.6 million, or SEK 15 million, and obtained permission to transfer the proceeds in the same way as when the European Bosch companies were bought. However, SEB and Golddiskontbank could not agree on the price. The difference amounted to a total of

USD 650,000. With the help of an arrangement similar to the one used in the earlier transaction the purchase of the ABC-shares became effective only after this amount "*als*

*besondere Prämie*” (as a special premium) had been transferred to SEB on 8 July 1940.<sup>21</sup> This amount was equal to approximately SEK 2.7 million and can thus be regarded as a lump-sum compensation for the services rendered by SEB to the Bosch Group.

At the end of July 1940 the whole arrangement was summarised in a series of documents, Niederschriften III-IV, dated 22 July, after negotiations between K E Thomä and A Knoerzer, of the one part, and Jacob Wallenberg and R Lindh of the other. Calissendorff had been in charge of most of the negotiations over the last six months but was abroad at this point in time. An agreement concerning patents and trademarks was concluded, among other things. In addition, three memoranda were drawn up, which were neither initialled nor signed, and deposited like the Niederschriften before in a safe-deposit box at SEB. There were two keys to this box and the parties had received one each. The import of these memoranda was that SEB had the right to sell 185,000 of the shares taken over and that the profit from such a transaction should be divided equally between Bosch and SEB. For various reasons such a deal never took place. The remaining shares, representing the majority of ABC’s capital, were made subject to the same terms and conditions as the shares in the European Bosch companies. In other words, Bosch had both the right and obligation to buy the majority shareholding in ABC two years after Germany and the Western Powers had agreed on a cessation of hostilities, at the latest.<sup>22</sup>

Certain measures were taken later on in 1940 indicating that SEB was embarrassed by the form that the purchase of ABC had taken. In the autumn of 1940 the ABC-shares were transferred from AB Planeten to AB Vargos, another subsidiary of Caritas. Caritas was thereafter sold to AB Duba, which in turn was owned to 75 per cent by AB Investor.<sup>23</sup> The ABC-shares were thus from an ownership point of view removed a little further away from SEB. In practice, however, nothing had changed, since Investor was a holding company whose Management and dominating shareholders were practically identical with those of SEB.<sup>24</sup> The July memoranda were not changed either. One advantage to the Bank was that the transfer of the shares to AB Vargos implied that any insight by the American Securities and Exchange Commission was prevented. Incidentally, this could also have conflicted with Sweden’s Banking Companies Act.<sup>25</sup> The U.S. authorities demanded information on the transactions in the ABC-shares, starting to give proof of some suspicion.

G Murnane reported to Sweden that he felt ABC was handicapped by not being a U.S. company, particularly as its manufacturing increasingly consisted of war material for account of the U.S. Government.<sup>26</sup> In order to reduce criticism it was decided that a voting trust should be formed, by depositing the shares in the U.S.A. and authorising Murnane, through certificates, to exercise the voting rights on behalf of the Swedish share-holding in ABC. These arrangements were made by Marcus Wallenberg, who resided in the U.S.A. from mid-October 1940 until the end of January 1941 and who had deliberations with the Bosch Management in Germany both on his way out and home from the U.S.<sup>27</sup> Two types of certificates were issued: the holders of the certificates representing 45 per cent of the capital, or 315,000 shares, could not withdraw their shares from the trust, although this was possible with respect to 220,000 shares. Murnane was authorised in December 1940, at least formally, to sell these shares, which would have implied that the majority share-holding in ABC had fallen into American hands.<sup>28</sup>

From this time and on, SEB’s way of handling the American Bosch deal grew increasingly ambiguous. In its relations with the U.S.A. the Bank was anxious to conceal its commitments vis-à-vis Germany. Although closely co-operating with the ABC Management in different ways the existence of the memoranda concerning the future repurchase of the majority share-holding in the company by Bosch was never revealed. Towards the end of 1940 Murnane was rather told by Marcus Wallenberg that the ABC-shares “belonged outright to the SEB Group”: To its American contacts SEB asserted that

the long-term purpose was to transfer the majority share-holding into American hands, through sales, and that only practical difficulties and a weak stock market prevented this. On the other hand, towards Bosch SEB let the deal proceed as agreed upon, making it perfectly clear that one would carry out the promise to keep the majority of the ABC-shares and offer them to Bosch for sale after the war was over.<sup>29</sup> In a way this was illustrated by the fact that USD 650,000, which had been booked on the Bank's bond account in July 1940, was transferred to a "separate Bosch account" in October and thus tied to the continued development of the ABC-transaction. However, this amount was to be included among SEB's assets for an additional period of three years.<sup>30</sup>

### **American Bosch Corporation seized**

During summer and autumn 1941 the discussions concerning ABC were characterised by a certain amount of uncertainty. The relations between Germany and the U.S.A. gradually impaired and the Management of SEB found it increasingly difficult to keep both doors open. K E Thomä was negotiating during July and September in Stockholm, complaining that it was difficult to meet with the Management of SEB and that he often got contradictory reports from R Calissendorff, Jacob Wallenberg and Marcus Wallenberg, for example.<sup>31</sup>

The negotiations focused on two issues. One concerned the distribution of the ABC-shares between the "free" quota, i.e. that part which SEB had the right to sell, and the majority-holding, which SEB had promised to keep on behalf of Bosch. When Bosch bought some of the Swiss assets from Planeten, the Germans wished to transfer 47,407 shares from the free quota to the restricted one. During these discussions SEB proposed to subject the pre-emption right of Bosch to stricter conditions than those applying to the original majority-holding. According to SEB, the question whether or not such a sale would jeopardise ABC's earning capacity ought to be considered.<sup>32</sup> However, Marcus Wallenberg's and R Calissendorff's proposal to change the terms of the Niederschrifte from 1940 were emphatically rejected. The menacing development in the U.S.A. furthermore prompted negotiations concerning who should absorb the loss in case the ABC-shares should be confiscated. It was agreed that SEB should carry the risk in respect of the "free" shares, while Bosch assumed the risk for the majority-holding. Moreover, should the ABC-shares be lost, part of SEB's "premium" of USD 650,000 ought to be repaid. No final agreement was reached in September, but a new round of negotiations was fixed for mid-December. Before that, however, developments in the U.S.A. were going to change the basis of negotiations completely.

On 5 December 1941 the U.S. Treasury Department declared that ABC was "German, Dutch and Swedish property". According to prevailing laws this meant that the company had to reckon with close supervision by the authorities and that a licence had to be obtained for each important business transaction. More importantly, the risk that the Alien Property Custodian was going to seize ABC had all of a sudden become imminent.<sup>33</sup> Two days later Pearl Harbour was attacked by the Japanese air force and on 11 December the U.S. and Germany had officially declared war.

In order to waive the U.S. Treasury Department's classification of ABC, legal proceedings were immediately initiated in the U.S.A. through the Chairman, G Murnane and John Foster Dulles, Attorney-at-law and a Senior Member of the law firm that SEB was using. According to these two gentlemen, who were responsible for ABC through the voting trust of the company, it was considered appropriate that the Swedish authorities made it clear to their U.S. counterparties that ABC was a Swedish-owned company.<sup>34</sup> Several questions were prepared and sent by the Financial Attaché at the Swedish Embassy in Washington, H Magnusson, via the Swedish Ministry for Foreign Affairs to the

Riksbank (The Bank of Sweden) in Stockholm on 10 December. On 13 December R Calissendorff was summoned to the Riksbank and told that SEB should promptly give an account of its relations with ABC on the basis of the following points:

- “1. That the title is bona fide Swedish and that there are no special agreements or verbal statements.
2. That the purpose of the acquisition is a pure investment in the U.S.A. and that the buyer’s commitments towards “VK”,<sup>35</sup> how settlement was made and to whom.
3. An explanation concerning the chain Vargos – Duba – Investor, the reasons therefor and the purpose of these companies.
4. That the purchase was made with the consent of “VK” and all facts that had then been presented.
5. That there are no Swedish interests, neither directly nor indirectly, in the companies.
6. Appropriate statements and specifications concerning similar earlier interests, if any, in order to make reference to a historical background.”<sup>36</sup>

The U.S. events triggered off feverish activity within SEB: answers to the Riksbank’s questions were prepared in different ways and all the agreements between Bosch and SEB were subjected to a general review.

The last-mentioned work could be started immediately because Thomä had arrived in Stockholm on 12 December. The following day already he was informed that SEB no longer wished to be bound by any option arrangements. On 17 December Thomä got the green light from Stuttgart. He then accepted to adapt to the new situation and helped SEB to answer the Riksbank’s questions regarding ABC.<sup>37</sup> As a consequence, Niederschriften III, IV and VII were re-written and all references to ABC deleted, but the dating remained unchanged. Niederschriften IV and VIII were cancelled and the documents were re-numbered, resulting in a continuous series extending from 5 September 1939 for Niederschrift I to 16 December 1941 for documents VII and VIII.<sup>38</sup> The description of the purchase of ABC in the new memoranda did not include any right for Bosch to re-purchase the majority share-holding in ABC. Faced with the threat of SEB’s complete loss of control of ABC Bosch had no other choice but to support the Bank and hope for a future settlement.

After this work had been completed in April 1942, SEB destroyed those Niederschriften which had ceased to be valid together with some other documents concerning ABC, in accordance with its agreement with Bosch.<sup>39</sup>

The Riksbank’s questions needed to be answered and this work was now started without delay. The first draft is dated 15 December. Three days later AB Investor handed in a letter to the Riksbank, signed by Marcus Wallenberg Sr. The letter starts with this preliminary explanation: “The title to 535,000 shares in American Bosch Corporation is bona fide Swedish and there are no other special agreements or verbal statements than those specified below under Item 2 b)”. Under Item 2 it was explained that SEB intended to sell as many ABC-shares as necessary in New York in order that the majority-holding would fall into American hands and then keep the remainder as a pure long-term investment in the U.S.A. However, in case a larger number of shares should be sold, SEB had committed itself to grant Bosch a pre-emption right to buy such shares on the same terms as those which SEB could obtain from a third party.<sup>40</sup> This memorandum was revoked at a later stage and replaced with a new memorandum, on 12 January 1942, which had been signed by Marcus Wallenberg Sr, Jacob Wallenberg and Marcus Wallenberg. The new memorandum was more detailed, but started bluntly with the following item: “The title to 535,000 shares in American Bosch Corporation (Ambosch) is bona fide Swedish and there are no special agreements or verbal statements.” Further down in the text the

request for an option for a minority-holding that Bosch had presented was mentioned, but it was stressed that SEB had never wished to commit itself and that SEB, after the outbreak of the war between the U.S.A. and Germany, had declared itself totally independent vis-à-vis Bosch.<sup>41</sup>

On 13 January SEB delivered a proposal to the Riksbank for a reply cable to H Magnusson, based upon the memorandum dated 12 January, but the abridgement had affected the option discussions, which were not mentioned at all.<sup>42</sup> A cable of this tenor was dispatched to the U.S. and Magnusson wrote a letter to E H Foley Jr in the Treasury Department on the basis thereof.<sup>43</sup> This letter stressed (that the shares are) “definitely bona fide Swedish and there exists no qualifying agreement undertakings or promises impairing this ownership”. The Swedish Legation therefore asked Foley “to set the matter right”, i.e. to prevail upon the Treasury Department to waive the classification of ABC as partly-owned by an enemy power. The company had already requested to be classified as purely Swedish for its part, but on 2 February 1942 this demand was rejected despite the Swedish efforts.

However, the Swedish Government continued to support SEB. E Boheman, Deputy Minister for Foreign Affairs, met with both the British and American Ministers in Stockholm and handed them a memorandum on the subject. Chr Günther, Sweden’s Minister for Foreign Affairs, declared himself convinced to the American Minister that the Wallenbergs did not conceal anything in this transaction.<sup>44</sup> In Washington, the Swedish Minister W Boström called on both the Alien Property Custodian and the Undersecretary D Acheson of the State Department, alleging that a seizure of Swedish property in the U.S.A. would “create very unfavourable impression in Sweden”. Even though the Swedish Government declared itself convinced that there were no German interests in ABC, L Crowley, the Alien Property Custodian, seized the shares according to a “vesting order” dated 18 May 1942.<sup>45</sup>

The seizure was a hard blow to SEB. Both before and after the U.S. entered the war the Bank had made a series of attempts of convincing the U.S. authorities that the purchase of ABC was a deal that would lead to an American majority-holding and a long-term Swedish minority-holding. Supported by the Swedish Government it had assured that there were no connections with Germany in the transaction. The U.S. Treasury Department was not to be persuaded. It had found such strong indications of a Bosch influence over ABC that it decided to seize the company. The Treasury bore in mind that ABC had close connections with Bosch before the war and that there had been negotiations with other buyers, including discussions regarding option arrangements, before SEB purchased ABC. It had furthermore discovered a connection between the European Bosch-transactions and the purchase of ABC. The Treasury Department underlined that a company like ABC that was so important to the armaments industry must be safely controlled by the U.S. At the same time it was emphasised that it was not a matter of confiscation and that SEB was in its full right to defend its title pending a final decision.<sup>46</sup>

SEB now concentrated on re-gaining its influence over its ABC-shares with the help of legal proceedings. In order to strengthen its position the Bank demanded that Bosch issue a written statement to the effect that no option agreements of any kind whatsoever existed. R Calissendorff and K E Thomä prepared a letter of such tenor, addressed to AB Investor, which was signed by Bosch representatives on 4 June 1942. The latter requested permission to hand over the letter in person and to add some verbal comments. In connection with a visit to Stockholm on 25 June Thomä gave the letter to Jacob Wallenberg, saying that he realised that such an assurance was necessary in view of SEB’s situation in the U.S.A. but that he hoped that the Bank would show continued loyalty. Jacob Wallenberg made it clear that he did not want to make any comments on the subject,

since he did not wish to be burdened by any commitments. However, he did not rule out the possibility of finding a suitable buyer of the ABC-shares in the U.S.A. at a later stage.<sup>47</sup>

### **Sale of European Bosch companies and developments 1942-1944**

Developments in the U.S.A. contributed strongly to the SEB Management's wish to liquidate its engagement in the European Bosch companies as quickly as possible. Pending final settlement of the ABC-investment, the European Bosch transactions would be a burden. Such a liquidation, however, could only be realised as and when the German parent company made currency available in Sweden to buy out the companies in question, preferably in a way that would allow Bosch to keep its influence over them without revealing this externally. During the years 1942-1944 there was a practically continuous discussion concerning the form and terms of such a gradual liquidation of SEB's European Bosch transactions. This process was made even more complicated due to the prevailing foreign exchange and tax rules.<sup>48</sup>

One step was taken in 1941 already, when AB Planeten transferred a large part of its assets to AB Lagern, another subsidiary of AB Providentia in liquidation. Later on in 1941 Robert Bosch, GmbH, Geneva was sold together with parts of Guma (Scintilla) to Swiss interests, which in fact were representing Bosch. Part of the purchase amount was credited to Bosch too.<sup>49</sup> The company accumulated funds with SEB also in other ways. In May, 1942, Bosch granted a loan of SEK 2,400,000 to AB Caritas, which later on could repay the rest of its loan from SEB. You could say that the Bank thus completed the relatively large loan transaction that constituted an important part of the European Bosch deal. However, the European Bosch companies remained the property of Planeten and Lagern up to August 1943, thus to a large extent staying within SEB's sphere of influence.<sup>50</sup> At about this time, however, representatives of Bosch and SEB were working on a new ownership structure to the satisfaction of both parties temporarily.<sup>51</sup> The Swedish company Tessalia bought Planeten and Lagern. The shareholders of Tessalia were the lawyer Hugo Stenbeck, Chairman of the Board of the Bosch Group's Swedish company AB Robo, and Hans Th Holm, who had co-operated with Robo in preparing agreements with the Swedish Air Force Material Administration, among other things and who became Robo's Managing Director in 1943.<sup>52</sup> Thereby SEB cut off the last ownership connections with the European Bosch companies. The Bosch Group management tried to secure its influence by having Tessalia's shareholders undertake to sell the assets of the company to such person as could present an option certificate, which was deposited in a safe-deposit box with SEB. To open this box two keys were needed, of which R Calissendorff had one and H Stenbeck and H Th Holm, respectively, the other. The latter two committed themselves in a special letter to open the box and to give its contents to the holder of the letter. This letter was then delivered to Bosch.

The link between SEB and Bosch that Calissendorff's key represented was broken at the end of 1944.<sup>53</sup> H Stenbeck had business relations with the U.S.A. and did not wish to have anything to do with German companies any more because of the risk for black-listing. He therefore withdrew from the Bosch arrangement. The lawyer Sten Södermark and the Chief Clerk Axel Billing, a former employee of Robo, took his place instead.<sup>54</sup> These two persons now became the holders of the two safe-deposit box keys.

Towards the end of the war the Swedish Government demanded, through special legislation, that all German property or suspected German property in Sweden should be reported.<sup>55</sup> S Södermark reported his holding in Tessalia to the Riksbank in March and to the Flight Capital Control Office in August 1945. The whole matter was then investigated by the Flight Capital Control Office, with due assistance from the U.S. occupation

authorities in Germany, among others.<sup>56</sup> It now became clear that Bosch had financed the buy-out of the European Bosch companies from SEB by making Swedish Government bonds available, through Schweizerischer Bankverein, which constituted collateral for loans in Swedish provincial banks.<sup>57</sup> Since Tessalia's assets in actual fact were German, the Flight Capital Control Office confiscated them.

While SEB could thus conclude its European Bosch transactions at a good profit, Bosch encountered difficulties in achieving their ownership purposes. During the last couple of months of the war, the meetings between R Calissendorff and K E Thomä were clearly marked by conflicts, as Thomä saw himself let down by his Swedish partners, who were unable to offer any satisfactory solution.<sup>58</sup>

As regards the American Bosch transactions, nothing much really occurred during the three years that followed the seizure of the ABC-shares by the Alien Property Custodian up until the war ended. As described above, SEB freed itself of its connections with Bosch in respect of the European companies during this period. The situation was rather more complicated as far as the American Bosch company was concerned. SEB's freedom of action was strongly restricted and the Bank was forced to maneuver cautiously between American and German interests.

In the U.S. the Alien Property Custodian was pressing hard for the sale of the ABC-shares to American interests, which was also recommended by G Murnane. SEB tried to stop or delay such a sale by pointing at the unreasonably low price level of the ABC-shares. The Bank argued that between 75 and 80 per cent of the capital gain would be lost if the shares were sold within a five-year period after the purchase, due to the Swedish war tax on excess profits.<sup>59</sup>

Regard for Bosch was another important factor behind SEB's reluctance to sell. The Germans would of course not be pleased to see SEB sell out ABC-shares to Groups over which Bosch had no influence and SEB had no desire to come into unnecessary conflict with the Bosch Management. In order to reinforce SEB's willingness to keep the shares until further notice Bosch in Sweden and Switzerland accumulated enough foreign exchange to cover the value of the shares. Bosch was eager to discuss the forms of this accumulation of funds with SEB, particularly with respect to the gold for which it had obtained an export licence.<sup>60</sup> In May 1943, Bosch could present Jacob Wallenberg with a statement from which it appeared that SEK 11.9 million had been allocated for the re-purchase of the ABC-shares.<sup>61</sup>

SEB could not do much else but take note of this fact and to keep resisting the demands for a sale in the U.S.A. In the autumn of 1943, the Bank accepted a sale of half the block of shares on the unlikely condition, however, that the Bank would be able freely to dispose of the foreign exchange funds thus released.<sup>62</sup> The sale did not take place. In June of 1944 the situation had changed to a certain extent. The European Bosch transaction was by and large liquidated and SEB had managed to get Bosch to take back the amount of USD 650,000, which had been transferred to SEB in connection with the purchase of ABC and represented an embarrassing indication that it was not a matter of a normal investment. The Bank was now clearly concentrating on rescuing whatever could be rescued in the U.S.A. At the same time there were clear indications that the Alien Property Custodian was determined to sell the ABC-shares on its own. In this situation, largely to show its good will, SEB gave permission to sell the whole block of shares and to credit the proceeds, temporarily, to a special account with the Alien Property Custodian.<sup>63</sup> However, the sale did not take place in 1944 either but was to be delayed for another four years.

With the war drawing to its end, a settlement concerning the title to the ABC-shares also drew nearer. The liquidation of the European Bosch transaction had put SEB into a slightly stronger position on the eve of such a settlement. In 1942, however, the Management of the Bank had assured Swedish and U.S. authorities that no German

interests existed behind SEB's engagement in ABC. Despite direct inquiries SEB had chosen to withhold a great deal of the circumstances around the purchase from the U.S. authorities. In an internal memorandum the lawyer Sune Wetter had stressed that this was a weak point in SEB's position in a future legal proceeding: if the Americans, through their own investigations, would become aware of these circumstances, SEB's credibility would be seriously undermined.<sup>64</sup> Some comfort was possibly to be found in the fact that the most embarrassing documents had been destroyed. Bosch, whose interest in substantiating the past differed greatly from that of SEB, still had copies of the sensitive material as well as memoranda and correspondence regarding its relations with SEB. The archives of Bosch in Stuttgart thus contained documents which could give the U.S. authorities a much more complete picture of SEB's relationship with ABC than anything received from Sweden.

### **The finds in Stuttgart in 1945 and the freezing of SEB's assets in the U.S.A.**

Among the Allied troops that started invading Germany in the autumn of 1944 were also units that were specially commissioned to make a survey of and to secure documentation of Nazi Germany's financial conditions. One of their tasks was to list all existing resources in the form of industries, banks, raw materials and technology and to track down hidden assets inside and outside the country.<sup>65</sup>

French troops occupied Stuttgart in April 1945. In June an American Group from the Finance Division, headed by Lieutenant A Edelman, came to investigate the installations and archives of Bosch. The material concerning associated foreign companies was kept in the common archives of the Legal Department and Treasury Department. After heavy bombings and a fire in 1944, it had been removed to a shelter nearby the factory. The shelter consisted of a number of blasted, brick-covered rock tunnels. One of these had been cut off with the help of an extra brick-wall, creating a completely closed and camouflaged archive-room. Pressured by Lieutenant Edelman the company decided to surrender its documents. The brick-wall was torn down and a number of wooden boxes, isolated by metal, were taken out and seized by the U.S. authorities together with other archive material.<sup>66</sup>

On 31 July 1945, the New York Herald Tribune published an article about the Stuttgart finds, written by the newspaper's Frankfurt correspondent, according to which Bosch had had the right to buy back ABC as per a secret agreement and that SEB and the Wallenberg brothers had acted as a front for the Germans.<sup>67</sup>

This piece of news seems to have reached Marcus Wallenberg on 1 August through an upset cable from G Murnane, in which the latter reminds the former about his assurance in 1940 that the purchase of ABC was "in good faith for your Swedish interests and free of any German aspect" and that the Swedish Government had unreservedly confirmed this on a later occasion.<sup>68</sup>

Murnane now wished to have an explanation. During the following days the Swedish press contained several articles on the subject, based on American information and on statements made by the SEB Management. On 3 August the Bank Inspector visited the Bank for explanations and the Riksbank asked for clarifications, too.<sup>69</sup>

The situation developed into a real nightmare for the Management of SEB. The newspapers' accounts gave another picture of the American Bosch transaction than the strictly modified version that SEB had presented in its reports to the Riksbank and the Swedish Government, among others, and that which had been conveyed to the U.S. authorities via diplomatic channels. In order to refute the information received from the U.S.A., SEB was now forced to present a partly different account to all parties concerned. During the following days a series of memoranda was prepared.<sup>70</sup> These memoranda dealt

with the option arrangements applicable to a majority share-holding in ABC, strongly stressing the fact that Jacob Wallenberg had made a verbal reservation for the case “that anything should happen”, referring to a possible war between the U.S.A. and Germany. It was furthermore argued that Marcus Wallenberg’s assurance to Murnane in October 1940 that no agreements existed could be regarded as a waiver and that the Bank had later pointed out to Bosch on several occasions that it was no longer bound by any agreements. The agreement must be regarded as null and void by December 1941, at the latest, the argument went. Therefore, it had been correct to certify that ABC was owned “bona fide” by Swedish interests in January 1942. Regarding the transfer of USD 650,000, the connection between the bond sales that never came about was stressed as well as the fact that this amount had been re-transferred to Bosch later on.

The seriousness of the situation did not only concern the name and reputation of the Bank. Due to the Stuttgart finds, there was an imminent risk of losing the funds invested in ABC. Shortly afterwards the economic threat was made explicitly clear. On 8 August, the U.S. Treasury’s Foreign Funds Control Department issued a decree according to which SEB, Jacob and Marcus Wallenberg were declared “special blocked nationals”.<sup>71</sup> Sweden had been declared a “blocked country” on 14 July 1941 already, which implied that Swedish citizens and companies that wished to use their assets in the U.S.A. for business had a general obligation to obtain a licence. General licences had however been issued. Now SEB and its Managing and Deputy Managing Director were excluded from this general licensing and were strictly treated as “nationals of a blocked country”. None of the SEB Group’s U.S. assets could now be used without a special permission in each individual case. In addition, SEB was prevented from doing business in the U.S.A. on behalf of its customers, having to refer them to the Riksbank or to any of its competitors among the commercial banks.

The U.S. Treasury argued for an even tougher line against SEB in the form of a “black-listing”, which would have implied a break-off of the Bank’s relations with all the Allied countries - a staggering blow, indeed.<sup>72</sup> However, the State Department did not consider that the German documentation was sufficiently unequivocal yet for such a radical measure, proposing that the matter be further investigated before taking any further measures. The U.S. Minister in Stockholm Herschel Johnson shared that opinion, but warned simultaneously of the consequences of a black-listing, considering that one should at least have the British agree to such a measure first. In London, a certain hesitation prevailed too. A black-listing of SEB was a question of national consequence in Sweden, which ought to be discussed in advance with the Swedish Government. The effect of such a measure could surpass that of the Krueger crash once. British financial interests could also be affected. Washington postponed the black-listing issue for the time being in order to give the representatives of SEB a chance to explain themselves.<sup>73</sup>

From SEB’s point of view the situation was already serious enough. Not only did the blocking by the U.S. Treasury mean a practical obstacle to the Bank’s activities but also that SEB was singled out as the only Swedish large bank that had had intimate relations with Nazi Germany. SEB’s Management realised that it had to refute these American accusations with force and to do everything to have the blocking revoked.

On 9 August Murnane received a cable that everything was all right and a summary of the memoranda that had been prepared.<sup>74</sup> Cables were also dispatched to those 34 American banks with which SEB maintained relations, assuring that “press reports to effect that American Bosch Corporation had been under German control through our interests is not true”.<sup>75</sup>

However, the most urgent matter right now was to get in touch with the Treasury Department in Washington. Approaches were made through diplomatic channels. On 14 August, a memorandum on the subject was delivered to the British and U.S. Missions.

Through the American envoy in Stockholm the SEB Management asked for an appointment with the authorities in Washington.<sup>76</sup> Jacob Wallenberg paid a visit to the newly-appointed Swedish Minister for Foreign Affairs, Östen Undén, requesting that SEB's wish to investigate the Bosch transaction in co-operation with the U.S. authorities be conveyed through the Swedish Mission in Washington. Such a petition was also made to the State Department.<sup>77</sup> On 14 August Marcus Wallenberg travelled to New York, where he was joined one week later by his brother Jacob Wallenberg. After another week also R Calissendorff came to New York, equipped with a vast amount of documents. The well-known law firm Sullivan & Cromwell in New York was now firmly engaged in the matter. Its leading lawyers were J F Dulles and A Jaretzki Jr. Another law firm, Gardner, Morrison & Rogers in Washington, assisted as an intermediary by contacting F Vinson, Secretary of the Treasury.

An official meeting was now arranged between the SEB Management and representatives of the Treasury, of whom I Moskovitz was in immediate charge of the matter.<sup>78</sup> The meeting took place on 27 September and resulted mainly in a promise by the Swedish representatives to compile a report on the whole Bosch transaction in order to provide a better basis for the continued discussions. SEB promptly prepared such a report, which was dated 2 October and addressed to the U.S. Treasury.<sup>79</sup> It consisted of four main sections: General Background, European Bosch Deal, American Bosch Deal and Termination of the Option. The report was then subdivided into 21 subsections, each one of which was initialled by JW, MW or RC depending on who that had prepared it, thus bearing the main responsibility. On the basis of this report additional meetings concerning the Bosch deal and the blocking of SEB's assets were organised between 11 and 26 October, 3-4, 13 and 18-19 December. An additional statement was presented by Marcus Wallenberg alone on 13 December, in which he regretted the whole Bosch deal, on a more personal tone, saying that he considered that the matter had been badly handled by the Bank. At the same time he referred to his own pro-Allied attitude during the war, marking a difference in the view on the relations with Bosch between Jacob Wallenberg and Calissendorff, on the one hand, and himself, on the other.<sup>80</sup> It furthermore appeared from the report dated 2 October that Marcus Wallenberg did not feel responsible for the original arrangements with Bosch.

The meetings during autumn 1945 had been initiated at the request of SEB in the hope that the Bank would be able to explain the questions surrounding the matter in such way that the blocking could be revoked. However, the position of the Swedish side was difficult, because it could not be exactly ascertained which material the opposite party had access to. It could be taken for granted that the Stuttgart documents presented the facts differently than SEB wished to report them. Since the Bank had destroyed certain documents it could not be clearly reconstructed which common memoranda that had been drawn up either, nor what sort of correspondence that had been exchanged between SEB and Bosch. SEB's lawyers made several requests to study the documents of the opposite party, which were all refused. Incidentally, the U.S. authorities had no documents at the beginning but based their measures on the report of the U.S. Group Control Council in Germany. The material was only brought to the U.S.A. later on. Since it was not a matter of a legal proceeding the U.S. Treasury did not consider it necessary to provide its body of evidence, not even to state explicit grounds for its measures. In this respect SEB had to base its arguments on articles published in the press.<sup>81</sup> The U.S. authorities rather regarded their meeting with the SEB Management as one stage in its investigation into the Bosch deal, as a "hearing", in which the Swedes first of all were playing the role of the accused party. Besides the Bosch transaction, other cases were discussed in which SEB could be suspected of participating in German dummy transactions according to the Americans. The

minutes from the meetings comprised 1,261 type-written pages, reflecting an irritated atmosphere between the parties.<sup>82</sup>

The SEB Management had to overcome suspicion also from closer quarters. J F Dulles, who was the Bank's principal legal adviser in the U.S.A., took a very serious view of the situation. He even discussed with the Swedish Mission in Washington whether or not he should give up his Swedish assignments.<sup>83</sup> He strongly insisted that Jacob Wallenberg should go to America. This was one of the reasons for which also Jacob Wallenberg went there rather than Marcus Wallenberg alone, as originally planned. Dulles furthermore considered it extremely desirable that the Swedish Government declare its support of SEB.<sup>84</sup> However, the Government was not prepared to guarantee the innocence of SEB and the Wallenberg brothers once again. This was made completely clear in October 1945, when Jacob Wallenberg and Marcus Wallenberg paid a visit to the newly-appointed Swedish Minister in Washington, Herman Ericsson. The two brothers had prepared a proposal for a Government statement, according to which the Government would declare itself highly interested in SEB's situation and express its high regards for Jacob Wallenberg's and Marcus Wallenberg's work for Sweden during the war. The decisive point was the following one: "The Bank and the Wallenbergs have the highest reputation for integrity and their word is good with the Swedish Government." H Ericsson refused to sign any kind of certificate. With respect to the sentence quoted above he motivated his refusal by saying that he simply "did not believe that it was true. Should I request instructions from Stockholm I felt quite certain that I would receive a negative reply." The Swedish Minister, who had clear instructions, explained the Government's suspicion with respect to SEB's earlier actions in the Bosch deal.<sup>85</sup> It was a serious reverse to the Wallenbergs that the Government was unwilling to support them, particularly as this was something that J F Dulles had considered to be of utmost importance both for his own sake and with regard to the U.S. Treasury. Things could hardly have been made easier by the fact that the brusque refusal was delivered by Herman Ericsson, who in his capacity as Minister of Trade had been the Wallenbergs' closest contact in the Government during the war.

In February 1946, Jacob Wallenberg and Marcus Wallenberg gave Dag Hammarskjöld an exposition of the matter at the Ministry for Foreign Affairs. The Government had not changed its opinion that there was hardly any reason to intervene at this point in time. The same applied also in case the Wallenbergs should be "convicted" by the Treasury Department in Washington. The Government would not be able, in such a case, to make any pronouncement on the grounds adduced but would have to assume that the Bosch version of the deal was documented. It was furthermore reasonable to assume that SEB should have realised how Bosch looked upon and how it wished to use its relations with SEB. The Government was not prepared to issue any "general declaration of confidence".<sup>86</sup>

In order to revoke the blocking order and prevent a black-listing Jacob Wallenberg, Marcus Wallenberg and R Calissendorff spent the major part of autumn 1945 in the U.S.A., working hard together with their legal advisers, but without the support of the Swedish Government. The representatives of the Treasury were not impressed by the explanations of the SEB Management. In February 1946 the Secretary of the Treasury made the following summary of SEB's explanations in a letter to J Byrnes, Secretary of State: "their statements served only to confirm our conclusion that the Stockholms Enskilda Bank and the Wallenberg brothers acted as cloaks for the American and European holdings of Bosch of Stuttgart". This led the Finance Minister to repeat his demand that SEB and the Wallenbergs be immediately registered on "the hard core Proclaimed List".<sup>87</sup> Once again, the Secretary of State turned to the British for their opinion, considering that a

unilateral black-listing by the U.S. was “possibly more injurious than beneficial”. He also wanted to have the opinion of the American Minister in Stockholm.<sup>88</sup>

H Johnson’s reply, which still was a little evasive as he had not yet studied the relevant documentation, made reference to the fact that the SEB Management had been changed and to the pending Government negotiations in Washington concerning German assets in Sweden.<sup>89</sup> During 1946, the conditions for a solution of the protracted conflict between the American authorities and the Swedish bank changed with respect to both these two points. In the spring both Jacob Wallenberg and Rolf Calissendorff resigned and Marcus Wallenberg and Göte Engfors took up the duties of Managing Director and Deputy Managing Director, respectively. A more important factor was the development of the relations between the U.S.A. and Sweden as manifested in the so-called Safehaven-negotiations.

### **The Safehaven-negotiations and SEB 1945-1946**

When the defeat of the Axis Powers in World War II seemed imminent, the Allies displayed an increasing interest in German assets in the neutral countries. There were indications that people and material resources were trying to leave Germany to find a sanctuary outside the country, which the Allies regarded as an obstacle to a final victory over the Nazis. A military victory was not enough. It was necessary to achieve also a technical and financial disarming of Germany in order to prevent revanchist movements from re-establishing a basis for their activities. The experience from the inter-war period instilled misgivings in this respect.

Besides, many of the riches that people tried to hide away towards the end of the war originated from occupied countries, which demanded the return of their property. In January 1943, 17 of the Allied states proclaimed that they reserved the right to declare all transactions concerning such assets as null and void. In February 1944, the so-called Gold Declaration specified these demands with respect to gold that came from territories which had been occupied by the Axis Powers. In the summer of 1944, the important Bretton Woods conference concerning the international economic conditions of the post-war period also dealt with issues regarding German assets outside Germany. According to the Sixth Resolution of the 45 Allied states enemy property and conquered booty that had been brought out of Germany should be tracked down and returned to the rightful owners.<sup>90</sup>

This programme for the purpose of establishing and getting control over German citizens and German assets, mainly in neutral countries, was called Safehaven, i.e. “sanctuary”. In practice, the Safehaven-work was primarily carried out by the U.S.A., which after the Second World War exerted strong pressure on Sweden, among others. Compared with Great Britain, for example, the U.S. State Department had very little sympathy for Sweden’s policy of appeasement towards Germany already while the war was going on and her sluggishness when it came to interrupting economic relations with this country towards the end of the war. When Swedish exports of ball-bearings to Germany were on the agenda in 1944, for example, the pretentious and morally founded demands of the U.S. for general support of what it saw as a crusade against the enemies of mankind turned into pure threats of reprisals.<sup>91</sup> In order to understand developments also after the conclusion of peace it is important to be familiar with this background.

In the American Safehaven-organisation the U.S. Treasury, State Department and Foreign Economic Administration co-operated, sending out delegations to neutral countries already in autumn 1944 to sound out the possibilities of establishing enemy attempts at hiding away assets. In August 1944, the American Mission in Stockholm received detailed instructions for this sort of investigation work, which, incidentally, had already been

started about this time.<sup>92</sup> The demands of the Allied States on such neutral countries as Sweden, Turkey, Spain, Portugal and Switzerland as well as certain countries in South America meant an acceptance of the objectives of the Allies in respect of German property, particularly the Bretton Woods Resolution. In terms of practical measures the Swedes were primarily asked to make an inventory and a freezing of all assets belonging to the German State or German companies and citizens in Sweden, an investigation into, and an account of, economic relations between Swedes and the Axis Powers during the war and a list of those citizens of the Axis Powers who had arrived in Sweden after 1939.<sup>93</sup>

During March 1945 pressure to make Sweden accept a written agreement to the above effect increased. The Americans coupled the Safehaven desiderata together with the ongoing “tripartite deliberations” in London between the U.S.A, England and Sweden regarding trade in the future.<sup>94</sup> However, the thumb-screws thus applied were not yet tightened and no Safehaven delegation travelled to Stockholm, which had happened in other places. In compliance with Sweden’s request one tried to avoid unnecessary public attention.<sup>95</sup> The talks between the American Mission and Sweden’s Ministry for Foreign Affairs proceeded without any major controversies and were chiefly of a technical nature. Initially they were concerned with creating a legal and organisational framework for the imminent surveys and administrative work.<sup>96</sup> The signing of a formal agreement was put off for the future and thus the fundamentally important issues which later on would lead to antagonism.

With the discreet assistance of the Americans, rules and regulations were worked out which made it formally possible to make a survey of German assets in Sweden, to prevent their dispersion or export out of the country and to set up a public administration for their management.<sup>97</sup> However, the Swedes were clearly anxious to handle the practical work on their own, mainly through the Flight Capital Control Office established on 29 June 1945 and without direct intervention from American or English quarters.<sup>98</sup> The Swedish efficiency was appreciated. The American Minister summarised the outcome of the deliberations with the Swedish authorities in a long report, dated at the end of July.<sup>99</sup> “Thus Sweden has as a result of the negotiations taken or agreed to take all of the action contemplated by our requests”.<sup>100</sup>

After the inventory of German property in Sweden had been completed – the relevant decree regarding reporting such property to the Riksbank had been issued already at the beginning of the year and was repeated in August through the Flight Capital Control Office – the tone against Sweden hardened. On 3 August 1945, an official American letter was delivered to the Swedish Minister for Foreign Affairs according to which the Allied occupying powers in Germany laid claim to all German-owned and German-controlled property in Sweden. This meant that Sweden’s right to use German property in Sweden to cover her claims on the German State was not acknowledged and that the claims of the victorious powers would be given preference. Moreover, the Allied claims implied that the representatives of these countries ought to receive better information and a major influence over German-controlled property in Sweden. For example, the Allies wished to appoint administrators for German companies rather than just being entitled to examine those who the Swedes had appointed, as hitherto.<sup>101</sup>

In its reply letter of 28 August the Swedish Government rejected the claims of the Allied occupying powers, on formal grounds. Even though the latter could be regarded as representatives of the German State to a certain extent, the Swedish Government failed to realise that they should have any right to seize privately-owned German property in Sweden. Not even a national German Government could assert such a principle with justice. The Allied side probably realised that it would hardly be possible to force through its opinion vis-à-vis the neutral countries on legal grounds.<sup>102</sup> The legal position was nevertheless consolidated through a law that the Allied Control Council in Germany

promulgated on 30 October “by which a Committee for German Extraterritorial Property was established and granted all rights and claims as well as all rights to, or in respect of, all property outside Germany’s borders that is owned by German subjects within Germany or by certain German citizens or legal persons outside Germany’s borders”.<sup>103</sup>

However, the political and financial pressure that could be mustered on the eve of the approaching final settlement was more important. The U.S. Treasury, in which the most aggressive currents were prevailing, could conceive of a series of sanctions against refractory neutral states. Such measures included the freezing of assets of neutral countries and their citizens in the U.S.A., denying them entry to the United Nations, the World Bank and the International Monetary Fund and stopping the supply of vital necessities.<sup>104</sup> The “black-listing” of companies in neutral countries was also made part of the discussions concerning sanctions. The Swedish side wished to get those companies which the Swedish authorities had seized deleted from the “Proclaimed and Statutory List”, but the Allies were unwilling to comply.<sup>105</sup>

However, there existed Groups in the Allied camp that were less bellicose than the U.S. Treasury. Among those were primarily the British, who opposed a policy of sanctions against Sweden for political and financial reasons.<sup>106</sup> F Vinson, the U.S. Secretary of the Treasury, tried to prevail upon the State Department to compel the British to join forces, without much success.<sup>107</sup> The State Department considered it would be useless to take measures against Sweden without British support. This was strongly supported by the American Minister in Stockholm and the Section for European Affairs in the State Department.<sup>108</sup>

In mid-March 1946 the Allies deliberated the tactics to be applied to the imminent Safehaven-negotiations, first with Switzerland and then with Sweden. France supported the hard line of the U.S., while Great Britain was unwilling to accept at least economic sanctions. The British furthermore wanted to revoke all black-listing as from 8 May, the anniversary of the end of the war, whereas all the others wished to retain the list as a means of pressure in the negotiations. The decision was made that the threat of economic sanctions should be used in the first place and that, in the case of Sweden, the negotiations should be concerned with “the question of German assets, Swedish blocked assets and the discontinuance of the Proclaimed and Statutory Lists”. This meant that economic warfare against Sweden was to be used as a bargaining object within the framework of an overall solution.<sup>109</sup> It goes without saying that the part that SEB and the Bosch deal came to play in this complex situation was not negligible. The official invitation to the Safehaven negotiations, scheduled for 13 May, was delivered to the Swedish Government on 6 May 1946. The agenda consisted of two main sections. The first one concerned German property and German citizens in Sweden. The second one, which the Allies declared themselves willing to consider “following satisfactory conclusion of discussions of the points above mentioned” concerned the following points: 1. Statutory and Proclaimed Lists; 2. Blocked Swedish assets; 3. Swedish assets located in Germany. It was furthermore declared that other issues “of mutual interest, such as the Enskilda Bank” could be discussed.<sup>110</sup>

Before the negotiations started the question regarding a “black-listing” of SEB and the Wallenberg brothers surfaced once again, for the last time. On 9 May the Proclaimed List Commission in Washington, set up jointly by the different Departments, unanimously recommended a black-listing. The question whether the decision should be made effective at once or if it were better, from a tactical point of view, to inform the Swedes about the decision without making it effective, awaiting the outcome of the pending negotiations, was kept open. Simultaneously the Commission sent its decision records in the form of a memorandum on the Bosch deal to the American Mission in Stockholm with a request that they, together with the British legation, should come to a decision with respect to the

black-listing issue.<sup>111</sup> However, on 30 June, i.e. one month earlier, the British had definitely made up their mind to repeal their Statutory List, thus forcing the Americans in practice to aim for the same date.<sup>112</sup> The American and British Legations in Stockholm made a joint decision maintaining that they, on the basis of the material received from Washington, regarded SEB and the Wallenberg brothers as a clear case of black-listing. In view of the fact that at least the British black-listing was to be repealed at the end of June, however, they questioned whether or not it would be meaningful to carry out a black-listing at such a late date. Once again, the American Legation stressed that it would be highly unfortunate if the U.S.A. were to act alone.<sup>113</sup> Washington received negative reactions also from London. All the British members of the Allied Committee for Black-listing showed “strong and united opposition to listing Enskilda Bank and two Wallenbergs”. The parties agreed to compromise on the following wording: “It appeared to committee that Enskilda Bank and Jacob and Marc Wallenberg, directors, deserved listing but it was decided in view of Safehaven negotiations to make no recommendation at present moment.” Nevertheless the nominated British negotiator declared that he did not oppose references being made to ongoing listing discussions as a means of pressure during the negotiations.<sup>114</sup>

It is perfectly clear that SEB’s American Bosch deal became part of a major game. In the work of the Swedish Flight Capital Control Office the European Bosch transaction played an important role and already by virtue of that fact SEB was interesting from the Safehaven point of view. Once the Stuttgart finds triggered reactions in the U.S.A. in August 1945, the tensions between the U.S.A. and Sweden increased also for other reasons. In the protracted positional war between the two countries, before the settlement regarding German assets, the Bosch deal landed in the very front line. The freezing of SEB’s and the Wallenbergs’ assets in the U.S.A. and the issue regarding a possible black-listing were linked up with other controversial economic policy issues and could not be treated separately. On the eve of the approaching game the U.S. Treasury, for one, regarded the Bosch deal as a trump card, which it would be unthinkable to throw away in advance.

The Safehaven-negotiations of the Allies with Sweden were repeatedly delayed. This was among other things due to the fact that the corresponding negotiations with Switzerland took a long time. At the end of May 1946, however, a Swedish negotiating delegation went to Washington, consisting of the following persons: E Sandström, Justice of the Supreme Court and Head of the Flight Capital Control Office as from 1 April, T Grönwall from the Ministry for Foreign Affairs and T Millquist from the Flight Capital Control Office as Secretary.<sup>115</sup> On the Allied side there were delegations from France, Great Britain and a numerically strong U.S. delegation led by S J Rubin. From 3 to 17 June the different points on the complex negotiating agenda were gone through and the parties stressed their positions. A few days of more informal discussions followed, in which only the Chief negotiators from the Allied side participated. During these talks a compromise agreement was prepared that was roughly worded like the Swiss one and led to an agreement in principle on 3 July already.<sup>116</sup> The chief contents of the agreement was the following: The value of German assets located in Sweden was estimated at SEK 375 million. Of this amount Sweden was allowed to keep SEK 65 million as settlement against own claims, while the rest was surrendered in one way or the other. Such gold as for different reasons had ended up in Sweden via the German Central Bank, but could be traced back to occupied countries was returned and the equivalent, or SEK 35 million, was booked as Sweden’s doubtful claims on the German Central Bank. SEK 150 million was put at the disposal of the German economy in the form of goods, purchased in Sweden or elsewhere, SEK 50 million was delivered to the International Refugee Committee in London and SEK 75 million was sent to war-torn countries. The distribution and forms of

transfer of the last-mentioned amount was to be agreed upon between the Allies and Sweden.

Putting it simply, this agreement meant that Sweden kept a large measure of influence over the liquidation process in Sweden and the distribution of the "German" funds and that Sweden could claim not having accepted the demands of the Allies for an unconditional surrender of German private and public assets in Sweden. At the same time, the Allies benefited in practice, both directly and indirectly, from the overwhelming majority of "German" assets in Sweden. In a way, the SEK 150 million to the destitute Germany freed the Occupying Powers from the corresponding expenditure.<sup>117</sup>

The series of letters dated 18 July summarising the agreement included a commitment that the Allied black-listing of Sweden and Swedish citizens should be repealed. It was furthermore granted that "the United States of America shall as soon as possible de-freeze Swedish assets in the United States in accordance with a procedure that representatives of this country and Sweden will work out."<sup>118</sup> The Washington agreement was not taken up in a Swedish Government Bill until November and was only ratified by the Swedish Parliament on 28 March 1947, thus entering into force.<sup>119</sup>

With the Safehaven agreement the discussion concerning a black-listing of SEB and the Wallenberg brothers was definitely removed from the agenda. At the same time it seemed that an important obstacle to the de-blocking of assets in the U.S.A. had been removed. However, as it turned out SEB's problem remained unsolved for some time yet, while the turbulence of the economic warfare during World War II belatedly started to abate and the U.S. policy towards Germany changed character from autumn 1946.<sup>120</sup>

On 11 July 1946 SEB's Deputy Managing Director informed the Board of Directors that the U.S. list of "special blocked nationals" had been withdrawn and that the Bank was now free to act normally, doing business in dollars in the U.S.A.<sup>121</sup> To some extent this was a qualified truth. It is true that the U.S. Treasury Department granted its licence No 49 to the Swedish Riksbank and a general permission to use Swedish assets in the U.S.A. on the tacit understanding that no assets were taken out of the country. In principle, the obligation to obtain a licence thus remained, but was expected to cease to be valid once the Washington agreement had been ratified by Sweden's Parliament. Special requirements applied to SEB and the Wallenberg brothers, viz. that the U.S. authorities should first make an investigation into the Bank as a result of the suspicions concerning front business with Germany.<sup>122</sup>

As early as the Washington negotiations, a representative of the U.S. Treasury had turned to E Sandström and asked whether he would be prepared to make an investigation into SEB in Stockholm on behalf of the U.S.<sup>123</sup> Marcus Wallenberg worked actively in order that such an investigation be started and SEB made equal with other banks. In October 1946 he paid a visit on the subject to both the Governor of the Riksbank and the Minister for Foreign Affairs, but official Sweden was not inclined to meet the U.S. Treasury's wishes in this respect. After an agreement in principle regarding de-blocking had been made, Sweden was unwilling to accept any further demands, apparently for precedent reasons, but reckoned that SEB would be included among the other Swedish companies in a final settlement.<sup>124</sup>

As a consequence of the Washington agreement a general and final agreement regarding the de-blocking of Swedish assets in the U.S.A. was worked out. This agreement meant that the Swedish Government took over the responsibility for the certification of these assets unreservedly. In this connection the American negotiator in Stockholm recommended the Swedish authorities, on 8 March, to make a thorough investigation into SEB before de-blocking its assets in the U.S.A. He added that the U.S.A. did not pose any particular demands on SEB any more: "It is up to the Swedish Government to decide what action to take. You are the final judge of what is to be done." The Swedish Ministry for

Foreign Affairs simply notified that the Foreign Exchange Control Office had scrutinised SEB's securities accounts in the U.S.A. without finding any dummy constructions or anything else worth noting.<sup>125</sup>

After the Swedish Parliament had ratified the Washington agreement it entered into force on 28 March 1947 and all freezing of Swedish assets in the U.S.A. stopped.<sup>126</sup> Thus, after more than 18 months, SEB and the Wallenberg brothers were completely released from the special freezing of their assets that the U.S. Treasury had put into effect in August 1945.

During the following three years the protracted drama about SEB's American Bosch transactions continued in the form of a legal proceeding. In June 1946 SEB together with AB Vargos and AB Caritas had sued the Office of Alien Property Custodian before the District Court in the District of Columbia and claimed the return of all the confiscated shares in ABC, or of such amount as would result from a possible sale of these shares.

### **Legal preparations and reconciliation 1947-1950**

The preliminaries for legal action in the American Bosch deal went on for nearly four years.<sup>127</sup> At the beginning, the legal prerequisites were unclear: it could be brought into question whether or not the Swedish companies could sue the Alien Property Custodian and claim the return of the shares in ABC. This uncertainty was cleared away through the decision of the U.S. Supreme Court in December 1947 with respect to the Swiss company Uebersee Finanz-Korporation and the preparations got under way on both sides.<sup>128</sup> The Americans based themselves on the hearings that had taken place and the German records used in connection with the blocking of SEB and the Wallenberg brothers in 1945. Additional documents were fetched, mainly from Stuttgart and Stockholm. The 1946 Washington agreement was used by the Americans to claim Bosch material, via the Flight Capital Control Office, from SEB, the Foreign Exchange Control Office and the Bank Inspection Board.<sup>129</sup> The complex nature of the Bosch deal is reflected by the fact that more than 1,000 documents formed part of the judicial acts.

The witness hearings comprised approximately 8,000 pages. The most important witnesses were K E Thomä and R Calissendorff, who mainly were heard in Washington during spring and summer of 1948, and Jacob Wallenberg and Marcus Wallenberg, who appeared as witnesses in Stockholm the following year.<sup>130</sup> Several other people were interrogated in Sweden, the U.S.A. and Germany. The lawyers of Sullivan & Cromwell's carried out their own comprehensive interviews in 1947.

While these extensive preliminaries went on, the ABC-shares were sold to American buyers. The reason for this was that companies of importance to the war industry should be owned by American citizens. The purchase amount, including accumulated yield on the shares, amounted to USD 7,700,000 in 1949. It was this amount that was at issue. The viewpoints of the two parties can be briefly summarised as follows.

The plaintiff considered that the purchase of ABC was a pure investment that the Bank had made, using its own funds. The purpose was not to help Bosch avoid complications following the United States' possible entry into the war. On the contrary, SEB had made verbal reservations that it felt free to cancel the option, if the U.S. should enter the war or if any other unforeseen event should occur. The arrangement in the form of a memorandum that was neither signed nor initialled had been made precisely because the Bank wished to avoid all legal commitments towards Bosch. Thus, the Swedish title to the shares had in practice been without restrictions during the entire period from 1940 and Vargos, Caritas or SEB had not acted as cloaks. At any rate, the arrangement with Bosch had been finally cancelled by 13 December 1941 at the latest.

The defending party considered that Bosch had secured an option to the majority share-holding in ABC through the memorandum dated 22 July 1940, which SEB had destroyed later on, and that the purchase of these shares in actual fact was a dummy transaction on German behalf. The deal could also be regarded as a loan from SEB to Bosch, against collateral in the ABC-shares, on the explicit purpose of guaranteeing German influence over ABC. The amount of USD 650,000 that Bosch had paid to SEB in this connection represented compensation for this special service. The U.S. party further considered that the arrangement from July 1940 remained valid up to 17 December, when it was formally cancelled at the threat of seizure of the ABC-shares in the U.S.A.. It also considered that the parties had arranged to make their agreement effective again later, on a more appropriate occasion. Since the option agreement had been in force when the U.S. entered the war on 11 December, the Trading with the Enemy Act had been applicable and the seizure of the ABC-shares correct. In a general legal sense, SEB could be regarded as an enemy to the United States during the war due to its relations with Germany. The defendant party thus rejected the Bank's claim for a return of the seized assets.<sup>131</sup>

The weak point in SEB's position was largely of a political and moral nature. The mere collaboration with Germany in a number of deals was a drawback, although this fact had decreased in importance during the years that had passed since 1945. In 1950 the U.S.A. was engaged in a cold war with the Soviet Union, with the Federal Republic of Germany as an Ally. It was easy to prove how SEB had misled both the Swedish and U.S. Governments and ABC's Management during the years prior to 1945. Also the fact that the Bank had destroyed documents called its credibility in question.<sup>132</sup> From a strictly legal point of view SEB's position was not as weak, mainly because there were no documents that unequivocally bound the SEB Group to any option agreements.

An amicable settlement was discussed between the parties at an early stage, but they could not agree on the terms.<sup>133</sup> In June 1948 representatives of the Flight Capital Control Office tried to include the Bosch assets in an overall settlement between the U.S. and Sweden. The Americans had demanded such part of the purchase amount for the German subsidiaries that had been sold in Sweden as corresponded to the U.S. investments in the German parent companies. The Swedish negotiators offered to pay this, provided the U.S. released certain Swedish assets, chiefly the proceeds from the sale of the Bosch-shares. According to the lawyers of the U.S. Administration it was excluded that SEB could achieve anything further than recover what it had once paid for the shares and the chances of such an agreement were fifty-fifty. In other words no settlement was reached and the legal preparations went on.<sup>134</sup>

In mid-December, the matter came up for final and formal preparations, a so-called Special Master, which were completed in March 1950. The date for the actual lawsuit was fixed at 2 May 1950.<sup>135</sup> During the last week of April an amicable settlement was once again brought up for discussion. The defending party offered USD 2,600,000, corresponding to the Bank's original investment in ABC, or USD 2,942,000 after deduction for the profit that the Bank had realised on its European Bosch transactions. Although an improvement on the earlier proposals discussed this offer still did not come up to more than one third of the amount in dispute.

Around this time, Jacob Wallenberg and R Calissendorff were in the Bermuda Islands, preparing themselves for the lawsuit together with Inzer B Wyatt, one of Sullivan & Cromwell's lawyers. Wyatt was eager to proceed with the lawsuit, being optimistic about the outcome, but the Senior Partners of the law firm, J F Dulles and A Jaretski, advised a settlement. Jacob Wallenberg also argued in favour of a settlement while Marcus Wallenberg was more inclined to continue the legal proceedings. On 27 April the issue was presented to SEB's Board of Directors, which decided to accept a settlement, "...in view of

the uncertain prospects of a positive outcome of an action subject to many imponderables...”<sup>136</sup>

There were weighty arguments for accepting the third that had been offered. A lawsuit would be a lengthy affair. The proceedings in the court of first instance were likely to take up to six months, during which period Jacob Wallenberg, Marcus Wallenberg, R Calissendorff and other SEB representatives would be more or less tied up in Washington. After that the matter would inevitably be brought further via higher instances to the Supreme Court of the U.S., which implied that a settlement could not be reached before 1953. The legal expenses would be considerable and one could not count upon receiving interest on the funds possibly recovered in the end.<sup>137</sup> Another factor that probably carried equal weight was the negative publicity that would surround the Bank for as long as it was involved in a lawsuit with the U.S. authorities. Considering that there was still a risk that SEB would lose the case altogether, after all this time, costs and attention, it is understandable that a compromise was seen as acceptable.

On 2 May legal representatives of both parties appeared before the Special Master, presenting their settlement proposals. After due authorisation by the Attorney General a formal Stipulation of Settlement was presented on 6 September. On 20 September 1950 a cheque for USD 2.600,000 was delivered and the Court dismissed the case finally.<sup>138</sup> Eleven years had passed at this point in time since the first contact between Bosch and SEB took place.

### **SEB and the Bosch deal – a summary**

SEB's purchases of Bosch companies at the end of 1939 and in early 1940 represented a total investment of approximately SEK 14 million. Seen from a strictly economical point of view there is every indication that the construction of the deals was favourable to SEB. The European part of the transactions was equal to SEK 3.6 million and resulted in a total profit of SEK 1.4 million, after the sales, during a four-year period. Similar terms would have prevailed if the American investment had been liquidated in a corresponding manner. Between 1943 and 1949 its value had increased from SEK 10.7 to SEK 32.3 million,<sup>139</sup> which proves that ABC could have been a profitable deal also in a more long-term perspective. The possibility of getting rid of about nominally SEK 20 million in German bonds also played an important role in this connection.

It now turned out that the American Bosch deal could not be completed according to plan. With the entry of the United States into the war and the American authorities' seizure of ABC, SEB was put in a situation of constraint, in which its Management lost its freedom of action and the political development became decisive for the outcome instead. Eventually SEB got its money back, but only at its original nominal value and without interest. Taking the huge costs involved into account, of which the legal preliminaries alone were estimated at SEK 3.5 million, the whole Bosch deal turns into a clear loss. The Bosch deal must furthermore have hampered SEB's activities to a certain extent during the years immediately after the war, particularly in the U.S.A, although the economic consequences of this handicap are hard to measure.

The purchase of the Bosch companies was a relatively large transaction and the loss was not negligible. It goes without saying that the purely economic aspect of the Bosch deal is not the most interesting one of the whole affair. It is rather its impact on the reputation of the Bank and the Wallenberg brothers, inside and outside Sweden, that comes to the front. As Sweden's most active international bank SEB was badly hit by appearing in more or less sensational articles as associated with Nazi Germany, precisely when the economic post-war expansion was gathering momentum. The situation must have been

particularly difficult in the U.S.A., where the Bosch transaction had been exposed to more publicity than anywhere else and where the financial centre of the world had definitely moved after the war.

It was also obvious that SEB's relations with the Swedish Government were adversely affected. During the war the Wallenberg brothers and the Government had a trustful co-operation. This was particularly true for the Ministry for Foreign Affairs, the Ministry of Trade and the Ministry of Supply. The role played by Jacob Wallenberg and Marcus Wallenberg in this respect connected brilliantly with the work tradition of the earlier Wallenberg generation during and after the First World War and afforded the two brothers an almost semi-official position in Sweden's economic life. In 1945, when it became clear that the Management of the Bank had requested, and obtained, support from the Ministry for Foreign Affairs with respect to the American Bosch deal without informing the Ministry in full about its nature, this led to a crisis of confidence. The new Social-Democratic Minister for Foreign Affairs, Östen Undén, made it demonstratively clear that the Wallenberg brothers no longer belonged to any "inner circle" with special connections with the Government. One can easily imagine the impact on the Bank's general position within Sweden during the first post-war years, considering the effects that the Bosch deal had had for the Management's reputation outside the country. During this series of years of Social-Democratic rule and unchanged foreign policy management it was probably not an easy task to eliminate the scepticism that the Bosch transactions had created.

---

## Notes

---

1 This text is primarily based upon studies of official American and Swedish records and material from the law firm Sullivan & Cromwell in New York, apart from SEB's own material. A complementary study of the Bosch Group's records in Stuttgart has been made later. If no reference to any archive is made in the notes the relevant documents are found in Stockholms Enskilda Bank's archives in Stockholm. After this section on SEB's transactions with the Bosch Group was completed in all essentials, an article called "Stockholms Enskilda Bank, German Bosch and IG Farben. A short history of cloaking" was published by G Aalders and C Wiebes in *Scandinavian Economic History Review*, vol. XXXIII No. 1, 1985. Both presentations give in principle the same picture of the events. Aalders and Wiebes are founding their research on source material from State archives in the Hague, Washington and London etc.

2 G Ritter, *Carl Goerdeler und die Deutsche Widerstandsbewegung* (DVA, Stuttgart, 1954). Regarding contacts between Jacob Wallenberg ("JW") and C Goerdeler: Interview with JW on 27 February, 1979; through JW and Marcus Wallenberg ("MW") Goerdeler sent an inquiry to the British about the peace terms after a possible coup d'état in Germany. Ritter op.cit. pp. 318-341; *Spiegelbild einer Verschwörung. Die Opposition gegen Hitler und der Staatsstreich vom 20. Juli 1944 in der SD-Berichterstattung. Geheime Dokumente aus dem ehemaligen Reichssicherheitshauptamt. Herausgegeben von Hans-Adolf Jacobsen, Erster Band* (Stuttgart 1984), p. 246.

3 Goerdeler accounted for his trip to Sweden at a meeting with the Bosch Management on 8 September 1939. Bericht über Besprechung in Stuttgart am 8. September 1939. Ordner 540. REA. Archiv Robert Bosch, Stuttgart (ARB).

4 von Oppenheim had practised in SEB during his training period and had had certain business transactions with this bank thereafter. Interview with JW on 27 February 1979.

5 Th Heuss, *Robert Bosch. Leben und Leistung* (Tübingen 1946); G Küster. *75 Jahre Bosch 1886-1961. Ein geschichtlicher Rückblick* (Stuttgart 1961).

6 For a description of the Bosch Group's development in the 1930s see account of K E Thomä, Head of Rechtsabteilung of the Bosch Group, 5 November 1940. Ordner 540. REA. ARB. Thomä made the same presentation in 1948. Deposition of K E Thomä vol II-IV pp. 105-360. Bosch minutes Civil Action 35347. Bosch Collection.

7 Vertrag vom 5. Dezember zwischen Stockholms Enskilda Bank Aktiebolag und der Robert Bosch GmbH. Am. Bosch 14 d. Bosch Collection. The way in which the negotiations developed from a German point of view can be studied in Niederschrift über die Verhandlungen mit der Stockholms Enskilda Bank Aktiebolag vom ersten-fünften Dezember 1939 in Stockholm. Ordner 551. REA. ARB., as well as in several "Entwürfe" November 15-28, 1939. Order 540. REA. ARB.

8 Also referred to as Scintilla, A G.

9 SEB Board minutes 7 December 1939. Cf. Mitteilung der Geschäftsleitung 13 Dezember 1939. Ordner 540. REA. ARB.

10 SEB Board minutes 14 December 1939; Agreement between AB Planeten and SEB 15 February 1941. Am. Bosch 14 d. European Bosch transaction I. Bosch Collection.

11 Niederschrift I, 5 Dezember 1939. Am. Bosch 14 d. Bosch Collection.

12 Niederschrift II, 5 Dezember 1939. Am. Bosch 14 d. Robert Bosch GmbH to SEB 30 December 1939. Chronological series. Bosch Collection.

13 The proposal to sell bonds came from JW. Cf. Fernmüdl. Anruf von Dr. Goerdeler am 21. November 1939. Ordner 540. REA. ARB. Pursuant to Aktennote 12 December 1939 (Thomä) the purchase was financed in SEK as follows:

Erlös aus Wertpapierverkauf	751,842
Zuzahlung von Bosch	<u>660,000</u>
	1,411,842
Eigene Mittel von SEB	<u>2,363,158</u>
	3,775,000

Ordner 542. REA. ARB. The bonds in question were issued by the Prussian State and the Cities of Hamburg, München and Berlin. They were quoted at 17 % and the total nominal value was SEK 4.4 M. Niederschrift über die Verhandlungen... Ordner 551. REA. ARB; Dr. Carl Goerdeler to the Reich Minister of Economic Affairs, Berlin 13 November 1939. File No. 39. Doc. No. 1353. Copies in the Bosch Collection of documents found in Germany.

14 SEB Board minutes 7 December 1939; correspondence with Robert Bosch GmbH and Deutsche Golddiskontbank 1939; Aktennotiz betr der BoschTransaktion 1 Dez. 1939; Copy of memo to Board of Clearing 6 December 1939. Chronological series. Bosch Collection.

15 See p. 7, "Background".

16 Berechnung des Gewinns, den SEB durch das Abkommen vom 5. Dezember 1939 erzielt. Ordner 540. REA. ARB. According to a piece of information from 1946 SEB had reckoned that it could recoup the capital spent, if necessary, by selling the Swedish and Swiss companies. European Bosch Transaction IV. Bosch Collection.

17 According to Helmer Stén, Managing Director of Svenska Handelsbanken at the time, C Goerdeler had called on him at the end of August 1939 in order to interest Svenska Handelsbanken to take over a loan to Mendelssohn alternatively to lend money to Bosch so that they could take over the shares, against collateral in the form of ABC-shares. Stén declined, referring to capital scarcity and to the uncertainty in the international situation. Interview with Mr Stén, 22 May 1947 (H.T.M.). Am. Bosch 14 i. The Bosch Group tried to interest American, Belgian and Dutch Groups to take over ABC-shares. A review of the purchase...15 December 1950. Am. Bosch 14 k. Bosch Collection.

18 JW later on opined that he had been hesitant to the American Bosch deal due to the risk for political complications. Interview with JW on 27 February 1979; A review of the purchase...15 December 1950. Am. Bosch 14 k. Bosch Collection.

19 Correspondence with G Murnane. Am. Bosch 14. Bosch Collection. Bosch -USA 25 January 1940. Ordner 542. REA. ARB.

20 During the period January-April 1940 a series of memoranda was prepared by SEB, dealing with alternative arrangements of, and purchase terms, of ABC-shares. Am. Bosch 7. Bosch Collection. From Bosch the following documents are available, among others: Aktennote 23 January 1940 (Thomä) Ordner 539. REA. ARB; Note from telephone conversation between Thomä-Goerdeler on 7 February 1940, Aktennote (Thomä) 20 February 1940, note from telephone conversation between Knoerzer-Goerdeler on 13 March 1949, letter from Bosch to SEB (JW) on 15 March 1940. Ordner 542. REA. ARB.

21 Records concerning the planned bond transactions are found in: Am. Bosch 8. Mainly City and industrial loans were concerned, for which SEB demanded a rate of 32 %; about 10 per cent consisted of Young loans for which SEB demanded a rate of 40 %. Golddiskontbank offered a rate of 17 % for all the bonds. Liste der von der SEB angebotenen Wertpapiere. Ordner 542. REA. ARB; the quote from Niederschrift (cf. the following note).

22 Niederschrift III, IV, V of 22 July 1949 (copies). Unmarked file. Bosch Collection.

23 It was important that SEB did not appear as an indirect owner in case of a possible sale of ABC-shares in the U.S.A. Bericht über die Besprechungen in Stockholm am 25/26. September 1940. Ordner 539. REA. ARB; Niederschrift VI on 25 September 1940. Unmarked file. Bosch Collection.

24 Memo concerning holding companies of the commercial banks. Am. Bosch 14 h. Bosch Collection. The 25-per cent share-holding in Duba that was not owned by Investor belonged to MW Sr and JW. The transactions were reconstructed by bank- och fondinspektionen (Bank Inspection Board) on the basis of

SEB's accounting records and interviews. Investigation report into the Providentia Group of 1 September 1946. Archives of Bank Inspection Board. FI ab vol. 156. RA.

25 Interview with Mr Jacob Wallenberg, May 26, 1947, p. 18. Am. Bosch 14 i. Bosch Collection.

26 Correspondence between SEB and G Murnane 4-10 October 1940. Am. Bosch 9. Bosch Collection.

27 Aktennote 14 October 1940 (Thomä). Aktennote 1 Februar 1941. REA. ARB.

28 The formation of the trust was described in a series of letters, dated 5 December 1940: Letter from MW to The New York Trust Co. Letter from MW to the Securities and Exchange Commission, Washington, D.C. Letter from AB Duba (MW) and AB Investor (MW) to G Murnane. Letter from SEB (MW) to G Murnane. Am. Bosch 9. Bosch Collection. From the discussions with Bosch it appears that the idea was to find co-operative buyers for such part of the shares that the majority-holding would be kept.

29 Statements of Messrs. Jacob and Marcus Wallenberg and Mr Calissendorff to the United States Treasury, October 2, 1945. Am. Bosch 14 h. Bosch Collection. In his report to the Bosch Management on 27 January 1941 MW stressed that, without SEB's good relations in the U.S.A. "wäre die ABC verloren gegangen". Aktennote 1 Februar 1940 (Thomä). Ordner 539. REA. ARB. According to a later statement by MW he had prepared a Bosch representative, in January 1941, that the option arrangement would be cancelled. MW furthermore stated that he had sent a letter on 26 May to Bosch, declaring that SEB was "free". It has not been possible to find this letter. A review of the purchase...Dec. 15, 1950. Am. Bosch 14 k. Bosch Collection. Statement of Marcus Wallenberg (read into the Record Dec. 13, 1945). Am. Bosch 14 h. Bosch Collection.

30 These funds were transferred to a loro account in October 1943 and SEB asked Bosch to collect them. The amount was called in later on and disbursed in 1944. Memo dated 29 August 1945 (MW and Rolf Calissendorff, "RC"). Unmarked Bosch file. Bosch Collection.

31 The description of these discussions is primarily based on correspondence and memos from Bosch from the period June-December 1941. Copies of Bosch Documents III found in Germany. Supplementary details are provided by later testimonies. Bosch Minutes Civil Action 35347. Bosch Collection.

32 In the memoranda written, however, the terms from 22 July 1949 are applicable. See e.g. Niederschrift VII of 13 September 1941. Copies of Bosch Documents III found in Germany. Bosch Collection.

33 A review..., p. 29. Am. Bosch 14 k. Bosch Collection.

34 J F Dulles had been nominated to appoint a possible successor to G Murnane as "trustee". The description of the events during the period December 1941-May 1942 is based, unless otherwise stated, on testimonies and the accounts of the defence during the legal proceedings in Washington. Bosch Minutes Civil Action 35347. Bosch Collection.

35 Foreign Exchange Control Office.

36 Letter from F Stackelberg, Ministry for Foreign Affairs, to SEB of 11 December 1941. Am. Bosch 11. Bosch Collection.

37 On 15 December Thomä cabled Stuttgart as follows: (that SEB) "schlagen daher vor dass zwecks Ermöglichung einer befriedigenden Erklärung sämtliche bisherigen Abmachungen bezüglich obiger Aktien aufgehoben werden". On 17 December he received authorisation from H Waltz, the top manager of Bosch. Aktennote 30. Dezember 1941. Ordner 539. REA. ARB. See also Memorandum for the files 30 December 1941 (Thomä) and 18 December 1941 (Rassbach). Copies of Bosch Documents III found in Germany. Bosch Collection.

38 Old as well as new Niederschriften are found in: copies of Bosch Documents I - III found in Germany. The restored Niederschriften-series is found in Am. Bosch 14 d. The course of events has been described by Thomä in his testimony from 1948. Deposition of K E Thomä Vol XII pp. 1235-1326. Bosch Minutes Civil Action 35347 IV. Bosch Collection.

39 Statement of Messrs. Jacob and Marcus Wallenberg and Mr Rolf Calissendorff to the United States Treasury, October 2, 1945. Am. Bosch 11. Bosch Collection. See also Aktennote 23. April 1942 (Thomä). Besprechungen Calissendorff, Goerdeler, Thomä in Stockholm in der Zeit vom 16.-20. April 1942. Ordner

539. REA. ARB. See also Memorandum for the files 23 April 1942. Copies of Bosch Documents III found in Germany. Bosch Collection.

40 Memo following Financial Attaché Magnusson's cable. (18 December 1941, Investor, Marcus Wallenberg Sr.). Am. Bosch 11. Bosch Collection.

41 Memo following Financial Attaché Magnusson's cable of December 10 1941 concerning American Bosch Corporation (12 January 1942, Marcus Wallenberg Sr., JW, MW). Memo 4 January 1946 (S Wetter). Am. Bosch 11. Bosch Collection.

42 Proposed reply cable to Financial Attaché Magnusson (13 January 1942). Am. Bosch 11. Bosch Collection.

43 Cable from Ministry for Foreign Affairs to Swedish Legation, Washington, 14 January 1942, H 94 Ua/USA American Bosch Corporation UDA. Letter from H Magnusson to E H Foley Jr dated 17 January 1942 (copy). Am. Bosch 11. Bosch Collection.

44 Also later on Boheman assured J F Dulles that ABC was "Swedish ownership...outright and unconditional and without any understanding, express or implied, with any German interest". Dulles declared himself pleased with this assurance, which enabled him to continue as a representative of the Swedish interests. Memo 24 December 1942. Sullivan & Cromwell's archives, New York; Memorandum regarding the Swedish interest in the American Bosch Corporation 19 March 1942 (with superscription "2 copies to Under Secretary of State for Foreign Affairs Boheman for deliver to British and American Ministers"). Am. Bosch 11. Bosch Collection. The American Minister in Stockholm spoke out in favour also personally of JW and MW: "As far as it is humanly possible to judge I believe they are acting in good faith in their relations with the Allies." Cable from H Johnson, Stockholm to Secretary of State, Washington, 18 April, 1942. Decimal File 840.51.6058; Cable from H Johnson, Stockholm, to Secretary of State, Washington, 22 April, 1942. Decimal File 840.51.6102. Diplomatic Branch, CAD. NA.

45 Cable from Secretary of State C Hull to H Johnson, Stockholm, 8 May 1942 and 14 May 1942, respectively. Decimal File 840.516.6244A; Memorandum of Conversation, Department of State, May 18, 1942. (Attended by: Deputy Secretary of State D Acheson, Swedish Minister W Boström, F Wennerberg, Dep. APC M Markham, R Higgs). Decimal File 740.001.13. 1939/383. Diplomatic Branch, CAD. NA. See also several cables from the Swedish Legation in Washington to the Ministry for Foreign Affairs and that Ministry's memo regarding American Bosch of 15-19 May, 1942. H 94 Ua/USA American Bosch Corporation. UDA.

46 Memorandum regarding development of, and situation concerning the ABC-issue (Fris) via K Bööck and R Calissendorff to MW on 1 April 1942. Am. Bosch 11; To His Excellency The Minister for Foreign Affairs from W Boström, Swedish Legation in Washington on 19 June 1942. Am. Bosch 14. Bosch Collection.

47 Robert Bosch GmbH (Stuttgart) an die Aktiebolaget Investor, Stockholm 16, 4 Juni 1942. Am. Bosch 11. Aktennote 30. Juni 1942 (Thomä). Ordner 539. REA.ARB. Also: File note (Thomä) 30 June 1942. Copies of Bosch Documents IV found in Germany. Bosch Collection.

48 A detailed description of these discussions is found in a series of memoranda that were worked out by Bosch in Stuttgart. Copies of Bosch Documents III-IV found in Germany. The changes in the arrangements were documented in Niederschrift VII-X (re-numbered) of 16 December 1941-22 April 1944. Am. Bosch 14 d. Bosch Collection. Göran Sahlström, Head of SEB's "Inre Statistiken" (Statistics dept.) prepared a memo for account of the Bank Inspection Board (European Bosch Transaction. Memo dated March 1946). Archives of Bank Inspection Board. FI ab vol. 156. RA.

49 Letter sent through the Swiss Legation in Stockholm on 3 August 1945. Rechtsanwalt Dr W Schneider, Zürich (17 June 1945). Chronological series 1945. Bosch Collection.

50 In late 1942 early 1943 AB Biljettkontroll, a subsidiary of Caritas, entered in the place of Caritas as lender to Planeten with the help of Bosch funds. On 7 July 1943 Planeten repaid its loan and Biljettkontroll offset its liability to Bosch. Memorandum 19 April 1945 (R Calissendorff). Chronological series 1945. Bosch Collection.

51 In deliberations between 18 and 22 May 1943 SEB urged Bosch to procure foreign exchange and to take over, indirectly, the European Bosch companies on the grounds that SEB otherwise would find it difficult to

defend its holding in ABC. A detailed account of the negotiations is found in a German memo dated 28 May 1943. Also: Aktennote 28. Mai 1943 (Thomä). Ordner 551. REA. ARB. Also Memo for the files May 28, 1943. An account of the deliberations within the Bosch Group following SEB's (R Calissendorff) proposal of 18 May is found in a memorandum dated 1 June 1943 after talks between Goerdeler, Walz, Knoerzer and Thomä on 31 May. It is made clear how important the contacts with SEB were considered to be but how the regard for ABC prevailed. Item 1 in the memo starts as follows: "It is in our interest to keep the shield of SEB clean of the Planeten interests in order that SEB can effectively represent our ABC interests." Memo to the files 1 June 1943. Copies of Bosch Documents IV found in Germany. Bosch Collection. The contracts were declared as "endgültig abgehoben" in a letter dated 15 July 1943. Ordner 551. REA. ARB.

52 At the request of Bosch also the Swedish representative of I G Farben, H Lickfett, participated, but was excluded in the spring of 1944 for political reasons. The original documents were then exchanged for new ones, which were signed by Holm and Stenbeck alone. Aktennote 25 Februar 1943. Memo of 18 June 1943. Ordner 551. REA. ARB. Memo for the files 27 April 1944. Copies of Bosch Documents IV found in Germany. Bosch Collection.

53 Bosch reckoned that R Calissendorff was obliged to hand over his key, but no engagement in writing has been found. Memo for the files 27 April 1944. Copies of Bosch Documents IV found in Germany. Bosch Collection.

54 Södermark was a personal friend of Calissendorffs, who participated in the reconstruction of the arrangement. Interview with Mr Södermark on 9 May 1947. Interview with Mr Calissendorff on 21 May 1947, page 23. Am. Bosch 14 i. Bosch Collection. Both Holm and Stenbeck threatened with black-listing of the American Minister in Stockholm. Memorandum for the files 15 June 1944, 8 November 1944, 16 December 1944. Copies of Bosch Documents IV found in Germany. Bosch Collection.

55 See p. 21, "The Safehaven-negotiations and SEB 1945-1946".

56 Reports to the Foreign Exchange Control Department of the Riksbank dated 28 March 1945 (S Södermark). Memo from the Flight Capital Control Office of 26 November 1946. Investigation from the Office of Military Government for Germany, Finance Divisions, 23 April 1947. Bosch III vol. 363. Archives of Flight Capital Control Office. RA.

57 AB Kaldag, a company that was first owned by Stenbeck and Holm and later on by Södermark and Billing, had the bonds at its disposal, acting as borrower and lender to Tessalia. Letter from RC to E Sandström, Flight Capital Control Office, dated 6 October 1946. European Bosch transaction 6. Bosch Collection. A detailed description of the reconstruction is found in a letter dated 21 June 1943 from Thomä and Knoerzer to the German Central Bank. Copies of Bosch Documents IV found in Germany. Bosch Collection. Cf. Aktennote 14 June 1945. Ordner 539. REA. ARB. Restitution Board's decision of 12 March 1947 following the application of 26 November 1946 of the Flight Capital Control Office to put the companies Planeten, Lagern, Tessalia and Kaldag under management. Bosch III vol. 363. Archives of Flight Capital Control Office. RA.

58 In 1950 SEB's gain from the European Bosch transaction was estimated at SEK 1,436,400. Memorandum for the files 8 November 1944. Copies of Bosch Documents IV found in Germany. Bosch Collection. Other Bosch assets also ended up with the Flight Capital Control Office. In a separate report S Södermark mentioned a block of Swedish Government premium bonds worth SEK 2,745,000. In actual fact these assets originated from the ABC-deal. In 1944, after SEB had managed to make Bosch collect the USD 650,000 which Bosch had transferred as part of the ABC-purchase, this amount was delivered to H Stenbeck with instructions to buy Swedish Government bonds. These bonds were put in a safe-deposit box with SEB. When Stenbeck pulled out of the Bosch deal towards the end of the year a certain Mr Krämer, acting on behalf of Bosch, came to fetch the securities in a suitcase. After Krämer's decease in the spring of 1945 Södermark took over the responsibility for the bonds and deposited the suitcase with Svenska Handelsbanken. Memo for the files 8 November 1944. Copies of Bosch Documents IV found in Germany. Bosch Collection.

59 Memo dated 20 August 1945. (RC and JW). Am. Bosch 14 g. Bosch Collection.

60 A number of documents confiscated in Stuttgart in 1945 deal with this issue. See Memorandum for the files 27 February, 23 March, 31 March, 23 April, 13 May, 15 June, 29 June, 28 July, 10 August, 21 December 1942 and 20 January 1943, for example. Copies of Bosch Documents III-IV found in Germany. Bosch Collection.

- 61 Memo for the files 28 May 1943. Copies of Bosch Documents IV found in Germany. Bosch Collection.
- 62 Memo for the files 13 September 1943. Copies of Bosch Documents IV. Bosch Collection.
- 63 Memo 20 August 1945. (RC, JW). Am. Bosch 14 g; Memo for the files 15 June 1944. Copies of Bosch Documents IV found in Germany; Draft letter dated 10 July 1944. Am. Bosch 14. Bosch Collection.
- 64 Memo regarding Am. Bosch 18 August 1942 (Sune Wetters Advokatbyrå). Am. Bosch 1. Bosch Collection.
- 65 See L Herbst, *Westdeutschland 1945-1955. Unterwerfung, Kontrolle, Integration* (München 1986).
- 66 Deposition of Karl Eugen Thomä on 6 April 1948, pp. 1-57. Bosch Minutes Civil Action 35347. Bosch Collection.
- 67 The news was released by Colonel B Bernstein, Head of the Finance Division of the US Group Control Council in Germany and neither the U.S. Legation in Stockholm nor State Department in Washington were informed, which caused irritation. American Legation, Stockholm, to the Secretary of State on 4 August 1945. Decimal File 800.515/8-445. Diplomatic Branch. CAD. NA.
- 68 Cable from G Murnane to MW on 1 August 1945 (copy). Vargos – McGrath. Archives of Sullivan & Cromwell.
- 69 See articles published in *Aftonbladet*, *Svenska Dagbladet* and *Dagens Nyheter* on 2 August 1945 (Calissendorff). Am. Bosch 11. Bosch Collection.
- 70 Memo of 8 August 1945 which was delivered to the British and American Legations in Stockholm. American legation, Stockholm, to Secretary of State, 14 August 1945. Decimal File 800.515/8-1445. Diplomatic Branch/CAD. Memo 9 August 1945, Memo 13 August 1945, Memo 16 August 1945, Memo 20 August 1945. Am. Bosch 11; JW to Bank Inspector A Tondén on 9 August 1945; R Calissendorff to T Hanström, Inspector at Kungl. bank- och fondinspektionen (Bank Inspection Board) on 16 August 1945. Am. Bosch 14, Bosch Collection. JW presented a similar version in a detailed interview made for *Stockholmstidningen* on 16 August 1945. See also articles in *Göteborgs Handels- och Sjöfartstidning* on 16 August, in *Morgontidningen* on 17 August and in *Ny Dag* on 17 August. JW and MW called on the Riksbank on 10 August, presenting the Bosch deal to Böök and Magnusson. They wished that the Riksbank should assist them in their business in the U.S.A. since they did not want to leave it in the hands of their competitors. Memo regarding Jacob and Marcus Wallenberg's conversation on 19 August 1945. (Mn 21.8.1945). Copy in the archives of the Bank Inspection Board FI ab vol. 156. RA.
- 71 Federal Reserve Bank of New York/Fiscal Agent of the United States (Foreign Funds Control Department), 8 August 1945. Vargos – McGrath. Archives of Sullivan & Cromwell. The basis of the decision had been worked out by the financial department of the U.S. Group Control Council in Germany as a result of the Stuttgart finds and was reported on 6 August. Dept of State (Grew) to the American Legation in Stockholm on 6 August 1945. Decimal File 800.515/8-645. Diplomatic Branch. CAD. NA.
- 72 Both Great Britain and the U.S.A. used "black lists", so-called "Statutory Lists" and "Proclaimed Lists", in the economic warfare with the Axis Powers. The lists were in principle identical.
- 73 Secretary of State to the American Legation in Stockholm on 6 August 1945. Decimal File 740.581.12A/8-645; American Legation, Stockholm, to Secretary of State on 8 August 1945 and on 1 September 1945. Decimal File 800.515/8-845 and 800.515/9-145; Secretary of State to American Legation, Stockholm, on 12 September 1945. Decimal File 800.515/9-1245; American Legation, Stockholm, to Secretary of State on 1 October 1945. Decimal File 800.515/10-145; American Legation, London, to Secretary of State on 23 October 1945. Decimal File 800.515/10-2345. American Legation, Stockholm, to Secretary of State on 7 January 1946. Decimal File 800.515/1-746. CAD. NA.
- 74 MW to Murnane on 9 August 1945 (copy). Vargos – McGrath. Archives of Sullivan & Cromwell.
- 75 Cable dated 10 August 1945. Am. Bosch 14. Bosch Collection.
- 76 American Legation, Stockholm, to Secretary of State 9 August 1945. Decimal File 800.515/8-945. Diplomatic Branch. CAD. NA. Deposition of R Calissendorff - Bosch Minutes Civil Action 35347, p. 1060.

- Bosch VIII. MW's repeated contacts with the U.S. and British Legations in Stockholm appear from a diary. "The Bosch Crisis", which covers the period 6-12 August. Am. Bosch 14. Bosch Collection.
- 77 Letter from JW to Ö Undén dated 14 August 1945. HP 39S/Stockholms Enskilda Bank (Bosch). UDA.
- 78 A Jaretzki to The Honorable F Vinson, Secretary of The Treasury, 11 September 1945. Treasury Department to A Jaretzki, 21 September 1945. Vargos – McGrath. Archives of Sullivan & Cromwell.
- 79 To the United States Treasury, Statements of Messrs. Jacob and Marcus Wallenberg and Mr Rolf Calissendorff. Am. Bosch 11. Bosch Collection.
- 80 Statement of Mr Marcus Wallenberg, 13 December 1945. Am. Bosch 11. Bosch Collection.
- 81 Cf. Departments of State and Treasury to American Legation in Stockholm, 6 October 1945 by which the British and American Legations are instructed as follows "not make any documents available to Swedish Govt". Divisional File 800.515/10-645, Diplomatic Branch. CAD. NA.
- 82 The Grönwall and Söderström deal and the Schering deal were mentioned. A Jaretzki to F Vinson, 21 February 1946. Archives of Sullivan & Cromwell. Memorandum of Conference, Washington, 11-26 October, 3, 4, 13, 18-19 December 1945. Bosch II. Bosch Collection.
- 83 Swedish Legation in Washington to Ministry for Foreign Affairs on 11 August 1945. HP 395/Stockholms Enskilda Bank (Bosch). UDA. Dulles was one of the Republican Party's most prominent foreign policy experts, if not number one, for whom it was politically sensitive to defend "German-friendly" companies and people. It has been claimed that the Bosch deal played a role when Dulles was not appointed Secretary of State in the "shadow Government" that the Republican presidential candidate Dewey presented in the autumn of 1948. During D Eisenhower's presidency, on the other hand, Dulles was Secretary of State. Various press clippings and extracts from radio programmes. HP 39/Stockholms Enskilda Bank (Bosch). UDA.
- 84 N Ståhle to Ö Undén on 13 August 1945. HP 39/Stockholms Enskilda Bank (Bosch). UDA.
- 85 Swedish Legation, Washington, to Ministry for Foreign Affairs (R Sohlman) October 1945. Afterwards the Ministry praises H Eriksson's refutation of JW and MW, finding his answers "soundly based and designed to put the relationship between them and the Swedish authorities straight." MinForAff to Swedish Legation in Washington, 3 November 1945. HP 39/Stockholms Enskilda Bank (Bosch). UDA.
- 86 Memorandum (D Hammarskjöld, MinForAff) 21 February 1946. HP 39/Stockholms Enskilda Bank (Bosch). UDA.
- 87 Secretary of Treasury to Secretary of State on 20 February 1946. Dec. File 800.515/2-2045. Diplomatic Branch. CAD. NA.
- 88 Secretary of State to American Legation in Stockholm on 11 March 1946. Dec. File 800.515/3-1146. Diplomatic Branch. CAD. NA.
- 89 American Legation in Stockholm to Secretary of State, 20 March 1946. Dec. File 800.515/3-2046. Diplomatic Branch. CAD. NA.
- 90 The validity of an Allied Control Council decree vesting German external assets. Memorandum dated 27 April 1945. Dec. File 800.515/4-2745. Diplomatic Branch. CAD. NA. In the U.S. a series of hearings on this issue was held by a Congressional Committee. See, in particular, Elimination of German resources for war. Hearings. June 28 and 29, 1945. Testimony of Justice Dept. Alien Property Custodian, War Dept., Washington 1945.
- 91 W Carlgren, *Svensk Utrikespolitik 1939-1945* (Stockholm 1973), pp. 443-448 et passim.
- 92 Secretary of State of "Certain Diplomatic Missions", 23 August 1944. American Legation, Stockholm, to Secretary of State on 28 August 1944. Rec. Group 84 (Stockholm 1945). Diplomatic Branch. CAD. NA.
- 93 American Legation, Stockholm, to Secretary of State on 14 August 1945. Dec. File 800.515/8-1445. Diplomatic Branch. CAD. NA. An investigation into German property in Switzerland and the treatment thereof after the Second World War can be found in: H W Lenzinger, *Die deutschen Vermögenswerte in der*

Schweiz und ihre statistische Erfassung auf Grund des Abkommens von Washington vom 25. Mai 1946 und des Ablösungsabkommens vom 26. August 1952. Diss. (Verlag P G Keller - Winterthur 1960).

94 A number of memos in the archives of the Flight Capital Control Office, vol. 92. RA.

95 American Legation to Secretary of State on 21 April 1945. Dec. File 800.515/4-2145; L Currie, Administrative Assistant to the President R Lynch, Dept of State, 31 March 1945; W L Clayton, Assistant Secretary to L Currie on 9 April 1945. Dec. File 800.515/3-3145. Diplomatic Branch. CAD. NA.

96 From the Swedish Ministry for Foreign Affairs mainly R Sohlman and T Grönwall participated. At the end of April Ö Undén, who later became Minister for Foreign Affairs, was made responsible for the negotiations with K E Böök from the Riksbank and K Holmgren from the Ministry of Justice as assistants. American Legation, Stockholm, to Secretary of State on 26 April 1945. Dec. File 800.515/4-2645. Diplomatic Branch. CAD. NA.

97 Law of 29 June 1945. (Swedish Code of Statutes 520). Law of 29 June 1945 (Swedish Code of Statutes 522). Public Notice of 29 June 1945 (Swedish Code of Statutes 526). Public Notice of 29 June 1945 (Swedish Code of Statutes 559). Public Notice of 31 July 1945 (Swedish Code of Statutes 589). Public Notice of 17 August 1945 (Swedish Code of Statutes 607). Government Bill No. 328 of 1 June 1945.

98 American Legation, Stockholm, to Secretary of State 24 May, 1945 and 2 June, 1945, Dec. File 800.515/5-2445 and 800.515/6-245. Diplomatic Branch. CAD. NA. Regarding Flight Capital Control Office see Parliamentary Report for 1945.

99 On 19 July a meeting was held between Swedish, American and British representatives for an evaluation of the results achieved. American Legation to Secretary of State, 1 October 1945. Dec. File 800.515/10-145. Diplomatic Branch. CAD. NA.

100 American Legation, Stockholm, to Secretary of State on 20 July 1945. Dec. File 800.515/7-2045. Diplomatic Branch. CAD. NA.

101 American Legation, Stockholm, to Secretary of State 6 August, 1945, 31 August 1945 and 25 September, 1945, Dec. File 800.515/8-645, 800.515/8-3145 and 800.515/9-2545. Diplomatic Branch. CAD. NA. Various memos and letters (September-October, 1945). Archives of the Flight Capital Control Office vol. 92. RA.

102 The validity and enforcement of an Allied Control Council decree vesting German external assets. Memorandum 27 April. Dec. File 800.515/4-2745. Memorandum of Conference 12 October 1945 (Dept of State). Dec. File 800.515/10-1245. Diplomatic Branch. CAD. NA.

103 Note dated 11 February 1946 from the American Minister in Stockholm to the Swedish Minister for Foreign Affairs. Archives of the Flight Capital Control Office vol. 92. RA.

104 Secretary of Treasury to Secretary of State on 13 September 1945. Dec. File 800.515/9-1345. Diplomatic Branch. CAD. NA.

105 In October 1945 a new law gave the Flight Capital Control Office the right to take over formally Swedish-owned companies that in practice were German-controlled. American Legation, Stockholm, to Secretary of State on 20 October 1945. Dec. File 800.515/10-2045. Diplomatic Branch. CAD. NA.

106 The antagonism between the U.S. Treasury and the British foreign policy administration appears in no uncertain terms from a series of letters and memos that the Treasury addressed to the Undersecretary of State, D Acheson between May 24 and 30, 1946. Dec. File 800.515/1-2646. Diplomatic Branch. CAD. NA. Swedish negotiators regarded the U.S. Treasury and Foreign Economic Administration as being the most negative ones towards Sweden, while the Ministry for Foreign Affairs, the Ministry of Trade and business circles at large were seen to favour a normalisation of the international relations. "Memo regarding Bretton Woods Resolution No. 6", 29 October 1945. (N K Ståhle to E Modig, Flight Capital Control Office). Archives of the Flight Capital Control Office vol. 92. RA.

107 Secretary of the Treasury to Secretary of State, 21 February 1946. Dec. File 800.515/2-2146. Diplomatic Branch. CAD. NA.

108 Sanctions and the Forthcoming Safehaven Negotiations with the European Neutrals (H F Matthews, Division of European Affairs to the Secretary of State) 15 February 1946. Dec. File 800.515/2-1546. Diplomatic Branch. CAD. NA.

109 Negotiations with Neutrals. Memorandum of Conversation, State Dept., 14 March 1946. Dec. File 800.515/3-1446. Diplomatic Branch. CAD. NA.

110 Letter dated 4 May 1946 and enclosed by American Legation, Stockholm, to Secretary of State, 14 May 1946. Dec. File 800.515/5-1446. Diplomatic Branch. CAD. NA. Internally within SEB one was aware of the situation. Cf. MW to F Morrison on 20 May 1946. Am. Bosch 14. Bosch Collection.

111 Dept of State to American Legation, Stockholm, 10 May 1946. Dec. File 800.515/5-1046. Diplomatic Branch. CAD. NA.

112 Memorandum dated 15 April 1946 (S J Rubin). Dec. File 800.515/4-1546. Diplomatic Branch. CAD. NA.

113 American Legation, Stockholm, to Secretary of State, 15 May 1946. Dec. File 800.515/5-1546. Diplomatic Branch. CAD. NA.

114 American Legation, London, to Secretary of State, 16 May 1946. Dec. File 800.515/5-1646. Diplomatic Branch. CAD. NA.

115 According to certain information it was planned that also G Hägglöf should participate in the delegation. This seems to have been changed at the last moment, possibly as a result of his appointment as Ambassador to Moscow. G Hägglöf, *Fredens vägar 1945-1950* (Stockholm 1973), p. 29.

116 Minutes were kept of both the plenary negotiations and the more private discussions. See: Dept of State to American Legation, Stockholm, 19 June-8 August, 1946, "Minutes of negotiations" 3-17 June and "Memoranda of Conversation" (S J Rubin) 18 June, 20 June, 25 June, 1946. Rec. Group 84, Box 168; Dept of State to American Legation on 24 June 1946. Dec. File 800.515/6-2446. Diplomatic Branch. CAD. NA.

117 Swedish negotiations with respect to German external assets. Memorandum (S J Rubin) 24 July, 1946. Rec. Group 84, Box 168, Diplomatic Branch. CAD. NA; Washington-agreement (T Grönwall) of 30 November, 1946. Archives of Flight Capital Control Office, vol. 92. RA.

118 Sweden's agreements with foreign powers No. 16. Exchange of notes with the United States of America, France, Great Britain and Northern Ireland regarding German assets in Sweden, etc. Washington on 18 July 1946.

119 Government Bill No. 367/1946 of 1 November 1946.

120 S E Ambrose, *The rise to globalism. American foreign policy since 1938* (Allen Lane 1971), pp. 136-166.

121 SEB's Board minutes dated 11 July 1946.

122 J F Dulles to MW on 12 July 1946. Vargos – McGrath. Archives of Sullivan & Cromwell.

123 Fred W Morrison to MW on 3 July 1946. Am. Bosch 14. Bosch Collection.

124 Memo by Ö Undén of 17 October 1946 sent to E Sandström by T Grönwall, MinForAff, on 25 October 1946. Archives of Flight Capital Control Office, vol. 92. RA. Conversation on 9 October 1946 with Dodde Wallenberg. Riksbank Governor I Rooth. Conversations of Riksbank Governor in 1946. R/Ag 10 October 1946. Archives of the Riksbank. RBA.

125 Memo regarding SEB (T Grönwall, MinForAff) dated 10 March 1947. HP 39 S/Stockholms Enskilda Bank (Bosch). UDA.

126 Memo from Ministry for Foreign Affairs (R Sohlman/T Grönwall), dated 20 March 1947 including supplementary exchange of notes between Sweden's Minister of Finance and the U.S. Secretary of the Treasury. Archives of Flight Capital Control Office, vol. 92. RA.

127 Unless otherwise stated this section is based on Defendant's opening memorandum, dated 15 December 1949. Bosch Minutes, Civil Action 35347. A review of the purchase, 15 December, 1950. Am. Bosch 14 k. Bosch collection. Memo of 2 February, 1946. Vargos – McGrath. Archives of Sullivan & Cromwell.

128 In October 1946 the Alien Property Custodian was replaced by the Attorney General (Department of Justice), who thus became defendant in the case.

129 E Sandström to the King-in-Council on 12 January 1948. Ministry of Finance to Flight Capital Control Office on 23 January 1948. Am. Bosch 14 g. Various correspondence and memos regarding delivery of documents pertaining to the Bosch deal to the Flight Capital Control Office. 6 September 1947-20 January 1948. Am. Bosch 14 i. Bosch Collection.

130 Bosch Minutes, Civil Action 35347 III-XII. Bosch Collection.

131 Interviews between 8 and 24 May, 1947. Am. Bosch 14 i. Bosch Collection.

132 Interview with I B Wyatt, New York, on 30 October 1979.

133 See for example A Jaretski, Sullivan & Cromwell, to MW on 4 March 1947. Vargos – McGrath. Archives of Sullivan & Cromwell.

134 MW to R Calissendorff on 25 May 1948. Am. Bosch 14 q. Memo regarding negotiations with US Alien Property Custodian Office in Washington 15-25 June 1948 (E Sandström, 3 July 1948). Millquist's verbal account of his and Supreme Court Judge Sandström's negotiations concerning the Bosch deal in Washington on 5 July 1948. Am. Bosch 14. Bosch Collection.

135 Report of Special Master dated 20 September 1950. SEB's Board minutes of 28 December 1950, App. D 1.

136 SEB's Board minutes of 27 April, 1950; Interview with I B Wyatt on 30 October 1979; Interview with JW on 27 February, 1979.

137 In April, 1950 MW estimated that SEB's costs for the legal preliminaries would be approximately SEK 3.5 million. SEB's Board minutes of 27 April, 1950. The compensation to SEB's lawyers was fixed at USD 420,000, or SEK 1,764,000. Report of Special Master, 20 September 1950. Judgement of 20 September, 1950. SEB's Board minutes of 27 April, 1950. App. D 1.

138 Stipulation of Settlement, 6 September 1950. Vargos – McGrath, Archives of Sullivan & Cromwell. Report of Special Master of 20 September 1950. Judgement of 20 September 1950. SEB's Board minutes of 27 April, 1950. App. D 1-D 2.

139 The depreciation of the Swedish krona in relation to the U.S. dollar overstates the increase. One U.S. dollar was equal to SEK 4.20 in 1940, to SEK 3.60 after the appreciation of the krona in 1946 and to SEK 5.18 after the depreciation of September, 1949.

---

## References

---

### *Unpublished sources: Institutions and archives*

Archiv Robert Bosch, Stuttgart, Germany (ARB). Rechtsabteilung (REA).  
 National Archives, Washington, USA (NA).  
 Riksarkivet, Stockholm (RA): Bank- och fondinspektionens arkiv (BFA),  
 Bankkommittéarkiv, 1945 års (BKA), Flyktkapitalbyråns arkiv (FKA).  
 Riksbankens arkiv, Stockholm (RBA).  
 Stockholms Enskilda Banks arkiv, Stockholm. (All references without specifying the  
 institution refers to this archiv.)  
 Sullivan & Cromwells arkiv, New York, USA.  
 Utrikesdepartementets arkiv, Stockholm (UDA).

### *Published sources*

Elimination of German resources for war. Hearings June 28 and 29, 1945;  
 Testimony of Justice Dept., Alien Property Custodian, War Dept. Washington 1945.  
 Riksdagens årsbok. Stockholm 1946.  
 Riksdagstrycket 1945-1946. Stockholm 1945-1946.  
 Svensk Författningssamling (SFS)1945. Stockholm 1945.  
 Sveriges överenskommelser med främmande makter No. 16 1946. Stockholm 1946.

### *Newspapers and periodicals*

Aftonbladet 2.8.1945  
 Dagens Nyheter 2.8.1945  
 Göteborgs Handels- och Sjöfartstidning 16.8.1945  
 Morgontidningen 17.8.1945  
 Ny Dag 17.8.1945  
 Stockholmstidningen 16.8.1945  
 Svenska Dagbladet 2.8.1945

### *Literature*

Aalders, G & Wiebes, C: Stockholms Enskilda Bank, German Bosch and I G Farben. A  
 short history of cloaking. Scandinavian Economic History Review, vol. XXXIII No. 1.  
 1985.  
 Ambrose, S E: The rise to globalism. American foreign policy since 1938. Allen Lane/The  
 Penguin Press 1971.  
 Carlgren, W: Svensk utrikespolitik 1939-1945. Stockholm 1973.  
 Herbst, L: Westdeutschland 1945-1955. Unterwerfung, Kontrolle, Integration. München  
 1986.  
 Heuss, Th: Robert Bosch. Leben und Leistung. Tübingen 1946.  
 Hägglöf, G: Fredens vägar 1945-1950. Stockholm 1973.  
 Küster, G: 75 Jahre Bosch 1886-1961. Ein geschichtlicher Rückblick. Stuttgart 1961.  
 Lenzinger, H W: Die deutschen Vermögenswerte in der Schweiz und ihre statistische  
 Erfassung auf Grund des Abkommens von Washington vom 25.5.1946 und des  
 Ablösungsabkommens vom 26.8.1952. Diss. Verlag P G Keller, Winthertur 1960.  
 Ritter, G: Carl Goerdeler und die Deutsche Widerstandsbewegung. DVA, Stuttgart 1954.  
 Spiegelbild einer Verschwörung. Die Opposition gegen Hitler und der Staatsstreich vom  
 20. Juli 1944 in der SD-Berichterstattung. Geheime Dokumente aus dem ehemaligen

Reichssicherheitshauptamt. Herausgegeben von Hans Adolf Jacobsen. Erster Band.  
Stuttgart 1984.

*Interviews*

Wallenberg, J: 27 February, 1979.

Wyatt, Inzer B: New York, USA, 30 October, 1979.

In connection with the international debate concerning the economic relations between Germany and the neutral countries in Europe during World War II, the relations between the Bosch Group of companies and Stockholms Enskilda Bank have recently been in focus in the media.

I have described these transactions in detail in my monograph "Bank, Family and Enterprise, Stockholms Enskilda Bank 1946-1971" (Bank, Family and Enterprise, Stockholms Enskilda Bank 1946-1971), which was published in 1986. Even though certain new material has been found since the book was written, the interpretation of the Bosch deal has not changed to any significant extent.

Now, for the first time, relevant parts of this book have been published in English in order to make them available to a wider audience.

The Foundation for Economic History Research within Banking and Enterprise has been established for the purpose of encouraging economic history research.

Ulf Olsson is Professor of Economic History at the University of Göteborg.

---

## Banking & Enterprise

Publications from  
The Foundation for Economic History Research  
within Banking and Enterprise

ISSN 1403-2198