

THE AUSTIN PLANT AT LIANCOURT, FRANCE

The Austin factory located at Liancourt, France was founded in 1919. In 1939 the firm was purchased by Robert Rothschild who was a citizen of Yugoslavia and of Jewish extraction. The business of the firm was the production of agricultural tractors. Only during the months of May and June, 1940, upon special instructions from the French Army Headquarters during the German offensive against France, Belgium and Holland, did the Austin factory devote about 90% of its production to war materials and 10% to the production of agricultural tractors for civilian consumption. A department was set up for the manufacture of war materials separate and apart from Austin's regular peace-time industry. The machines were loaned to Austin by the French Government which also furnished the machine tools, raw materials and workmen.

The owner, Robert Rothschild, was forced to flee from Liancourt with the general exodus upon the advance of the German army. He went to live south of Lyon in the Department of Dauphine and because of his Jewish extraction was unable to return to German-occupied France so he sent his non-Jewish brother-in-law, Milos Celap, to take charge of the plant. The machines owned by the French Government were sequestered by the German army. The Austin plant immediately upon the occupation in June 1940 was taken over by the German army. The German commander refused to turn over the plant to Celap because it was Jewish owned, but upon the German commander's advice Rothschild assigned his stock to Celap, whereupon the property was released to Celap on 19 October 1940. Celap remained in charge of the property until 28 December 1940 at which time he was dismissed under the provisions of the anti-Jewish Decree issued by the Chief of German Military Government for France on 18 October 1940.

This decree required the registration of Jewish enterprises and authorized the appointment of administrators for such properties. The

decree further provided that any transfer of title to Jewish property after 23 May 1940 could be declared void by the Military Governor.

After Celap's dismissal, a provisional administrator was appointed to operate the plant. The owner Rothschild, who remained in the unoccupied zone, opposed the appointment of the administrators and at all times took the position that such appointments were illegal.

In June 1942 an offer was made by the Krupp firm to Maurice Erhard, administrator of the property, for the purchase of the Austin plant for five million francs. Ten other companies, both French and German, were interested at the time in securing the property. Within a month after the offer was made by the Krupp firm, a subordinate in the office of the defendant Loeser reported that Erhard had been delaying negotiations. As a result thereof the German military authorities, after consulting with the Krupp firm, directed Erhard to give the Krupp firm a three year lease if he could not make up his mind to sell the property, and that failure on the part of Erhard to make the lease would result in his dismissal as administrator.

On 1 August 1942 Stein wrote from Paris:

"Furthermore he declared that Herr Erhard had also submitted other purchase offers after we had submitted our offer. It is therefore clearly and unmistakably proven that Herr Erhard was trying to deceive us...

"Thus, the road is open to start direct and final negotiations concerning the rent. Later, after it has been leased, one could work out quietly all the remaining details concerning the purchase..."

Defendant Loeser's subordinate recommended that the lease should be signed purely as an opening wedge for the later acquisition of the plant through a Krupp-owned French corporation.

At the time the lease was signed, the Krupp firm purchased all but thirty of the machines at a ridiculously low price according to Celap. The price for the stock of materials was to be fixed after inventory. Under the provisions of the sales contract the Krupp

firm agreed to furnish spare parts and maintain repairs on the Austin agricultural tractors then in circulation.

The lease agreement was signed by Maurice Erhard as Provisional Administrator pursuant to the German decree for the sequestration of Jewish properties for a three year period, with right of renewal for an additional three years. The Krupp firm was authorized to make extensions, improvements and modifications, and to install new machinery.

The machines of the assembly-line type for agricultural tractor production were sold or sent to other factories to be rebuilt for the Krupp firm production. Considerable machinery which was obtained in other parts of France was installed in the factory by the Krupp firm.

After the Krupp firm took possession of the Austin factory they manufactured parts for other Krupp factories in France and in Germany. These were used for war purposes. Only about 2.1% to 2.2% of the production was devoted to the manufacture of spare parts for agricultural tractors called for in the lease.

The Krupp firm continued its efforts to acquire the plant by purchase and it may be concluded that only the change in the military situation prevented the Krupp firm from finally obtaining title to the property.

The two men most active in the attempt to acquire the plant by purchase were Krupp employees named Stein and Schmidt who were representatives of the firm in France and received instructions from the Krupp firm at Essen.

In fact, in view of the acquisition of additional properties in France by the Krupp firm the defendants Krupp and Loeser discussed the advisability of establishing a French firm to supervise the various Krupp interests in France. Following subsequent discussions between Schroeder, defendant Loeser's chief subordinate, with defendant Krupp

and later with defendant Eberhardt, a joint stock company known as "Krupp Societe Anonyme Francaise" was formed. It had a capital stock authorization of 20,000 shares valued at 1,000 francs per share, 14,000 of which were held by Krupp-Essen. The plan was to have this "French Company" buy up the Austin plant at Liancourt.

Moreover, the Krupp firm selected a valuable property located in the heart of Paris: 141 Boulevard Haussman, which was to become its central office in France. This was to be accomplished by profiting again from the continental wide anti-Jewish policy of the Nazi Regime. The property was owned by Societe Bacri Freres, a Jewish firm, and had been sequestered by the commissioner for Jewish affairs. The Krupp firm's representative in Paris, Walter Stein, acting as attorney-in-fact for Krupp-Essen, obtained a lease of the property with right to purchase it within six months after the date of the lease 1 January 1943 for 2,500,000 francs--not from the rightful owners of the premises but from the provisional administrator of the Societe Bacri Freres by virtue of a decision of a commissariat for Jewish questions. This example of the Krupp firm's exploitation of the Nazi anti-Jewish policy is most objectionable because there was nothing to prevent the firm from honestly leasing or buying a building from a non-Jewish owner in Paris. The records show that on 16 September 1942 defendants Krupp and Loeser approved a loan in the sum of 1,250,000 RM for the establishment of, and loan to, Krupp S.A., Paris.

The correspondence between the Krupp firm and the Paris office shows the avidity of the firm to acquire the Austin factory and the Paris property. Stein, under instructions from Schroeder and defendant Eberhardt, had numerous conferences with German and French officials in an effort to effect the purchases. The French Finance Ministry delayed by raising objections and eventually the change in the military situation prevented the realization of those plans.

In a letter from Schroeder to Krupp employee, Stein, regarding the Paris property, he stated, in part:

"....I myself welcome the acquisition, and I can tell you, that Dr. Loeser also approves of it on principle, provided that Dr. Beusch likewise favors the acquisition...."

When the strenuous efforts to purchase the property did not materialize and difficulties arose between Erhard and the Krupp firm, Erhard through the Krupp firm's influence was dismissed as the provisional administrator and was succeeded in that position by Richard Sandre who was a friend of Krupp employee, Schmidt, mentioned above.

About 6 February 1944, Sandre, the new administrator, called upon Rothschild, the owner, to obtain financial information in order to assess the valuation of the shares of stock of the company. Rothschild had taken along with him all the books of the company containing all the accounting data. Sandre said there was a buyer for the shares and Rothschild knew that the Krupp firm was to be the buyer and that they were already in possession of the property by lease and that they had bought the machines.

Rothschild refused to give the information and was threatened several times. He was told by Sandre "If you don't want to give me that information, well, you can just imagine what will happen to you." Rothschild still refused.

On 21 February 1944 Rothschild was arrested and on March 7th was taken to Auschwitz from which concentration camp he has never returned. He sent a note through a friend to Celap his brother-in-law while being held in a transit camp in France that he had exact information to the effect that the whole affair had been arranged by Sandre and Damour (Damour was the lawyer for the Commissioner for Jewish properties at Lyon).

The Krupp workers evacuated the plant just a few days before the entry of the American troops. Eighteen machines which they had collected

in France were dismantled and taken to Germany. Among these were two of the machines originally obtained from the Austin plant.

The lease and management of the plant, the purchase of the machinery, and the attempts to permanently acquire the property were carried on by the Finance Department of the Krupp firm which was headed by defendant Loeser until April 1943, thereafter by defendant Janssen. The contract for the purchase of the machinery and the lease for the plant were approved by defendants Krupp and Loeser on behalf of the Vorstand. The programs for production at the plant and decisions relating thereto were made by defendants Krupp, Janssen and Eberhardt. In November 1943 defendant Alfried Krupp inspected the plant. He was pleased with its operation but suggested the production of widia tools in order that the plant might be fully utilized. A subordinate in the Finance Department passed this recommendation on to defendants Janssen and Eberhardt suggesting a meeting at Essen. As a result the installation of widia tool production at the Austin factory had been started by March 1944.

On 24 May 1941 a circular was issued by the Krupp Directorate, signed by defendant Loeser, stating that the Krupp firm's interest as to acquiring other plants must be pursued as opportunities occur and that essential information must be communicated without delay to him so that the treatment of the matter can be decided within the small circle of the directorate. On the distribution list were defendants Krupp, Houdremont, Mueller, Janssen, Pfirsch and Korschan.

We conclude from the credible evidence before us that the confiscation of the Austin plant based upon German inspired anti-Jewish laws and its subsequent detention by the Krupp firm constitute a violation of Article 43 of the Hague Regulations which requires that the laws in force in an occupied country be respected: that it was also a violation of Article 46 of the Hague Regulations which provides that private property must be respected: that the Krupp firm, through

defendants Krupp, Loeser, Houdremont, Mueller, Janssen and Eberhardt, voluntarily and without duress participated in these violations by purchasing and removing the machinery and leasing the property of the Austin plant and in leasing the Paris property: and that there was no justification for such action, either in the interest of public order and safety or the needs of the army of occupation.