

EXAMINER'S REPORT

October 5, 1942

NAME AND ADDRESS:

Union Banking Corporation  
Room 2501  
39 Broadway  
New York, New York

TELEPHONES: Digby 4-0577 and 4-0578

PRESENT STATUS OF BUSINESS:

The corporation is presently operating under Treasury supervision and was granted licenses 360013 Ext. and 417430 to buy \$1,000,000 Bankers' Acceptances and \$2,000,000 prime commercial paper, respectively, the latter license expiring September 30, 1942. 1/

NATURE OF BUSINESS:

The Union Banking Corporation is an investment company and prior to the outbreak of the war was engaged in buying and selling securities principally for the account of Bank voor Handel en Scheepvaart, N. V., Rotterdam, The Netherlands. At present the corporation is buying and selling United States securities and prime commercial paper through Brown Brothers, Harriman and Company for its own account. 2/

CORPORATE AND FINANCIAL STRUCTURE:

Subject corporation was incorporated August 4, 1924 under Article VII of the Banking Laws of the State of New York with an authorized capital of \$400,000, represented by 4000 shares of common stock, par value \$100, all of which have been issued and are outstanding. 3/

1/ TFBE-1 Affidavit dated August 1, 1942 signed by Cornelis Lievens, President. (APC File D-49-283).

2/ Ibid.

3/ Ibid.

DECLASSIFIED  
100-10501  
19 MAR 03 1974

As of June 30, 1942, assets were listed as \$3,130,735.72, with current liabilities of \$2,397,166.82, of which \$2,280,734.39 was due to the Bank voor Handel en Scheepvaart. <sup>4/</sup> A copy of the balance sheet and Profit and Loss statement is attached as Exhibit 1. The corporation's accounts are audited by Haskins & Sells, Certified Public Accountants, 67 Broad Street, New York, New York.

BANKING FACILITIES:

The subject corporation banks with Brown Brothers, Harriman & Company, 59 Wall Street, New York City, and maintains inactive accounts with the Guaranty Trust Company, 140 Broadway, Chase National Bank, 11 Broad Street, and National City Bank, 52 Wall Street, all of New York City. <sup>5/</sup>

HISTORY OF CORPORATION:

Union Banking Corporation was originally organized by several of the partners of Harriman and Company (now Brown Brothers, Harriman and Company). W. Averill Harriman was in Europe sometime prior to 1924 and at that time became acquainted with Fritz Thyssen, the German industrialist. Thyssen had formed the Bank voor Handel en Scheepvaart in Rotterdam and presumably controlled that institution. At one of his meetings with Harriman, Thyssen told Harriman that he was forming a bank in New York to look after his interests in the United States and asked Harriman to serve on the Board. Harriman agreed that certain of his associates would serve as directors and as a result various members of the Harriman organization have been on the Board of the Union Banking Corporation ever since. <sup>6/</sup>

<sup>4/</sup> TFBE-1 Affidavit dated August 1, 1942, supra

<sup>5/</sup> Ibid.

<sup>6/</sup> Letter from Knight Woolley to William R. White, State Superintendent of Banks, dated January 14, 1941. (APC File D-49-283)

DECLASSIFIED  
EX-105  
1980

DECLASSIFIED

Authority

E.O. 12958

By

1A NARA Date 6/12/99

-3-

H. J. Kouwenhoven, one of the managers of Bank voor Handel en Scheepvaart, came to the United States once or twice prior to 1924 for conferences with the Harriman Company in this connection, and in 1924 Kouwenhoven and Cornelis Lievensse came over together for a series of conferences which resulted in the formation of the Union Banking Corporation and the election of Lievensse as its president and dominant figure. <sup>7/</sup>

The incorporators, as reflected by the certificate of incorporation dated at New York City on August 4, 1924 were:

E. Roland Harriman (Harriman & Company)  
New York, N. Y.

Samuel F. Pryor (Harriman & Company)  
Greenwich, Conn.

Joseph P. Ripley (Harriman & Company)  
Garden City, L.I.

James D. Sawyer (Harriman & Company)  
New York, N.Y.

Garrard Glenn  
New York, N.Y.

William B. Walsh  
Brooklyn, N.Y.

DeWitt C. Jones, Jr..  
Englewood, New Jersey

The incorporators paid a total of \$1,350 into the corporation's treasury for their ten shares of stock, of which amount \$1,000 applied to capital and \$250 to surplus. At the first director's meeting on August 6, 1924, Cornelis Lievensse was elected President and J.P. Ripley, Secretary and Treasurer.

<sup>7/</sup> Notes on interview with Lievensse, September 8, 1942 by Examiners Gorsuch and Beenhouwer. (APC File D-49-283).

The directors accepted an agreement of subscription from E. Roland Harriman for 3,990 shares (out of 4,000 authorized) at a price of \$125 each, of which \$100 applied to capital and \$25 to surplus. The directors then elected H. J. Kouwenhoven and Johann G. Groeninger as directors, vice DeWitt C. Jones, Jr., and William B. Walsh resigned. S/

MANAGEMENT:

The present directors of Union Banking Corporation are:

<u>Name and Address</u>	<u>Citizenship</u>	<u>Other Business Affiliations</u>
E. Roland Harriman (Chairman) 10 E. 68th St., New York City	U. S.	Partner of Brown Brothers, Harriman and Company
Ray Morris 41 E. 74th St., New York City	U. S.	Partner of Brown Brothers, Harriman and Company
Harold D. Pennington 94 3rd St., Garden City, L.I.	U. S.	General Manager of Brown Brothers, Harriman and Company
Prescott S. Bush Greenwich, Conn.	U. S.	Partner of Brown Brothers, Harriman and Company
H. J. Kouwenhoven Voorburg, Netherlands	Netherlands	Managing Director, Bank, voor Handel en Scheepvaart; Director, August Thyssen-Bank; Director, Vereinigte Stahlwerke
Johann G. Groeninger Rotterdam, Netherlands	Naturalized citizen of Netherlands, born in Germany	Managing Director, The Halcyon Line, Rotterdam, Holland

S/ Treasury report of Erwin G. May, Treasury Attaché, dated September 15, 1941. (File D-9-100 49-198)

DECLASSIFIED  
100-10501  
NARA Date 5/13

(Continued)

C. Lieveense	Naturalized citizen of U.S., born in Netherlands	Director, August Thyssen-Bank 9/
Cedar Swamp Road Glen Head, L.I.		

The officers are Cornelis Lieveense, President; Harold D. Pennington, Secretary and Treasurer; Walter Kauffmann, Assistant Secretary and Assistant Treasurer, and E. Roland Harriman, Chairman of Board. 10/

CORNELIS LIEVEENSE - Lieveense was born in Maassluis, The Netherlands, and has been a close friend of Kouwenhoven since boyhood. He was in the insurance business for 15 years. In 1921, at the suggestion of Kouwenhoven, they formed a small export corporation in Rotterdam, known as "Norma", which was not successful. For a short time during this period Lieveense was on the Thyssen payroll. Thereafter, in 1924, Kouwenhoven brought Lieveense to the United States and established him as president of the Union Banking Corporation upon its formation. He subsequently became president and director of five other affiliated corporations which were later organized in New York, namely, Holland-American Trading Corporation, Seamless Steel Equipment Corporation, Domestic Fuel Corporation, Cedar Swamp Road Realty Corporation and Religious Publications, Inc. These corporations occupy the same offices at the Union Banking Corporation and Kouwenhoven is a director or shareholder in all except Domestic Fuel Corporation.

Lieveense was naturalized on January 29, 1932 in the Supreme Court of Nassau County at Mineola, New York, certificate No. 3536187. 11/

WALTER KAUFFMANN - Kauffman was born in Geestmunde, Germany, and about 1920 entered the employ of the Centrale Handels Vereeniging, Veerkade, Rotterdam, The Netherlands, a steel export agency for the Thyssen interests. He originally came to New York in 1926 as the representative of Centrale Handels Vereeniging and occupied a desk with the Holland-American Trading Corporation in the offices

9/ TFRE-1 report and report of Erwin G. May, supra. Also letter from J. Edgar Hoover to APC (File D-49-283).

10/ Rand McNally's Bankers Directory, 1941.

11/ Statement of Lieveense to Examiners Gorsuch and Beenhoof (D-49-283).

DECLASSIFIED  
APR 10 1951  
NARA DISTRICT OFFICE  
APR 10 1951

of the Union Banking Corporation. This venture was not particularly successful and he subsequently became an officer and director of Union Banking Corporation and its affiliates, the Holland-American Trading Corporation, Seamless Steel Equipment Corporation and Domestic Fuel Corporation. Younghover was naturalized September 16, 1932 in the Court of Common Pleas, Hackensack, New Jersey, certificate No. 3592608. 12/

OWNERSHIP

All of the capital stock of Union Banking Corporation, since the inception of the corporation has been registered in the names of the directors and held by them as nominees for the Bank voor Handel en Scheepvaart, Rotterdam, The Netherlands. A majority of the shares (3,991 out of 4,000) are registered in the name of E. Roland Harriman, Chairman of the Board, and the remaining shares are registered in the names of the other directors. 13/ The stock is kept in safe deposit box No. 9713 in the name of Bank voor Handel en Scheepvaart at the Chase Safe Deposit Company, 25 Broadway, New York City. 14/

"ENEMY NATIONAL" INFLUENCE

Bank voor Handel en Scheepvaart, N. V., which owns the stock of the Union Banking Corporation, is of German origin, having been established in 1918 by the Thyssen family of Germany to administer their foreign investments. Until the middle of 1939 there had been no change in the ownership of Bank voor Handel en Scheepvaart. 15/

The Thyssens owned and controlled a number of coal and steel corporations which were merged into Vereinigte Stahlwerke (United Steel Works Corporation) of Dusseldorf, Germany, in 1926. Fritz Thyssen for many years occupied the position of Chairman of the Board while Hans Thyssen and Heinrich Thyssen-Bornemisza, brothers of Fritz, were also on the Board of United Steel Works Corporation. 16/

12/ Statement of Fauffmann to Examiners Gorsuch and Beenhower dated September 9, 1942.

13/ TFBE-1 report, supra.

14/ TFR-300, Series B. (File F-9-100 49-201).

15/ Excerpts from files Chase National Bank, Guaranty Trust Company, and Brown Brothers, Harriman & Company, APC file, and letter of Knight Woolley to State Superintendent of Banks.

16/ German "Who's Who" of 1935.

DECLASSIFIED

Authority E.O. 12958  
By JA NARA Date 6/22

-7-

During the years 1929 and 1930, Dr. A. Vögeler, President and Managing Director of the United Steel Works Corporation, was on the Board of Directors of Bank voor Handel en Scheepvaart. 17/

The present directors of the Bank voor Handel en Scheepvaart, N. Y. are A. Ben Bandt and Johann G. Groeninger. The managers are D. C. Schutte and H. J. Kouwenhoven. 18/

Kouwenhoven, a director of Union Banking Corporation, is on the Supervisory Board of the United Steel Works Corporation and is also a director of the August Thyssen-Bank, Berlin, Germany. (August Thyssen is the father of Fritz, Hans and Heinrich). D. C. Schutte is a director of the August Thyssen-Bank, as is also Cornelis Lieveense, President of Union Banking Corporation. 19/

Lieveense denies positive knowledge of the ownership of Bank voor Handel en Scheepvaart, but believes that it is now controlled by Baron Heinrich Thyssen-Bornemisza. Heinrich married into Hungarian nobility and acquired Hungarian citizenship, although he has resided for a long time in The Hague, Netherlands. During a transatlantic telephone conversation after the outbreak of the war in September, 1939, Kouwenhoven told Lieveense that, whatever the ownership of Bank voor Handel en Scheepvaart might have been in the past, it was then in neutral hands. This conversation took place in connection with the seizure of certain assets in Canada of the Domestic Fuel Corporation by the Canadian Alien Property Custodian, and according to Lieveense probably meant that Baron Heinrich Thyssen-Bornemisza had taken over the control of the Bank voor Handel en Scheepvaart, since Hungary was at that time neutral.

Excerpts from the credit files of Brown Brothers, Harriman & Company, Chase National Bank, and Guaranty Trust Company re Bank voor Handel en Scheepvaart establish that the latter bank was organized and owned by the Thyssen family of Germany and was closely affiliated with the Vereinigte Stahlwerke A.G. of Dusseldorf, Germany. It has interlocking directorates with the latter steel combine and also the August Thyssen-Bank of Berlin, Germany.

17/ Annual report of Bank voor Handel, APC File. (D-49-283).

18/ Ibid.

19/ 1938 report of August Thyssen-Bank A.G. (File D-49-283).

DECLASSIFIED

Authority E.O. 10501  
NARA Date 6/12/93

-8-

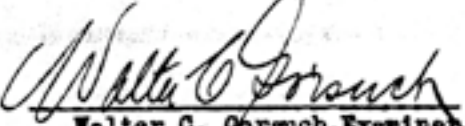
Its primary purpose has always been to administer the foreign investments of the Thyssen concerns located in Germany, and the Union Banking Corporation has since its inception handled funds chiefly supplied to it through the Dutch bank by the Thyssen interests for American investment. 20/

POSSIBLE VESTIBLE PROPERTY

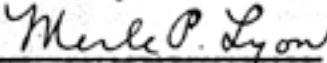
4,000 shares of capital stock of Union Banking Corporation, par value \$100, registered in names and amounts as follows:

E. Roland Harriman	3,991 shares
Cornelis Lievensse	4 shares
H. D. Pennington	1 share
Ray Morris	1 share
<u>Prescott S. Bush</u>	<u>1 share</u>
H. J. Kouwenhoven	1 share
Johann G. Groeninger	1 share

which stock is held by them as nominees for the Bank voor Handel en Scheepvaart, Rotterdam, The Netherlands, which is owned by one or more of the Thyssen family, nationals of Germany and Hungary.

  
Walter C. Gorsch, Examiner

Reviewed by:

  
Merle P. Lyon

20/ Excerpts from credit files of New York banks set out in detail in APC File D-49-283.



DECLASSIFIED

Authority 63.1050  
 By JA NARA Date 6/12/93

EXHIBIT A"

UNION BANKING CORPORATION  
 39 Broadway  
 NEW YORK, N. Y.

Telephone:  
 Digby 4-0577-9

Cable Address:  
 Ubanking

CODES:  
 Bentley's Scott's  
 Peterson International  
 Acme

BALANCE SHEET  
June 30, 1942

Cash.....	\$1,069,414.12	Capital.....	\$ 400,000.00
Securities.....	2,004,405.83	Surplus.....	150,000.00
(Acceptances)			
Loans Receivable.....	53,000.00	(Due Foreign Bks/ Customers.....	2,396,628.37
Interest Investment Receivable.	3,657.02	Res. Depreciation Sec.	60,921.64
Interest Loans Receivable.....	77.75	Accounts Payable.....	538.45
Dividend Receivable.....	172.00	Reserve Taxes.....	206.65
Accounts Receivable.....	9.00	Und. Profits '41 \$118,424.85	
		" " '42 4,015.76	
			<u>122,440.61</u>
	<u>\$3,130,735.72</u>		<u>\$3,130,735.72</u>

PROFIT AND LOSS

Expenses.....	\$ 7,544.69	Interest Investments..	\$ 7,601.84
		Dividends.....	741.00
		Interest Loans.....	422.33
Balance.....	4,015.76	Profit & Sale of Sec..	2,795.28
	<u>\$11,560.45</u>		<u>\$11,560.45</u>