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May 3, 1938.

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The Secretary
The Under Secretary
The Counselor
A-S - Mr. Sayre
~~A-B - Mr. Berle~~
PA/D - Mr. Dunn
PA/H - Dr. Hornbeck
Eu - Mr. Moffat
FE - Mr. Hamilton
NE - Mr. Murray
RA - Mr. Duggan

I believe the following will be of interest as illustrative of the methods employed by the German Government in the expropriation and seizure of private property. As this is a matter which I believe we will have to concern ourselves with more in this Department in the next months the ruthlessness of the measures employed is, at the least, interesting to note.

A Mr. and Mrs. Jolles, who are either Austrian or Czech citizens, built up through their initiative, industry and business ability a very considerable business in Austria which about a year ago was employing altogether, depending upon the season, from 6,000 to 10,000 workers either in factories or in their homes. Most of the workers did their work at home. The business centered around the production of all sorts of articles in which needlepoint and tapestry were

were the principal value. The firm exported very considerable quantities of needlepoint and tapestry bags and other novelties to the United States and to other countries. The business was almost entirely an export business. Mr. and Mrs. Jolles frequently came to this country in connection with their business and were well and favorably known here. Their business here grew to such proportions that Mrs. Jolles spent a good deal of her time here and was in New York at the time of the occupation of Austria by Germany.

Her husband was immediately arrested by the German authorities for no apparent reason. In order that he might continue to conduct his business which employed so many people and as he is a semi-invalid needing constant medical care and attendance, he was removed from the prison and kept in so-called "protective custody" in his home. The business has been seized by the German authorities and he is to be completely divested of this painfully built up property. The only possible excuse for the seizure is that it is a good business which has long been envied by certain competitors.

Mrs. Jolles has on several occasions been in touch with me from New York with regard to her husband leaving Vienna. I have told her that there is nothing we can do to give him protection as he is not an American citizen. A visa could be issued to Mr. Jolles at any time for permanent residence in this country by our Consulate General in Vienna which I

am sure is disposed to do so as Mr. Jolles has considerable property in this country and the public charge clause could not come into question. In conversations over the telephone from Vienna to his wife in New York Mr. Jolles has made it clear that the German authorities will not permit him to leave until he has divested himself of his property.

Mrs. Jolles informs me that on several occasions those who were guarding her husband got on the telephone and told her in brutal language that unless she would sign away her rights her husband was in danger of his life.

Mrs. Jolles has now telephoned me from New York to say that she had a telephone conversation with her husband in Vienna yesterday in which he informed her that if she wished to save his life she would have to come to Paris. In view of her having refused consistently to return to Vienna where she felt she would be in danger and where she could do no good there came as a consequence this decision of the German authorities to take her husband to Paris. Mr. Jolles informed Mrs. Jolles yesterday over the telephone that he was being taken by the German authorities to Paris under guard and that if she wished to save his life she was to meet him there. The idea was that she had to sign certain documents releasing their business to the German authorities.

Mrs. Jolles asked me if there was anything we could do through

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our Embassy in Paris to aid her. I told her there was nothing we could do as all these events were taking place outside of our jurisdiction and neither she nor Mr. Jolles were American citizens. She said she was going to Paris and would be willing to sign any papers and divest herself of all her property or rights in property in order to save her husband.

Mrs. Jolles informed me that she no longer has an Austrian passport but is traveling on an affidavit in lieu of a passport. This affidavit has, she says, been visaged by the French Consulate in New York for travel to Paris. I asked her whether, when she got this visa, she informed the French Consulate of the circumstances under which she was going to Paris and she said that she had. I asked her whether the French consular authorities had offered any comment as to the strange circumstances and she said they had offered none. I asked her whether she had informed the French Consulate that her husband was being brought there under guard and she said that she had.

It is only necessary further to add that Mr. and Mrs. Jolles have enjoyed here and in Austria and in other countries in Europe where they are known a very good reputation in every way and have been known for their upright and correct business practices. Having known of this firm for a number of years, I

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can conceive of no possible reason for this action by the German authorities except the desire to lay hands on what may be Jewish owned property. I had never thought of either of them as Jews.

I may add that I am confident that the German authorities have been making this effort to get Mrs. Jolles to Austria in order that they may exercise pressure to secure possession of the property which is owned by the firm outside of Austria.

G. B. Messersmith.