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Date: 21 March 1978 By: 027

**CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT**

25X1A2g

COUNTRY Germany (Russian Zone)

DATE: 25X1X6

INFO. [Redacted]

SUBJECT Legal Problems in Transfer of German Plants into Russian Ownership

DIST. 21 February 1947

25X1A6a

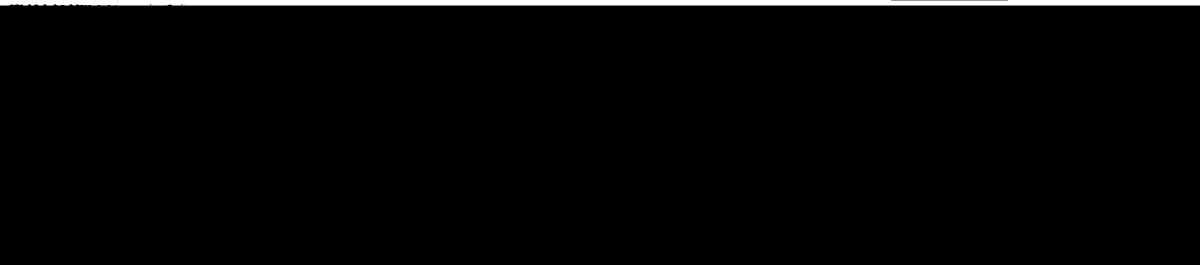
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SUPPLEMENT

ORIGIN [Redacted]

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A. President of Land Thuringia, Weimar.

8 October 1946,

To: Soviet Military Administration, Weimar.

Reference: Enterprises Taken over by the Soviet AG's on Account of German Reparations.

Your order concerning the transfer of Thuringian plants to the USSR on account of German reparations is the basis of forms, the terminology of which is not clear. In examining the legal form in which these plants are being transferred to the Soviet AG's, the following must be considered:

The order stipulates that the transfer of the plants concerned takes place on the basis of an appraisal which is undertaken in accordance with instructions given to the general managers concerned by the SMAD. Since in this situation a free agreement on the object, and especially a free establishment of the purchase price on the part of both contractual partners, is lacking, the existence of a sales contract must be denied. A sales contract presupposes that both contractual partners have arrived at an agreement on the basis of free negotiations about object and price, in the course of which the object was transferred against payment of the sum which was agreed upon. The fact that neither the Land Administration of Thuringia nor its representatives charged with the plant transfers are empowered to sell such assets further militates against the assumption of the existence of a sales contract.

As a consequence, the process of transferring these plants into the possession of the Russian AG's must be legally interpreted to the effect that these plants are being expropriated by the USSR on account of reparations by Germany. In the course of this transaction, the plants are being evaluated in accordance with instructions stipulated in advance by the SMA.

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ADSO	X	A DEP.	X	FBI	SPDF	VIC				
DADSO		FBK		FBY	SPDS	B DEP.				
EXEC.		FBL		FBX	SPDT	CFCB				
CONTROL		FBM		FBEZ	SCO	CTRB				
PLANS	X	FBP		SPDA	TRB					

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This is to request the SMA to confirm that it is in agreement with this legal interpretation.

Signed: Dr. Paul

B. President of Land Thuringia, Weimar. 12 October 1946,
To: Soviet Military Administration, Weimar.

Further to my letter of 8 October 1946 concerning the transfer of plants on account of German reparations to the Soviet AG's, I should like to bring the following to the knowledge of SMA. I have made the contents of my letter of 8 October 1946 the subject of a discussion between all members of the Land Administrations of Thuringia. The legal position taken in the letter of 8 October 1946 was approved without reservation by all members of the Land Administration. The members of the Land Administration believe that in their present position they have no legal power to give legally binding declarations concerning property of the Land Thuringia, and especially to dispose of such property. Since the Land Administration does not consider itself entitled to make the above-mentioned legal declarations, it is, of course, not in a position to delegate similar powers to other persons who have been charged by the Land with the transfer of the plants concerned.

Reports have been received from persons entrusted with the transfer that here and there they have been put under pressure by general managers for the purpose of forcing them to sign documents which they do not consider themselves empowered to sign.

This is to request the SMA to direct the general managers through the Central Office of Russian AG's in Berlin-Weissensee to abstain from all pressure and the use of force against those entrusted with the transfer, until this whole complex of questions can be clarified.

Signed: Dr. Paul

C. (Copy of the translation from the Russian into the German.)

Administration of the SMA of Land Thuringia, Weimar. 14 October 1946,
To: President of Land Thuringia,
Prof. Dr. Paul

With reference to your letters of 8, 9, and 12 October 1946, concerning the transfer of several enterprises to the Soviet AG's for account of reparations to the Soviet Union, I should like to explain the following:

On the basis of the order by the Supreme Chief of the SMA in Germany, Marshal of the Soviet Union Sokolovski, of 8 March 1946, several enterprises in Thuringia (a list of these enterprises is in your possession) are being singled out for transfer into the ownership of the USSR on account of reparations.

I have signed an order for each of the enterprises to be transferred to be handed over by Germany to the USSR. Its formulation is to be understood as a transfer of the enterprise named in the order to the property of the USSR; i.e., the writing over of the property by

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Germany into the property of the Soviet Union. Therefore you must formulate the powers given to your representatives concerning the transfer of enterprises into the property of the USSR in such a manner that the wording in the German language will leave no doubts with anyone that these factories are not merely being transferred into the possession of the Soviet AG, but that they will become the legal property of the Soviet Union. (... dass die Formulierung in deutscher Sprache bei niemandem Zweifel erweckt darüber, dass diese Fabriken nicht einfach in den Besitz der Sowjet AG übergeben werden, sondern dass das Eigentum (srecht) dieser Fabriken übertragen (überschrieben) wird in das Eigentum der Sowjet-Union.)

The legal bases for this are the resolution of the Control Council and the above-mentioned order of Marshal Sokolovski.

Instructions concerning the formalities of the transfer, as well as the form and tables for the appraisal of the value of the factories and their equipment and plants, were confirmed by the Control Council and must be carefully executed. As you have been told in conversation, Marshal Sokolovski demands a speedy execution of formalities in the transfer of the enterprises. Therefore you must undertake all necessary measures so that I can report on the completion of this work to Marshal Sokolovski on 16 December 1946.*

Signed: Garde-Gen. Major Kolesnitchenko
Chief of the Soviet Mil. Admin.,
Land Thuringia.

* The German translation gives 16 October 1946 as date of completion.

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