

SECRET

I. Liquidation and Concealment of Assets

1. When the ultimate collapse of Germany became evident, and the Portuguese Government gave signs of responding to Allied pressure for restrictions on German nationals, Dithmer and the German Group initiated active steps to conceal their real wealth. Evidently warned in time, they started the liquidation of the assets of both Companhia Mineira do Norte de Portugal and Empresa Mineira Sabrosa. The newly acquired liquid assets were then turned into various forms of concealed assets. Dithmer and his friends had long before begun the practice of acquiring real estate, moving picture houses and interests in small enterprises, using Portuguese friends as cover. However, in March 1945, they began large-scale acquisitions of concealed assets. In April and the first half of May there was a tremendous increase in the German Group's activity, both in disposing of their "freezable" assets, and in acquiring new concealed assets.

2. It is reasonable to suppose that Dithmer is continuing his acquisition of assets through Portuguese friends, though temporarily on a reduced scale. State Department reported that the laboratories "Kudi" were being rented by Companhia Mineira do Norte de Portugal to a partnership formed by two of Dithmer's former engineers. Ostensibly, a Portuguese research and experimental laboratory is open to service all businesses in Portugal. Since the monthly rental is only nominal (1,500 escudos), it is obvious that the German Group's interest here is not in obtaining additional cash. Rather, they are maintaining and improving that very intangible asset, technological "know-how", at the same time continuing their title to an installation reliably estimated at 1,000,000 escudos.

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