

Johannes Bähr, Ingo Köhler

Persecuted, “Aryanized”, Compensated?

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How the Department Store Group Hermann Tietz
Became Hertie

Translated into English by Richard Pettit

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Contents

Introduction — 1

- 1 “The Largest Privately-owned Department Store Group in Europe”:
The Hermann Tietz OHG 1882 to 1932 — 7**
 - The Rise from a Linens Store to a Department Store Empire — 7
 - The Entrepreneurial Family after the Death of Oscar Tietz — 13
 - “A World of Its Own”: The Hermann Tietz Group — 17
 - The Beginning of the End? The “Payment Slump” in the Great Depression — 24

- 2 From Hermann Tietz to Hertie: The “Aryanization” 1933/34 — 33**
 - The “Department Store Question” and Anti-Semitic Agitation — 33
 - The “Anti-Jewish Boycotts” after the National Socialist Takeover — 36
 - Edging towards Collapse: The Hermann Tietz Group in the Department Store Crisis of Spring 1933 — 41
 - The Path to Hertie: The Banks’ Conversion Plans and the Political Framework — 46
 - The Founding of Hertie and the Beginning of the “Aryanization” of the Hermann Tietz Company — 54
 - The “Aryanization” of the Group Assets in the Partition Agreement of 1934 — 70
 - Georg Karg: Profiteer with Ambitions — 81

- 3 From the Banks to Karg. The Hertie Waren- und Kaufhaus GmbH 1935 to 1937/40 — 89**
 - The Next Crisis — 89
 - How Georg Karg Took Over the Hertie Group — 99
 - Karg, Neckermann and the Zentrallagergemeinschaft für Bekleidung, ZLG (1942–1944): A Digression — 111

- 4 Emigrated and Plundered. The Tietz Family after the “Aryanization” of the Company — 115**
 - The Affiliated Companies and the Legends about a “Severance Payment” — 115
 - The Costly Farewell to Germany — 122
 - The First Stage of Emigration and the Financial Naturalization of the Tietz Family in Liechtenstein — 127

From Camp to Camp: The Emigration of the Zwillenberg Family — **133**
Robbed and Expropriated: The Confiscation of Family Property — **136**
The Callous Exploitation of Household Goods and Collections — **146**

5 Rebuilding and Safeguarding. The Hertie Waren- und Kaufhaus GmbH in the Post-war Period 1945 to 1974 — 150

Loss and New Beginnings — **150**
Integration of Hansa AG and AWAG-Wertheim Holding: A Digression — **155**
Growth and First Signs of Crisis — **158**
Reorganization as a Foundation-owned Company, 1953 to 1974 — **164**

6 *Wiedergutmachung*: Complicated Issues — 173

A Sketch of Special Laws and Rights — **173**
Claims and Objections: Early Restitution Negotiations — **179**
The Settlement with Hertie in 1949: Restitution by Leasing — **190**
Harmonies and Dissonances: The Implementation of the Settlement — **195**
Duty or Charity: The Restitution Case of Paul Held Nachf. 1953/54 — **214**
Restitution of Real Estate and Land — **221**
Bureaucratic Compensation — **231**

Conclusion — 238

Appendix

Acknowledgement — 251

Notes — 253

List of Abbreviations — 303

Picture Credits — 307

Primary Sources — 309

Bibliography — 313

Index of Persons — 321

Introduction

When the Tietz/Zwillenberg family had to give up their department store group at the end of 1934, it was the largest of the ever-increasing “Aryanizations” at that time. The name “Hermann Tietz,” one of the most prestigious in German retail, was ostracized by the National Socialists and disappeared from cities, commercial registers and later also from historical memory. The department stores that were sold continued to function; they now belonged to Hertie Waren- und Kaufhaus GmbH, whose name indicated the origin of their assets. But this was no longer an issue, not even when it would have been possible again to inquire about it after the country was liberated. With the takeover by the managing director Georg Karg, who was appointed in 1933, Hertie had become the concern of another family, and in West Germany during the “economic miracle” of the 1950s and 1960s, this name stood for a new consumer world just as naturally as Hermann Tietz had done in earlier times. After Hertie concluded a settlement with the Tietz/Zwillenberg family in 1949, questions about past injustice no longer seemed to be permissible.

At Hertie, people acknowledged the tradition that was associated with the previous name. However, there was no talk of “Aryanization”, and since its conditions remained unknown, Hertie was able to present it unchallenged in a euphemistic narrative: the Hermann Tietz Group had perished in the global economic crisis of the early 1930s and was therefore taken over in a strictly non-politically motivated rehabilitation. The Tietz/Zwillenberg family had left the country with a generous severance payment and was also treated extremely favorably in the settlement with the Hertie Group. Since the 1990s at the latest, source-based studies have left no doubt that the Tietz/Zwillenberg family had lost their department store group due to “Aryanization” carried out by Hertie. However, a comprehensive reappraisal was still pending, and the subsequent story of the *Wiedergutmachung* (compensation) remained completely obscure. It has now been almost 90 years since the “Aryanization Agreement” and more than 70 years since the settlement.

Why has the reappraisal not happened until now? The period of time is too long to be accounted for by the collective repression of the brown past in post-war German society. Even later, when the role of companies during the Nazi era was critically perceived and widely examined, the department store companies received little attention. It is now known that this industry was affected like no other by “Aryanization” and that the careers of almost all the post-war goods and mail-order entrepreneurs were based on it. It is all the more astonishing that, with few exceptions, such as the reports on the Schocken and Wertheim depart-

ment store groups that appeared in the 1990s, there has hardly been any academic analysis on the fate of the Jewish department stores under National Socialism.¹

Contributing no doubt to this lack of critical attention is the fact that in the case of Hertie the firm no longer existed when the persistent silence of the companies in question about their role during the National Socialism era was first criticized on a broad societal basis around the mid-1990s. After the takeover of Hertie by Karstadt in 1994, there was a lack of structure and sensitivity for shared historical remembrance. Company anniversaries no longer provided an opportunity for self-reflection, and critical inquiries from international business partners, which provided necessary food for thought in many still-viable companies, also disappeared. Nevertheless, several institutions, such as the non-profit Hertie Foundation (Gemeinnützige Hertie-Stiftung), the Karg Family Foundation (Karg'sche Familienstiftung), and the Karg Foundation (Karg-Stiftung), still operated in the Hertie company's tradition. However, in the day-to-day work of these foundations, which were founded only in the Federal Republic, the history of the department store did not come into focus; this was most likely also because there was no personal connection to the company. In the meantime, there were apparently considerations about conducting research into the history of Hertie and preparing a biography of the foundation's founder. However, the projects remained stalled in the concept phase. There are no personal documents, writings, or correspondence relating to Georg Karg in particular that would make him sufficiently visible historically. To date, only a few subchapters in Simone Ladwig-Winters' study on Wertheim, published in 1997, have offered source-based explanations for the "Aryanization" of the Hermann Tietz company.²

The fact that a comprehensive study of the Nazi history of Hertie and the discontinued Hermann Tietz OHG is now being published is due to a change in thinking, which, however, had to be actively initiated. The impulse goes back to a group of students and alumni from the Berlin Hertie School who came together in 2018 to form the Her.Tietz initiative. They called on the Hertie Foundation, as the sponsor of the educational institution, not only to teach democracy, but also to assume civil responsibility for the National Socialist past. Their critical inquiries into the origins of Hertie's name and assets as well as the fate of the Jewish owner families gained momentum in the German press and ultimately prompted the foundation's board of directors to take up the issue. Since then, the Hertie Foundation has shown itself to be seriously involved in researching the burdens of its past. In 2020, the board commissioned the Gesellschaft für Unternehmensgeschichte in Frankfurt to identify independent historians to undertake a source-based analysis and assessment of the history of Tietz and Hertie during the Nazi era. As a result, the foundation granted the authors unrestricted access to all rele-

vant documents and complete freedom in evaluating and formulating their findings. This study represents the first independent investigation into the corporate history of the department store group and its Jewish and non-Jewish owners during the period of National Socialism.

The scope of the investigation, however, is not limited to the years 1933 to 1945 and thus to the loss of the Tietz family's commercial and private assets in the context of "Aryanization" and state confiscation. The perspective expands beyond the epochal threshold of the end of the war to the disputes that occurred in the Federal Republic over potential *Wiedergutmachung* for the injustice. An analytical arc is drawn to trace the history of the encounter between those responsible for Hertie and the Tietz family during the historically tense period between appropriation and reappraisal, dictatorship and youthful democracy.

The study itself is divided into six sub-chapters, which are grouped along the main themes. The first chapter describes the beginnings of Hermann Tietz OHG and the company's almost unbridled rise until the global economic crisis of 1929. It is important to clarify whether and to what extent the department store group actually ran into a liquidity crisis before the Nazis came to power. Had Hermann Tietz OHG actually become a case for restructuring due to the urge to expand too quickly, as was rumored in 1933 and also in the post-war period?

The second section follows directly on this question by assessing the consequences of the anti-Jewish boycotts and then tracing in detail the individual steps of the "Aryanization" of the company in 1933 and 1934. The focus is not only on reconstructing the circle of those involved, but also on asking to what extent the new Hertie management worked with banks, state and party authorities to force the Tietz family out of the company. What role did Georg Karg play, who advanced from purchasing manager to managing director? The financial details of the transfer of ownership are also unclear; what was the value of the group's numerous operating department stores and real estate companies, how were they assessed, and how were the claims and obligations between the OHG, the family, and Hertie dealt with?

The ensuing third chapter explains how Georg Karg managed to gain complete ownership of Hertie GmbH over the course of the 1930s. What motivated him to take this step? Where did his capital come from to buy out the banks' shares, and why did the banks ultimately release the department store group into his control?

While the focus of the study up to this point has been primarily on an analysis of buyer behavior, the perspective changes in chapter four to the fate of the Tietz family after the sale of their company. It shows how the individual branches of the family tried to protect themselves and their assets from the Nazi regime. The scope of their lives and work eventually narrowed in line with the radicaliz-

ing Nazi Jewish policy to such an extent that by 1938 at the latest there was hardly any real alternative but emigration. In this context, the study addresses the ruthless confiscation and exploitation of all property values, private real estate, and the personal belongings of the Tietz family remaining in Germany by the Nazi state and its numerous accomplices.

The four major chapters dealing with the period of National Socialism are followed by two sections that first look at the reconstruction and reorganization of Hertie in the immediate post-war period and finally problematize the scope and practices of private restitution and state compensation. The study documents that a private settlement between Georg Karg and the Tietz family came about quite quickly, as early as 1949, in which the parties faced each other in changed roles: as those liable for restitution and those entitled to restitution. Here too, the aim of the investigation is to reconstruct the financial compensation regulations in detail. As with the analysis of the “Aryanization processes”, the particular focus is on a critical examination of the motives, interests, and patterns of action of those involved. The study is thus able to show how the parties managed to find common ground for negotiations about restitution, despite their relationships being heavily burdened by the past.

It is, therefore, equally economic, political, and social categories of structure and action that characterize our methodological approach to this case study and our attempt to overcome the classic determinism between structuralism and intentionalism in Nazi research.³ In the meantime, extensive economic history research has very clearly elaborated that the Nazi system created numerous incentives and enabling structures for German entrepreneurs to become actively involved in the process of “Aryanization” or, in the absence of business options, to willingly allow themselves to be involved in the accompanying activities.⁴ The Hertie case is undoubtedly one of the very early “Aryanization cases” in National Socialism. It comes at a time when repressive measures of the state were particularly noticeable in the department store industry, but the requirements for the transfer of ownership had not yet been systematically determined.⁵ There was still scope for private negotiation concerning the takeover conditions. What was even more important for the development of “Aryanization” was the behavior of the acquirer towards the Jewish “business partners.” In his groundbreaking studies more than twenty years ago, the historian Frank Bajohr called for differences in the behavior patterns of buyers to be taken seriously. Henceforth it becomes important to take into account to what extent the loss of moral and civilizational standards of behavior, which was evident early on in politics and society, also resulted in an erosion of traditional commercial etiquette in the field of business.⁶

Our study follows this microhistorical approach by not only reconstructing the business techniques of the “Aryanization transfer”, but at the same time working out the motives and forms of action of the people involved. So where can Georg Karg’s actions be placed in the broad spectrum of possible motives, which ranges from ideological drives to unscrupulous financial enrichment to passive benefit from the other person’s predicament? Was Karg simply climbing aboard the attacks already launched against the Tietz family, or was he an active driver of the process? Similar questions regarding incentives and intentions can be formulated for the banks involved in “Aryanization”. By just determining the purchase price for a company that was presumably deeply affected by the economic crisis and the anti-Jewish boycotts, the tension between commercial morality and business calculations can be determined. However, the question of the fairness of the purchase price and the profits of the “Ariseur,” which is more than understandable from today’s perspective, remains extremely difficult to answer historically. The investigative basket of solid evidence is only sparsely filled with circumstantial evidence.⁷ However, a reconstruction of the negotiation processes and the controversies inherent in them that are as detailed as possible can at least clarify the framework for action and the principles of evaluation. It is thus important to take a close look at the process of “Aryanization” in order to work out the peculiarities of the Hertie case, uncover the practices of appropriation, and assess the intensity of the interaction with anti-Jewish repressive measures. This is the highest level of historical transparency that can be achieved to not only analyze decision-making processes, but also to make visible the perceptions, values, and attitudes behind them in conducting business under a dictatorial regime.

Since there is no cohesive archive of records pertaining to Hertie, the task of this project was to use all available sources that could be accessed through extensive research. The program had to be carried out with some delay, due to archive access and travel restrictions during the pandemic. In addition to the relevant holdings in public archives, especially the Federal Archives in Berlin, the State Archives in Berlin, and the State Archives in Munich, files from the archives of Commerzbank AG and the Warburg Foundation proved to be productive. The inventory of historical documents at the Karg Family Foundation, files from the Berlin Compensation Board (Berliner Entschädigungsbehörde), and the files from the Liechtenstein State Archives in Vaduz relating to the emigration of the Tietz family were also accessible. What proved to be particularly valuable were the documents recorded by the daughter of Georg Tietz, Rösli (Roe) Jasen, and his grandchildren June and Henry Jasen. With the much-appreciated support of the family, these documents were evaluated at the Leo Baeck Institute (LBI) in New York. The editors are also indebted to Charlotte Knobloch for a contempo-

rary witness interview and an instructive insight into documents from the law firm of her father Fritz Neuland, who represented the Tietz/Zwillenberg family in the restitution proceedings against Hertie. On the other hand, Hugo Zwillenberg's estate, which was handed over to the Zwillenberg Foundation (Berne) within Helga Zwillenberg's estate, could not be used because it is locked until the planned handover to the Leo Baeck Institute branch in the Jewish Museum Berlin.

The history of a family business is always the history of a family. The "Aryanization" of the Hermann Tietz company by Hertie, the settlement agreed upon between both sides, and the respective consequences are the story of two entrepreneurial families – on the one hand the Tietz/Zwillenberg/Jasen family, on the other the Karg family. In the case of the former, the history runs through three generations: from Betty Tietz, who had already witnessed the founding of the Hermann Tietz company in 1882 by her future husband Oscar and her foster father Hermann, through the generation of the owners Georg and Martin Tietz and Hugo Zwillenberg, who were forced out of their company, emigrated and settled with Hertie in 1949, until the next generation including Rösli (Roe) Jasen, Hans Herrmann Tietz, Lutz Oscar and Helga Zwillenberg, who emigrated in their youth and later had to deal with the Hertie Group concerning the restitution of assets. On the Karg family side, only Georg Karg took on an active role, initially as managing director of Hertie, then from 1937 as head of the group, which he effectively led until his death in 1972.

The forced displacement of the Tietz family from their company stands like no other example of the early "Aryanizations" in the Nazi era, the significance of which was underestimated for a long time. Nevertheless, it cannot be considered a model.⁸ In this book, it becomes clear that the process of the Tietz family's "Aryanization-related" asset losses spanned a period of over nine years and varied in form from the loss of company assets, to fiscal plunder, to the confiscation of private collections. This investigation thus expands the recently improved level of knowledge regarding the destruction of the so laudable Jewish department store entrepreneurship.⁹

It remains to be hoped that this book will encourage further research into the history of department stores in Germany and finally give the legacy of their owners and their families, who were persecuted during the Nazi era, a permanent place in German economic history and culture of remembrance.

1 “The Largest Privately-owned Department Store Group in Europe”: The Hermann Tietz OHG 1882 to 1932

The Rise from a Linens Store to a Department Store Empire

On November 30, 1926, Georg Tietz, Martin Tietz and Hugo Zwillenberg, the managing owners of Hermann Tietz OHG, recorded their greatest success. On that day, they managed to take over the department store chain A. Jandorf & Co., which included six large Berlin department stores, including the sophisticated Kaufhaus des Westens (KaDeWe). A few weeks earlier, the M. Conitzer and Söhne Group had joined Hermann Tietz’s purchasing group. The group of companies, which also included numerous real estate, trading, and manufacturing companies, was already described in the press as “The largest department store group in Europe” (*Vossische Zeitung*).¹ That was a bit of an exaggeration, but in the vibrant department store metropolis of Berlin, Hermann Tietz OHG now ranked in first place and in second place throughout Germany.

It was the culmination of a success story that had begun on March 1, 1882. At that time, Oscar Tietz opened a yarn, button, trimmings, white goods and wool goods shop in Gera. Tietz, who had previously worked in his older brother Leonhard’s trading business in Stralsund and was a furniture salesman in Berlin, was unable to finance the founding from his own resources. His uncle Hermann Tietz provided him with start-up capital of 1,000 marks, and Oscar thanked him by naming the business after him.²

The Tietz family came from Birnbaum (since 1919 Międzychód), a small town in what was then the Prussian province of Posen, where their ancestors had settled during the time of Frederick the Great. As members of a liberal Jewish community, several generations of the family worked there in trade and transportation. The town of Birnbaum has gone down in economic history as the “cradle of department stores” because it produced four founding families of department stores and two additional families came from the surrounding area.³ Several department store chains were founded by one branch of the Tietz family alone. In addition to Oscar Tietz, these pioneers included his older brother Leonhard, whose company existed for over 140 years – most recently under the name Galeria Kaufhof GmbH –, his uncle Julius and his brothers Markus and Karl, the founders of the H & C Tietz department store.⁴ The first generation of the family, Hermann Tietz and three of his brothers, left Birnbaum and lived in the USA for a long time, Hermann as a farmer in Tennessee, among other activities. After



Fig. 1: Oscar Tietz, undated.

their return during the Franco-Prussian War of 1870/71, the brothers founded a trading business in Prenzlau; in the next generation, Hermann's nephews Leonhard and Oscar decided to start their own businesses.

The brothers' unprecedented rise in German retail was based on new business models. Oscar relied on a program of "large selection and low prices,"⁵ which was still viewed as an impractical strategy at the time. Low-priced wares were considered junk goods with no profit to be made. Tietz, for his part, recognized that the profit was made in acquiring merchandise from the source, and he purchased the goods directly from the manufacturers, bypassing wholesalers, and secured liquidity for his business by only selling for cash. For customers, this had the advantage of being able to shop more economically and not being tied to a specific store by buying on credit, as was usual in speciality stores at the time.

Twelve years after founding the Hermann Tietz company, Oscar Tietz was able to open a department store in Munich. In the converted Imperial Office Building (later “PINI House”) on the Stachus, and behind large shop windows on five floors, Tietz offered linens, confectionery, groceries, household items, porcelain tableware, furniture fabrics, outerwear, and toys. He is said to have decided to set up this large, multi-divisional store as a makeshift solution, because after he purchased the property there was anti-Semitic agitation and the tenants had moved out of the building, which was decried as the “Jud Tietz Palace.”⁶ The difference between retail stores and department stores as a new operating form was made binding for the first time a few years later, when a department store tax was introduced in Bavaria (1899) and Prussia (1900). A department store was now considered to be a business that traded in more than one product group and achieved an annual turnover of more than 400,000 marks.⁷ The characteristics of a department store are now described more comprehensively in consumer history research:

While retail stores, as large businesses, are characterized by a single main product range, department stores have a broader range of goods, ranging from food and textiles to furniture, household goods and luxury items. At the same time, they have more extensive options for bulk purchasing, advertising, mass sales, and are able to sell their goods at lower prices in buildings of, to some extent, more representative and magnificent architecture.⁸

The department stores founded at this time were based on the model of Le Bon Marché, which was opened in Paris in 1852 by Aristide Boucicaut. A short time later, other *grands magasins* of this type were created in Paris and Macy’s opened its doors in New York. By the 1880s, most European cities were already adorned with impressive consumer palaces, but there were still no department stores in Germany. This only changed in 1894 with Oscar Tietz in Munich and Georg Wertheim in Berlin.

Oscar Tietz divided the market with his no less successful brother Leonhard in order not to compete with each other. The Leonhard Tietz company set up branches in the Rhineland and Belgium. Cologne became their headquarters, where Leonhard had opened his first department store in 1895.⁹ Oscar expanded the Hermann Tietz company to include a department store in Hamburg and established operations in Berlin in the fall of 1900 with a much-admired “Glass Front Palace.” The rapidly growing capital now became the department store metropolis of the Empire and, within a decade, also the showcase of German retail commerce. Traditional Berlin department stores such as N. Israel, Rudolph Hertzog, and Herrmann Gerson were overtaken by the expanding department store companies Wertheim and Hermann Tietz, which competed with each other with spectacular consumer temples. In 1897, Wertheim began building a large depart-



Fig. 2: The Hermann Tietz department store on Leipziger Straße, Berlin, around 1900.

ment store in cosmopolitan format on Leipziger Straße, then the shopping thoroughfare of Berlin's city center.¹⁰ Oscar Tietz placed his Berlin flagship department store not far away on Leipziger Straße, and both companies expanded their impressive buildings in the following years. In addition, both used the globe as a company symbol to convey the promise of being able to experience the whole world in their department stores.

The department stores took advantage of the technical innovations of this time with large-scale illuminated advertising and curtain facades such as those in the windowed front side of the Tietz department store on Leipziger Straße. What was crucial to the great success of this form of business in the Belle Époque was that it led to the development of new forms of consumption, into which Émile Zola's novel, published in 1884 with the much-quoted title "The Ladies' Paradise,"

provided some insight for the first time.¹¹ One didn't have to go to Tietz and Wertheim to take care of necessary errands – like in the “mom and pop shops.” Visiting the department stores could be enjoyed as a leisure experience, marveling at new products, artistic decorations, and eye-catching architecture. The special incentives soon included the “White Weeks,” which Oscar Tietz introduced based on the French model to stimulate business with special offers in the week of low sales at the beginning of February.

Among the department stores that were rapidly expanding in Germany, the luxurious temples of consumption were the focus of attention, but they were not representative. This type of emporium was available virtually only in Berlin, Hamburg – where Oscar Tietz opened another flagship on Jungfernstieg in 1912 – Munich, and Cologne. The majority of department stores were designed more modestly and were geared to the needs of broad sections of the population, including the working classes.¹² The Hermann Tietz company opened department stores in Berlin in densely populated parts of the city, as on Alexanderplatz and on Frankfurter Allee, and advertised them in the *Berliner Volksblatt* from the Social Democratic *Vorwärts*. In the provinces, most branches remained large retail stores and did not develop into department stores. The department store founder, Adolf Jandorf, however, specialized in “people's department stores” in Berlin's working-class districts, but was also the first in the industry to recognize the market potential of the rapidly growing suburbs in the west of the city. In 1907, he opened the premier department store Kaufhaus des Westens (KaDeWe) on Wittenbergplatz, which was then still part of Charlottenburg, an independent city adjacent to Berlin.¹³

From the beginning, there was no shortage of violent protests against department stores in Germany. Associations of small traders and middle-class politicians from all conservative parties fought against them as an existential threat, not only to the existing market order, but also to society and the state, even though this new form of business only accounted for a small share of retail trade. Since the department stores had no lobby, their opponents were able to exert some influence on legislation. A department store tax was enacted in Bavaria and Prussia at the turn of the century¹⁴ and a committee of department store entrepreneurs, which included Hermann and Leonhard Tietz, then took the initiative to set up an interest group, the association founded in April 1903 and headed by Oscar Tietz, *Verband Deutscher Waren- und Kaufhäuser* (Association of German Department Stores).¹⁵ The department store companies expanded rapidly even after the introduction of the special tax, because their position was strengthened by the tax laws since their type of business was now officially recognized. Department stores had also become indispensable in Germany, on the one hand for suppliers and consumers, but also as employers, and because of their importance for urban development.

HERMANN TIETZ

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Fruchtschalen	1 ^{er} 2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}		
Butterkugelteller	3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}		
Butterglöckchen	3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}		
Käseglocken	9 ^{er} 11 ^{er} 13 ^{er}		
Salatieren rund	2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er}		
Salatieren flach	2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er}		
Platten oval	4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}		
Platten eck	6 ^{er} 7 ^{er} 9 ^{er} 12 ^{er} 15 ^{er} 18 ^{er}		
Weinflaschen		5 ^{er} 6 ^{er} 7 ^{er} 8 ^{er}	
Rumflaschen		2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}	
Sahnkekannen		1 ^{er} 2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}	
Honigdosen		4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}	
Sturzflaschen		6 ^{er} 7 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}	
Salzservice 3teilig		1 ^{er} 2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}	
Brotkörbe		1 ^{er} 2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}	
Bowlkekannen		2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er}	
Schiffchen		4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}	
Schiffchen		4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}	
Salatieren auf drei Füßen		3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}	
Serviettenhalter		2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}	
Blumenkugeln		3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}	
Zahnscherbehalter		1 ^{er} 2 ^{er} 3 ^{er} 4 ^{er} 5 ^{er} 6 ^{er} 8 ^{er} 10 ^{er} 12 ^{er} 14 ^{er} 16 ^{er} 18 ^{er}	

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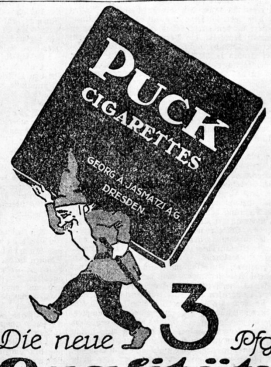


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Fig. 3: Advertisement with the company's own brand "Hertie," 1913.

The Entrepreneurial Family after the Death of Oscar Tietz

In 1886, Oscar Tietz married his cousin Rebecca (Betty), née Graupe, who had supported him since he founded the trading business in Gera. After the couple had two sons, Georg and Martin, and a daughter, Elise, it was clear to Oscar that his company would one day be a family business that should be carried on in the hands of his descendants. Even when the company grew into a corporation, he strictly refused to convert it into a stock corporation. When Deutsche Bank pushed hard and threatened to cancel a loan, the Hermann Tietz company switched to another major Berlin bank, the Disconto-Gesellschaft.¹⁶ The company continued to use the legal form of a partnership in the 1920s, which was unusual for a company of this size and unique among the country's leading department store groups. The company founded by Leonhard Tietz was converted into a stock corporation in 1905, and Wertheim four years later.

Oscar's sons Georg and Martin joined their father's company after studying at the Berlin Commercial College (Berliner Handelshochschule) and Georg became a partner in 1917 at the age of 28, having already proven himself in management positions. However, Oscar did not want to address the question of succession according to the crown prince principle. After his daughter Elise married the lawyer Dr. Hugo Zwillenberg, he drafted a partnership agreement dated December 22, 1919, admitting his younger son Martin and his son-in-law into the general partnership as personally liable partners on the same terms as Georg.¹⁷ According to the conventions of the time, Elise, as a woman, was not considered as a potential partner. It was not particularly usual for Zwillenberg, as a son-in-law, to be included in the management when two of the company founder's sons were already available to manage the company. However, Oscar Tietz was obviously very keen to integrate his son-in-law, who came from the judicial service, into the management of the company appropriately.

After Oscar Tietz had died on January 17, 1923 at the age of 64, Georg Tietz, Martin Tietz and Hugo Zwillenberg jointly managed the company, while Betty Tietz and Elise Zwillenberg were silent partners in the firm. Georg wrote in his posthumously published history of the Tietz family and their department stores that he and his brother Martin had complemented each other and "worked together with devotion." Martin was particularly interested in accounting and the finance department, to which Georg apparently was not drawn.¹⁸ His brother-in-law Hugo Zwillenberg, on the other hand, is not even mentioned by name in Georg's recollections, only as a "young lawyer."¹⁹

And yet the two brothers took quite different paths in their development. In 1919, befitting his social status, Georg married Edith Grünfeld, who came from a respected Jewish business family. Her father co-owned the linen shop and linen

weaving mill in Berlin F. V. Grünfeld, and opened a large store on Leipziger Straße. The couple blessed the Tietz family with a son named Hans Herrmann (1920–2007) and their daughter Rösli (1924–2025, Roe Jasen since 1945), named after Betty's mother. In the following years, Georg had a stately villa built in a prime location at Koenigsallee 71 in the prominent Grunewald district. His statements in the family history he wrote leave no doubt that he saw himself as his father's primary successor, and that is probably how he was seen in the Berlin business world.

Martin was not able to work in corporate management under his father for as long as his brother. Unlike Georg, he was not working in the company during the First World War and after the war he gained experience living abroad in New York. After his father's death, he lived as a bachelor in his parents' villa in Wilmersdorf, Kaiserallee 184/185 (today Bundesallee). He remained unmarried for a long time and had no children even after his wedding to Anni Böning from Berlin.

By contrast, Elise and Hugo Zwillingenber were able to start a family after getting married. Their first child, son Lutz Oscar (1925–2011), was followed five years later by daughter Helga Henriette Linde (1930–2013). In addition to the family home in Berlin-Dahlem, Hohenzollerndamm 100/101, Zwillingenber acquired the Dominion Linde estate (today Märkisch Luch) in Westhavelland.

The investigations concerning "Aryanization" and the distribution of the Tietz/Zwillingenber family's assets revealed that Oscar's widow Betty had larger and more valuable holdings than her sons and daughter. The family's wealth was based on the group's real estate companies and Betty held 97.63 percent of the shares in the most important of these real estate companies, Deutsche Boden AG, and 50 percent of the shares in the similarly important Brandenburgische Grundwert AG.²⁰ In total, she held 79 percent of all family-owned shares in real estate, trading, and manufacturing companies.²¹ Whether these assets had been transferred to her by Oscar during his lifetime or whether they were part of an inheritance, can no longer be determined. One reason for this distribution of family property could have been that Betty, as a silent partner, was not liable for the company with her private assets. After her husband's death, she did not appoint one of her sons, but rather her son-in-law Hugo Zwillingenber as her authorized representative.²² Now Zwillingenber was not only the personally liable partner of the Hermann Tietz company, but also the authorized representative for the largest collection of assets in the family.

Rebecca (Betty) Tietz, née Graupe (1864–1947) was the daughter of Hermann Tietz's sister who emigrated to the USA. She was born in Washington, D.C., but after just a few years, her uncle Hermann moved with her back to Germany. She grew up with him as a foster child and was therefore connected to her cousin

Oscar Tietz from childhood on. In Germany she was mistakenly given the maiden name Meyer, which she later accepted without objection.²³ After the founding of the textile store in Gera, she ran the business together with Oscar and Hermann. By using her savings, she made it possible to bridge an early liquidity bottleneck. In 1886, Betty and Oscar married, and Betty apparently gave up her American citizenship, which she reclaimed in 1938. Overall, their importance to the family and the company was in many respects greater than was perceived from the outside.

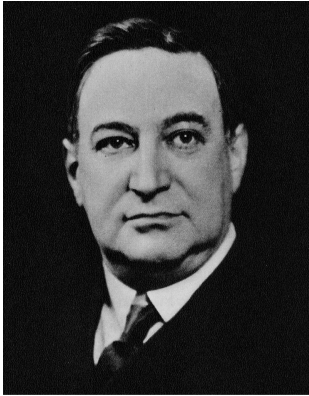


Fig. 4: Georg Tietz, 1932.

Georg Tietz (1889–1953) was born in Gera as the eldest son of Oscar and Betty and grew up with his family, following the company's development, first in Munich and later in Berlin. At the Tietz company he first had to prove himself as a salesman of women's hats. After studying at the Berlin Business School, he was entrusted with setting up an export and import business in Paris. In 1911, an "apprenticeship" period followed in the USA where he also worked as a securities trader and cotton broker.²⁴ After his return, his father gave him increasingly managerial tasks and he was therefore released from military service during the First World War. In 1917 he became a partner in Hermann Tietz OHG, and two years later he married Edith Grünfeld (1894–1984).

Martin Tietz (1895–1965) was born in Munich, went to school in Berlin after the family moved there, then attended the École de Commerce in Neuchâtel, Switzerland, and completed a business degree at the Berlin Commercial College. After his first job at the Hermann Tietz company in the Gera branch, he registered in 1914 as a wartime volunteer. Due to an illness, he was transferred in 1916 to the Weapons and Ammunition Division and became the head of the Reich Clothing Warehouse. After the war, he worked as the manager of a trading company in New York in which the Tietz company was involved. In 1919 he was accepted as a

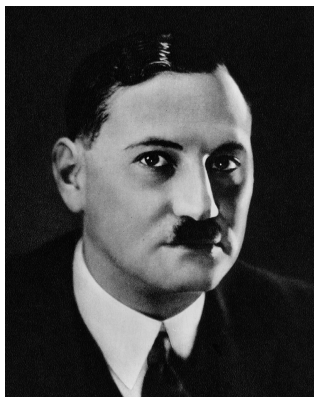


Fig. 5: Martin Tietz, 1932.

partner in his father's company, but only returned from the USA two years later. In 1933 he married Rosa Anna (Anni) née Böning, former married name Klösel (1906–1957), a Christian who converted to Judaism upon marriage.²⁵



Fig. 6: Hugo Zwillenberg, 1932.

Elise Zwillenberg, née Tietz (1896–1986) and **Hugo Zwillenberg** (1885–1966) were married on November 18, 1919. Elise, who was born in Munich and grew up in Berlin, was able to attend a boarding school in Paris before the First World War. During the war she was employed as an assistant in the Berlin Jewish Hospital.²⁶ Hugo came from Lyck in East Prussia, studied law in Erlangen, received his doctorate there in 1912, passed his second state examination in March 1914, and was then employed as a court assessor in the Prussian judicial service. Since he was active in the military throughout the First World War, he was denied a promotion in the

judiciary. Zwillenberg may also have known that as a Jew he would hardly have been able to maintain a career in the judicial service. When he met Elise after the war, he took a leave of absence so that he could work for the Hermann Tietz company. Six months after the marriage, his request to be released from judicial service was granted.²⁷

“A World of Its Own”: The Hermann Tietz Group

Hermann Tietz OHG never published precise information on the development of its sales and number of employees, and as a partnership, it did not have to disclose its balance sheets. Only those real estate, trading, and manufacturing companies in the group that were managed as stock corporations were obliged to do so. But finding out which companies belonged to the Hermann Tietz Group was not easy. This also applied to the banks, since the Tietz company had no supervisory board. Even the Dresdner Bank, one of the large creditors of Hermann Tietz OHG, could only obtain such information from the press.²⁸ The shareholding relationships were completely opaque, since the family did not consider it appropriate to strictly separate between their privately held shares and those of their company in the group of companies. Since Hermann Tietz OHG was entirely owned by the family, there were no concerns about capitalizing private property such as Georg and Edith Tietz’s villa at Koenigsallee 71 in Berlin Grunewald as a group company in the company’s balance sheet. A similar procedure was followed with investments held by Betty Tietz, who as a silent partner was not liable for the company.²⁹

The chronicle of Hermann Tietz OHG, published for the company’s 50th anniversary in 1932, shows that sales in the previous year, i.e. 1931, were 300 million Reichsmarks (RM), which would correspond to a share of one-thousandth of the sales of all German department stores.³⁰ A retrospective calculation from 1935 showed a different picture: Sales would, according to this calculation, therefore have been 268 million RM in 1929 and 246 million RM in 1931.³¹ The workforce of Hermann Tietz OHG is mentioned in the aforementioned anniversary publication from 1932 as “a group of almost 20,000 employees,” which can be considered as clearly inflated.³² In a commission report written in 1934, the number of employees at the Hermann Tietz company in 1930 was given as 16,458.³³ This probably corresponded roughly to the level reached with the takeover of the Jandorf Group. The *Frankfurter Zeitung* reported in December 1926 that the number of employees at the Hermann Tietz company would increase to 16–18,000, of which 13–14,000 were at the companies in Berlin. The area of the Hermann Tietz depart-

ment stores is estimated in this source at 83,000 square meters, of which 53,000 were in Berlin.³⁴

Although the information is quite vague, what has been recorded in the form of comparisons between the leading German department store companies shows that Hermann Tietz OHG was larger than Leonhard Tietz AG, but was trailing Rudolph Karstadt AG in terms of sales and number of employees.³⁵ In 1917, Hermann Tietz was still in first place but then fell back due to the strong expansion of Karstadt AG.³⁶ The company now advertised itself with the motto “Largest self-owned department store group in Europe.”³⁷ This ranking was undisputed for Hermann Tietz, because Karstadt was no longer “self-owned.”³⁸

Compared to the other two large department store groups, Hermann Tietz adhered more closely to its traditional profile. In the fastest growing segment of retail, the low-price stores with uniform pricing (uniform price stores), the Hermann Tietz Group was not represented with its own chain, but only with uniform price departments within the stores. The owners had apparently decided to do this out of consideration for the relationships with Leonhard Tietz AG and its uniform price trading company (Ehapa).³⁹ In-house production was less pronounced at Hermann Tietz than at Karstadt; here they were content with the classic form of expansion for department store groups, vertical concentration through the takeover of competitors.

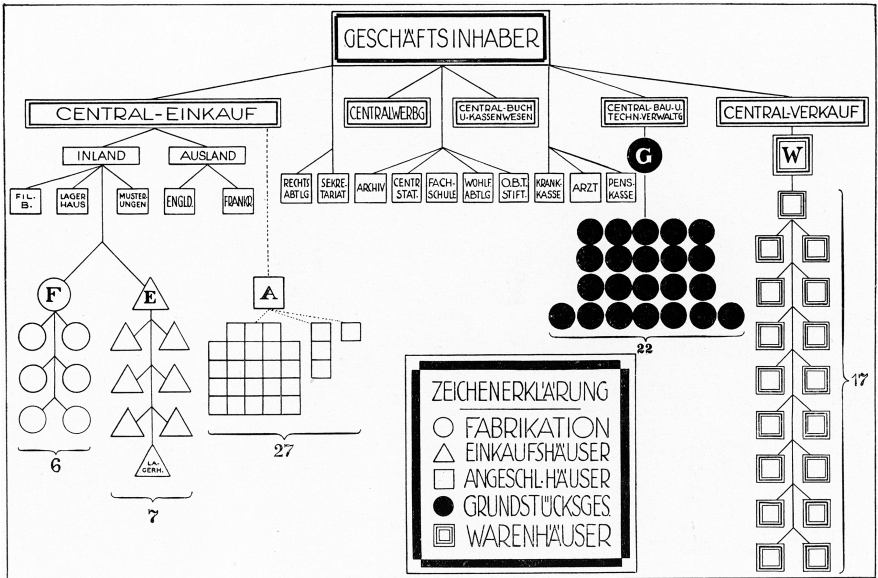


Fig. 7: Organizational chart of the Hermann Tietz Group, 1932.⁴⁰

Since moving to Berlin in the fall of 1900, the “central administration” of the Hermann Tietz Group was located at Krausenstraße 46–49, in the immediate vicinity of the department store area on Leipziger Straße, separated from it only by Dönhoffplatz (today Marion-Gräfin-Dönhoff-Platz). Most of the group’s real estate and trading companies were based there, including some that were named after other regions or locations.

According to the Berlin Commercial Register, Hermann Tietz OHG had three general authorized representatives in 1928, each of whom managed their own areas under the three managing owners: Nathan Müller, David Löwenberger and Michaelis Birnbaum. In 1929, Adolf Adler and Georg Karg joined the management.⁴¹ In purchasing, Müller was the senior manager of the entire central purchasing department. Karg, who later became “Herr von Hertie,” was head of central textile purchasing and only joined Hermann Tietz when the Jandorf takeover took place.⁴² Löwenberger, the head of accounting, obviously occupied a special position. On the occasion of his 40th service anniversary in October 1929, he was described in the press as a “friend and confidant” of the company owners. He also had the full trust of Oscar and Hermann Tietz.⁴³ Löwenberger had started as an office clerk at the Tietz company in Munich at the age of 24. He had previously been an accountant and statistician at a cannery in San Francisco. There, he learned new methods of preliminary calculation, which he had introduced at the Hermann Tietz company.⁴⁴ The authorized representatives earned brilliantly because they were indispensable to the company; Müller and Löwenberger received salaries of 40–50,000 RM/month.⁴⁵ Karg, in turn, is said to have turned down an offer in 1931 to take on a board position at Karstadt with an annual salary of 500,000 RM.⁴⁶ His previous salary was probably in this range.

Due to the takeover of A. Jandorf & Co. and the previous acquisition of a department store on Berlin’s Chausseestraße, the number of department stores at Hermann Tietz OHG increased from 11 to 18, and in Berlin from three to ten. In the following years, department stores were acquired in Dresden and Magdeburg, but the group was now much more focused on Berlin than before.⁴⁷

The group’s economic importance was also based on the fact that together with a large number of so-called affiliated houses throughout the empire, they were part of a purchasing association that already existed. These included the 22 department stores of the M. Conitzer & Söhne group, the well-known Römischer Kaiser department store in Erfurt, and the department stores of H. & C. Tietz in Chemnitz and Bamberg.⁴⁸

On the occasion of the company’s 50th anniversary in 1932, the Hermann Tietz Group was described in the press as “a world of its own.”⁴⁹ Hermann Tietz’s

Tab. 1: Hermann Tietz OHG Retail and Department Stores, as of 1932 (compiled from the relevant literature and reference works).

City	Location	Founding/ New Building	Take- over Year	Previous Owner
Berlin	Leipziger Straße 46–50a (Dönhoffplatz)	1900		
Berlin	Alexanderplatz 3	1905		
Berlin	Frankfurter Allee 5–7		1908	Max Mannheim
Berlin	Chausseestraße 70/71		1926	Warenhaus Stein
Berlin	Kaufhaus des Westens, Tauentzienstraße 21		1926	A. Jandorf & Co.
Berlin	Andreasstraße 46 (Große Frankfurter Straße 113)		1926	A. Jandorf & Co.
Berlin	Belle-Alliance-Straße 1–3		1926	A. Jandorf & Co.
Berlin	Brunnenstraße 19–21		1926	A. Jandorf & Co.
Berlin	Kottbusser Damm 1/2		1926	A. Jandorf & Co.
Berlin	Wilmsdorfer Straße 118/119		1926	A. Jandorf & Co.
Gera	Sorge 23	1882/1912		
Weimar	Marktstraße 2	1887/1905		
Karlsruhe	Kaiserstraße 92	1888		
Munich	Bahnhofplatz 7	1889/1905		
Hamburg	Jungfernstieg 16–20	1896/1912		
Plauen	Postplatz 5/6	1905		Julius Tietz
Stuttgart	Königstraße 27	1905		
Dresden	Webergasse 39/ Wallstraße 32	1928		Hermann Mühlberg
Magdeburg	Breiter Weg 41	1931		Siegfried Cohn/ Raphael Wittkowski*

*merged after the takeover.

large department stores not only included food departments, which were noted in the early 1930s at seven and twelve percent of sales, but also hairdressing and beauty salons, restaurants, lending libraries, and an entire fleet of trucks.⁵⁰ The group was an important customer for agriculture; in 1931, the Tietz department stores purchased 15,000 cattle and 32,000 calves, 101,000 pigs, 13,000 mutton,

9 million eggs, 3.8 million kg of cheese, 16.3 million kg of vegetables, and 11.6 million kg of fruit.⁵¹



Fig. 8: KaDeWe food department, 1932.

In addition to the department stores, the “world” of the Hermann Tietz Group included a whole network of real estate, trading, and manufacturing companies that could hardly be comprehended from the outside. The group’s capital was largely in the real estate companies’ holdings. According to a financial statement drawn up in the spring of 1933 by Hermann Tietz’s auditor, Wilhelm Graetz, they accounted for around two thirds of the group’s assets.⁵² Oscar Tietz had founded his own real estate companies for the properties of many department stores. The buildings of the Leipziger Straße department store, as well as the neighboring administration complex of the group on Krausenstraße, belonged to Brandenburgische Grundwert AG. Further real estate companies had been created for commercial and residential buildings that had been acquired for the planned construction of department stores that had not or not yet come to fruition. This was true for the most important “non-department store” real estate company of Hermann Tietz, Deutsche Boden AG, and AG Ost für Textilhandel, which was in reality a real estate company. The Hermann Tietz Group had originally planned to build large depart-

ment stores in the west of Berlin in order to block its competitor Jandorf from entering this area, and to do this, it systematically bought up properties in prime locations on the corner of Kurfürstendamm/Joachimsthaler Straße and on Kaiserdamm. With the takeover of the Jandorf Group, these plans were no longer necessary, as the Hermann Tietz company was now well positioned with two department stores (KaDeWe, Wilmersdorfer Straße) in the west of Berlin. Deutsche Boden AG also held another valuable property: the large Hamburg department store at Jungfernstieg 16–20, a building that had not been taken into its own real estate company.

Tab. 2: Real Estate, Trading, and Manufacturing Companies in the Hermann Tietz Group* (as of the end of 1933).⁵³

Real Estate Companies

AG Ost für Textilhandel, Berlin
 AG West für Textilhandel, Berlin
 Badische Grundwert AG, Karlsruhe (F)
 Brandenburgische Grundwert AG, Berlin (F)
 Centrum Berlinische Bodenbesitz GmbH, Berlin (F)
 Charlottenburger Grundstücks-Verkehrs-GmbH, Berlin
 Deutsche Boden AG, Berlin (F)
 Grundbesitz GmbH, Munich (F)
 Grundstücks AG Beußelturm, Berlin
 Grundstücksgesellschaft Koenigsallee 71, Berlin (F)
 Grundstücksgesellschaft Nordost mbH, Berlin
 Grundstücksgesellschaft Wittenbergplatz AG, Berlin
 Grundwert AG Kaiserdamm, Berlin
 Handels- und Grundbesitz GmbH, Berlin (F)
 Handelsstätte Gera AG, Berlin (F)
 Immobilien-Verkehrs-Gesellschaft, Stuttgart (F)
 Magdeburgische Grundwert AG (prior to Nov. 1933: Bayern Textil AG)
 Merkur Treuhand- und Grundstücksverwaltung AG, Wuppertal-Elberfeld
 Sächsische Grundwert AG, Berlin

Trading Companies

AG für rituellen Bedarf, Berlin (F)
 Bekleidungs-Handels AG, Berlin
 Bergische Textil GmbH, Berlin
 Einfuhr- und Großhandels AG, Berlin
 Kaufkredit GmbH, Berlin
 Offenbacher Handels- und Industrie GmbH, Berlin
 Sächsische Textil GmbH, Berlin (F)
 Vogtländische Textil GmbH (F)

Tab. 2 (continued)

Manufacturing Companies

Berlin Essen Gubener Hutmanufaktur GmbH
 Conrad Steinecke GmbH, Berlin (F)
 Mechanische Feinweberei Adlershof GmbH, Berlin
 Paschka & Ornstein GmbH, Berlin (F)
 Textilfabrikation GmbH (F)

*(F) with significant private participation from the Tietz/Zwillenberg family.

Compared to the real estate companies, the trading and manufacturing companies of the Hermann Tietz Group were of secondary importance. The trading companies were all department stores limited to the textile trade and, even in this area, were not the only source of supply for the department stores. An exception was Kaufkredit GmbH, founded in 1926, with which the Hermann Tietz company followed the trend at the time towards partial payments and offered such services through a company in Zurich, Switzerland. After just a few years, this business had to be discontinued due to the global economic crisis.⁵⁴ One specialty was the joint stock company for ritual supplies owned by the Tietz family, a specialist shop for kosher prepared foods in several Berlin department stores, which was under the supervision of the Kashrut Commission of the Rabbinate.⁵⁵ Analogous to the operation of the trading companies, the manufacturing companies were all active in textile production. Paschka & Ornstein GmbH gained a reputation as a specialized manufacturer of hats from which the department stores benefited. The Mechanische Feinweberei Adlershof GmbH, which was created from a merger in 1923, had specialized in textile finishing. A residential complex designed and built by Georg Jacobowitz was constructed next to the factory premises for the employees. Following the model founded by Oscar Tietz, the real estate, trading, and manufacturing companies were managed on the side by owners and authorized representatives of Hermann Tietz OHG as a staff unit, which had definite limitations considering the size and complexity of this group of companies. And thus, Löwenberger and Adler were also board members of Brandenburgische Grundwert AG, Deutsche Boden AG, and KaDeWe GmbH, a subsidiary of Tietz; Löwenberger and Karg were also managing directors of Handelsstätte Gera AG and Sächsische Textil GmbH and board members of Bayern Textil AG.⁵⁶

Of the institutions created by Oscar Tietz, which also represented the Hermann Tietz Group's own preserve, only those considered to be exemplary, such as the Fachschule für Lehrmädchen und Verkäuferinnen (Technical School for Instructing Girls and Saleswomen), the company health insurance fund and the

Oscar and Betty Tietz Foundation for the Support of Employees (Oscar- und-Betty-Tietz-Stiftung zur Unterstützung von Mitarbeitenden), are mentioned here.

The Beginning of the End? The “Payment Slump” in the Great Depression

With the costly takeover of the Jandorf Group in December 1926, the Hermann Tietz company had taken on a high mortgage. The purchase price was never disclosed; in the press, it was estimated at 30 to 40 million RM, sometimes even over 50 million RM.⁵⁷ All that was known was that the payment of the purchase price had been agreed upon over a longer period of time and that the Berliner Großbank Disconto-Gesellschaft which the bank confirmed in its annual report without giving any figures, played an important role in financing this transaction.⁵⁸ Also the Amsterdam bank Proehl & Gutmann – a limited partner of Dresdner Bank – and the London bank J. Henry Schröder & Co. were named as lenders.⁵⁹ According to the Dresdner Bank’s loan files, a consortium led by Proehl & Gutmann granted the Hermann Tietz company an advance of 2.38 million US dollars (the equivalent of around 10 million RM) in January 1927, which was backed by a mortgage on the Leipziger Straße department store, and secured by the Brandenburgische Grundwert AG.⁶⁰ Mortgage loans from Adolf Jandorf and Max Emden, the Hamburg “department store king” who was involved in KaDeWe until the sale, for 4.05 and 1.39 million RM, respectively, are also documented.⁶¹ Overall, the Jandorf takeover was likely to have been financed to a significant extent by mortgages on the Hermann Tietz Group’s previously relatively unencumbered real estate holdings.

The debt increased accordingly. As stated by information from the Dresdner Bank, the Hermann Tietz Group was burdened with bank debts of 42.1 million RM and mortgages of 44.6 million RM in the balance sheet of December 31, 1929.⁶² Due to this high level of debt on the eve of the global economic crisis, which arose in the wake of the stock market crash on Wall Street in October 1929 and reached Germany in the winter of 1929/30, the company was extremely ill-equipped to withstand such a depression.

Looking back, it seems very risky and reckless to take on such a large amount of debt. From the perspective at the time, however, there were of course good reasons for this move. At that time, the large department store groups were engaged in cut-throat competition, in which the Hermann Tietz company threatened to fall by the wayside if it failed to execute the necessary takeovers. Between 1924 and 1929, Hermann Tietz OHG only acquired seven department stores, including the six belonging to the Jandorf Group. During this same period, Karstadt AG took over 41 stores, including the 19 branches of the Max Emden chain acquired in November 1926, in-

cluding the renowned Munich department store Oberpollinger.⁶³ Karstadt also began to expand massively in Berlin by relocating its headquarters – from Hamburg to Berlin-Mitte and with the construction of a gigantic department store in Berlin-Neukölln. In addition, the American department store chain F. W. Woolworth founded a German subsidiary in November 1926 and launched a year later its first retail store in Berlin.⁶⁴ Initially, they also seemed to be keen on the development of the German market. 1927 turned out economically to be the most favorable year of the Weimar period.

In June 1929, Karstadt opened the largest and most modern department store in Europe on Hermannplatz in Neukölln, a building complex in New York format with escalators and a subway connection. In the same year, the group merged with Lindemann & Co. AG, which brought in 14 branches, including four in Berlin and a well-known department store in Potsdam.⁶⁵ In Berlin-Mitte, Karstadt already had acquired an area with 30 residential buildings on Neue Königstraße in 1928 for the planned construction of its new headquarters.⁶⁶ The Hermann Tietz company also set about further expanding its position in Berlin. The new flagship department store KaDeWe was increased from five to seven floors, with a "snack hall" on the top sales floor, and another eight-story department store was to be built on the main street in Berlin-Friedenau – supposedly financed from the company's own sources.⁶⁷

After the beginning of the global economic crisis, the big time of expansion for department stores came to an end. According to Dresdner Bank, Hermann Tietz OHG suffered a loss of 21 million RM in 1930,⁶⁸ and based on retrospective statistics, the group was able to increase sales slightly that year to the previous high of 272 million RM, while at Karstadt there was a decline of around five percent.⁶⁹ This development corresponds to the fact that the bank and mortgage debts of the Hermann Tietz company rose from 87.7 to 101.6 million RM over the course of the year, but at Karstadt by the end of 1930 it was almost twice as high (191 million RM).⁷⁰ The best performer among the large department store chains was Leonhard Tietz AG, with a profit of three million RM in 1930 and a burden of bank and mortgage debts amounting to 82 million RM (January 1931).⁷¹

Hermann Tietz now put on hold costly projects such as the construction of additional department stores in Berlin-Friedenau and Königsberg. Only one new branch was added in Magdeburg.⁷² Overall, department store sales declined in 1931 by 14.7 percent, which was less than the decline in industrial production (25 percent), but this slump often led to liquidity problems.⁷³ The department stores tried to counteract this with frequent special sales campaigns, but at the same time they were not able to use supplier credit for their business purchases, which could no longer be deducted from sales income. According to the Dresdner Bank, the goods and cash of the Hermann Tietz company only covered around

50 percent of their short-term obligations.⁷⁴ The liquidity of the Hermann Tietz and Karstadt companies also suffered from the fact that a large part of the surpluses had been used for partly speculative real estate purchases in Berlin. During the global economic crisis, the market for commercial and residential buildings collapsed and rental income fell sharply.⁷⁵

Starting from the spring of 1931, the industry was in the shadow of the Karstadt crisis, into which the largest German department store company had fallen, due to the debt from the expansion of the previous years and a fatal price guarantee for the shares sold in the merger with Lindemann. Karstadt was forced to use up its reserves with extraordinary depreciation totaling 25 million RM, and also to sell some of its real estate and equity investments.⁷⁶ Unlike Karstadt, Hermann Tietz OHG was not in need of restructuring, but it found itself in an increasingly critical situation. Since the group, unlike the stock corporations Karstadt and Leonhard Tietz, did not publish a balance sheet, the press could not even speculate on how high the losses were.

When the number of registered unemployed people in Germany rose to over six million in the winter of 1931/32, the Hermann Tietz company found itself in financial distress. Since, as a general partnership, it was not obliged to publish the balance sheets and balance sheet documents from this period have not survived, the developments in the crisis year of 1932 are only shown in later reports and statements. These documents must be considered a problematic source because they are either in connection with “Aryanization” or as part of the restitution proceedings after the war.

Representatives and lawyers for the Tietz/Zwillenberg family tried at the time to avoid shedding light on the company’s critical situation before 1933. The banks and the Hertie management were in turn keen to highlight the alleged insolvency of the Hermann Tietz company before 1933 in order to present the “Aryanization” as a restructuring based exclusively on economic factors.

The management of Hermann Tietz OHG obviously underestimated the drama of the downturn in 1932, the lowest point of the global economic crisis in Germany. Already during the “White Week” at the beginning of February, the income fell short of expectations – as also did the expenditures for the ordered goods.⁷⁷ At the 25th anniversary of KaDeWe on March 21, 1932, according to an official announcement from the company, the staff refrained from celebrations “in consideration of the difficult economic conditions.”⁷⁸ They made do with a company publication written by the renowned art critic and publicist Max Osborn.⁷⁹ In May of the following year, during the 50th anniversary of the Hermann Tietz company, the management took the opportunity to expand the special sales campaigns, which had hardly decreased, and outdo them with a large-scale anniversary sale. Purchases of whole sale goods were made with high expecta-

Vorl. Reichswirtschaftsrat

268

Zu Tgb.Nr. 524/32Anlage VIVerkaufsveranstaltungen des Warenhauses Hermann Tietz-Gera
im Kalenderjahr 1931

<u>Lfd.Nr.</u>	<u>Veranstaltungen</u>	<u>Datum</u>	<u>Anzeigen</u>
1.	<u>Ausverkäufe:</u>		
1	Inventurausverkauf	10.1.-23.1.	11
2	Saisonausverkauf	10.7.-23.7.	12+3 Beilagen
2.	<u>Sonderveranstaltungen:</u>		
1	Kindermittwoch (Inventurausv.) (grossen Nachmittag im Erfrischungsraum)	13. 1.	1
2	Lebensmittel "Grossverkauf"	22.1.	1
3	" "	26.1.	1
4	" "	29.1.-2.2.	2
5	"Sonabend, Montag, Dienstag"	30.1.	1
6	Reste "30 Jahre Weisse Wochen" incl. Vorverkauf	4.2.-21.2.	7
7	Serientage	24.2.ff	9 + Beil.
8	"Billige Hosentage"	12.3.	1
9	Volkstümlicher Osterverkauf	20.3.ff	8
10	"3 Tage" Donnerstag, Freitag, Sonnabend Reste	25.3.	1
11	3.Osterfeiertag Sonderverkauf Sommerstoffe	4.4.ff	4
12	Donnerstag, Freitag, Sonnabend 3 Tage alles fürs Kind	8.4.	
13	<u>95 Pfg.Tage Das grösste Ereignis d.Jahres</u>	15.4.16.4.ff	10
14	Donnerstag 5 - 6 Billige Stunde (während 95 Pfg.Tage)	22.4.	1
15	<u>Volkstüml.Pfingstverkauf</u>	7.5.ff	5
16	3 extra billige Konserven Tage (während Pfingstverkauf)	12.5.	1
17	3.Feiertag Waschstoff-Verkauf z. volkstüml.Preisen	23.5.26.5. 29.5.	3
18	Reste u.Abschnitte 2.volkstüml. Einheitspreise	27.5.	1
19	<u>Geschirrmarkt b.Tietz (4 Waggons)</u>	10.6.ff	2+ Beil.
20	<u>Volkstage</u>	17.6.ff	10+2 "
21	3 Tage fürs Kind (während d.Volkstage)	22.6.	1
22	Grossverkauf Reste	26.6.ff	2
23	Billige Stunde ca. 1 200 Paar Damenstrümpfe a Rtl 1.- Freitag 5-6	30.7.	1
24	Werbetage	6.8.ff	12+2 "

25.

Fig. 9: Sales events at the Gera branch, 1931.

tions, but there was no corresponding demand, given the great economic need in the country. A portion of the anniversary sale merchandise could only be sold with high losses. Hermann Tietz OHG then ran into payment difficulties. The Deutsche Bank, which had become the “main bank” and the company’s largest creditor through its merger with the Disconto-Gesellschaft in 1929, nevertheless granted an additional overdraft line of credit. When the company also exhausted this reserve capacity, the bank is said to have become suspicious, according to later statements from a director at its Berlin branch office headquarters at the time, Hermann Wieland. The Tietz Group was now also “discussed” among suppliers because of its poor payment practices.⁸⁰ This finding corresponds to statements made at a meeting at Hertie in the fall of 1933, in which there was talk of a “payment slump in 1932” that had shaken the trust of suppliers.⁸¹



Fig. 10: “White Week” at KaDeWe, 1932.

The entire retail business sector in Germany had reached a new low in the spring of 1932. Department store sales in May were almost 27 percent below the same month in the previous year. In Berlin, the long-standing department store Hermann Gerson became insolvent, and sales departments in many department stores, including Wertheim, were closed down.⁸² By the summer of 1932, the Kar-

stadt drama reached a new juncture: the restructuring measures that had been initiated proved to be inadequate, and the company needed a loan worth millions since the losses could no longer be covered by reserves. In October 1931, Karstadt had already sold its subsidiary Epa single-price chain to a banking consortium to obtain a loan of 15 million RM. Now, only the Akzeptbank was able to step in, an institution that had been founded by the Reich and the major banks during the banking crisis of 1931 to provide insolvent banks with liquidity and which was now also allowed to support other companies.⁸³ The fact that the Akzeptbank supported Karstadt with a 25 million RM loan was seen as "Reich aid" for a department store group that was in dire straits, and this further upset the small retailers hit hard by the crisis. The Hauptgemeinschaft des Deutschen Einzelhandels (Main Association of German Retailers) protested sharply against "this particularly worrying case of state subsidies."⁸⁴

In the fall of 1932, after the Deutsche Bank (then Deutsche Bank und Disconto-Gesellschaft) had become cautious due to obvious liquidity problems within the Hermann Tietz Group, its board member Theodor Frank asked the owners of the company to provide information about their business situation, which, according to the practices at the time, was tantamount to a final warning.⁸⁵ The bank now discovered that the department store company was trying to conceal its financial difficulties in questionable ways. The accounts were notoriously overdrawn, payments were constantly delayed and bad checks were being submitted.⁸⁶ This was partly due to the chaos in the accounting system for which Löwenberger was responsible, and which a contemporary compared to "a labyrinthine magic garden."⁸⁷ It later turned out that the accounting of the central administration in Krausenstraße sometimes used a special form of "double-entry bookkeeping." Invoices due were recorded as paid in the books, but were not passed on to the cashier with payment instructions.⁸⁸ Such practices were not uncommon at the time. It was only after spectacular economic scandals surfaced that compulsory audits for stock corporations were introduced in September 1931. General partnerships such as the Hermann Tietz company still did not have to disclose their books, and there was no supervisory board over which the banks could have exercised a control function. The creditor banks had to rely on obtaining information from the company, and the Hermann Tietz firm apparently was not very cooperative. Doubts arose about the soundness of the management, and only Zwillenberg, who was the preferred contact for the banks, was exempt from these doubts.⁸⁹

The lack of transparency at Hermann Tietz OHG and the lessons learned from the Karstadt disaster caused Deutsche Bank to assume a worst-case scenario. By all accounts, it imposed a credit freeze on the Hermann Tietz Group in the fall of 1932. In a statement written by Wieland after the war, it reads as follows: "We made the acceptance of new credit requests dependent on the balance sheet at

the end of 1932 and gave Tietz the responsibility to accept credit offers allegedly made to the company by others.”⁹⁰ After the firm’s Christmas business in 1932 did not bring the hoped-for turnaround, although an end to the depression began to appear in the German economy, the Dresdner Bank and other creditors did not want to wait any longer,⁹¹ and the banks coordinated their actions. According to a later statement by Hertie managing director Trabart von der Tann, he was appointed in February 1933 at the suggestion of Dresdner Bank’s supervisory board chairman, Fritz Andreae, and “commissioned as a representative of the consortium of creditors.”⁹² At this point in time, when Hitler had only been in power for a few days, there could hardly have been any talk of “Aryanization”. The banks would have assumed a scenario like that practiced at Karstadt AG. There, the chairman of the board, Hermann Schöndorff, resigned in May 1931 “according to a suggestion from the finance committee” of the supervisory board, and a former member of the board of Commerzbank (then Commerz- und Privat-Bank) was appointed chief financial officer.⁹³

After the war, Karg explained that the Hermann Tietz Group had been transferred into other hands solely for economic reasons. In a statement from March 1946, he explained “that the takeover of the department stores that previously belonged to the Tietz family was not an Aryanization, but rather that the Tietz family’s departure was due to the economic difficulties that arose in the years before 1933.”⁹⁴ This same assertion was also later to be seen in a much-quoted article by business journalist Hans Otto Eglau about Karg:

For Hermann Tietz, whose stores, in contrast to Wertheim, were mainly frequented by customers from lower income groups, the onset of mass unemployment had a particularly damaging effect. From 1930 to 1933 alone, Tietz’s sales fell by 46 percent. The three Tietz heirs found themselves increasingly under the worried scrutiny of the big bankers whose institutions they had become heavily indebted to. After Hitler’s seizure of power, they agreed to a restructuring plan that stipulated that the company would be taken over by a banking consortium led by Dresdner Bank.⁹⁵

Karg supported his statement quoted above with data on the debt of the Hermann Tietz company. At the beginning of 1933, the goods debts amounted to around 40 million RM, the bank loans amounted to 45 million RM, and this debt burden was only offset by a warehouse worth 27 million RM.⁹⁶ The figures are not exaggerated when one considers that the Dresdner Bank was already covering bank debts of the Hermann Tietz Group amounting to 42.1 million RM at the end of 1929, and the already mentioned group financial status calculated by the Tietz auditor Wilhelm Graetz and revealed bank debts of around 48.4 million RM, as of May 31, 1933. Unlike Karg’s quoted statement, the balance sheet prepared by Graetz also lists real estate assets of almost 117 million RM and capital (equity) of

around 38 million RM.⁹⁷ It should be taken into account that the real estate companies’ properties included in the group financial status were largely encumbered with mortgages and, according to the banks’ assessment, had been listed on the balance sheet with inflated values.⁹⁸ But unlike Karstadt, the Hermann Tietz company came through the global economic crisis without a single double-digit million-dollar loan and was able to overcome the “payment slump” on its own. Also, not all banks viewed the Hermann Tietz company’s situation at the time as critically as it appeared in Karg’s and Wieland’s later statements. At the renowned Hamburg bank M. M. Warburg & Co., Zwillenberg was believed when he, together with Löwenberger, visited their Berlin branch at the beginning of December 1932 and explained that the “temporary shortage of liquidity and the poor method of payment” were mainly caused by the unsatisfactory anniversary sale. Zwillenberg swore at that time of “never wanting to hold anniversary events again.”⁹⁹ Warburg extended for another year a syndicated loan in January 1933 of 150,000 British pounds (the equivalent of three million RM) against a repayment of 25,000 British pounds made by the Hermann Tietz company.¹⁰⁰

Tab. 3: Sales of the leading German department store companies from 1926 to 1933 in million RM*.¹⁰¹

Year	Hermann Tietz OHG	1929 = 100	Leonhard Tietz AG	1929 = 100	Rudolph Karstadt AG**	1929 = 100
1926	128.23	48	100.76	53	174.68	53
1927	224.77	84	127.75	67	260.93	79
1928	241.13	90	157.50	74	296.83	91
1929	268.96	100	190.00	100	327.83	100
1930	272.67	101	205.60	108	310.60	95
1931	246.66	92	178.60	94	247.20	75
1932	200.63	75	147.00	77	207.20	63
1933	145.69	54	105.30	55	186.50	57

*based on a retrospective calculation from 1935.

**from 1929 including the acquired companies of the Emden Group and Lindemann & Co AG.

The effects of the global economic crisis on the business of the Hermann Tietz department stores can also be seen in sales statistics that were created retroactively in 1935 for the three leading department store companies. According to these statistics, the sales of the Hermann Tietz department stores in 1931, despite

a decline, almost reached the level of the market leader Karstadt, which had fallen into difficulties. Overall, Hermann Tietz's sales fell by 46 percent between 1929 and 1933, which corresponds exactly to the number mentioned by Eglau. But he did not mention that of the 46, only 25 percent came from the years 1929 to 1932. At the end of 1932, when Germany had already passed through the bottom of the global economic crisis, the sales of Hermann Tietz OHG were 75 percent of the 1929 level. Then there was a slump of 21 percent in the following year, which was no longer due to the global economic crisis or accounting problems, but can only be explained by the department store crisis brought about by the National Socialists. Sales at the more solidly positioned Leonhard Tietz AG fell in 1933 in a similar way to that at Hermann Tietz OHG, while the "non-Jewish" Karstadt AG now showed better performance.

Despite the decline in sales and the liquidity crunch of 1932, none of the Hermann Tietz department stores were closed during the global economic crisis. However, the few remaining employment figures show that the crisis resulted in mass layoffs on a scale previously unknown. Between 1930 and 1933, the number of employees at Hermann Tietz decreased from 16,458 to 13,989.¹⁰² This decline occurred largely during the period from 1930 to 1932, but also, to a smaller extent, was due to the dismissals of Jewish employees that began at the end of July 1933.¹⁰³

2 From Hermann Tietz to Hertie: The “Aryanization” 1933/34

The “Department Store Question” and Anti-Semitic Agitation

In Germany, a broad political debate about department stores arose in the 1920s, which became increasingly heated. Under the slogan of “protecting retail,” a growing number of medium-sized associations represented demands that ranged from the reintroduction of the department store tax, which had been abolished in 1919, to the expropriation and break-up of the large department store companies. The NSDAP also tried to make a name for itself in this milieu. Its first party program, announced by Hitler in the Munich Hofbräuhaus on February 24, 1920, contained a separate point on this issue, the 16th in a total of 25 points:

We demand the creation and preservation of a healthy *Mittelstand*. Immediate municipalization of the large department stores and their leasing at cheap prices to small traders, the strictest consideration of all small traders when making deliveries to the nation, the states or municipalities.¹

This passage in the party program, attributed to the National Socialist economic ideologue Gottfried Feder, did not differ very much from the demands of other department store opponents and can almost be assigned to the “tradition of the political right.”²

More effective at first were the campaigns of the *Wirtschaftspartei des deutschen Mittelstandes* (Economic Party of the German *Mittelstand*, from 1925: *Reichspartei des deutschen Mittelstandes*, Reich Party of the German *Mittelstand*), which achieved some electoral success under the impact of the shock of hyperinflation in 1923. With initiatives in the Reichstag and rallies of the Reich Cartel of the National *Mittelstand*, which this party had founded, it was able to mobilize a protest potential for its members who felt ignored by the major parties. The attacks by department store opponents subsequently also focused on the uniform price stores that had emerged since 1926, which, following the example of the American department store giant Woolworth, offered a limited range of low-quality mass-produced goods at uniformly low prices. In response to Woolworth’s expansion into Germany, two department store companies enlarged their groups to include subsidiaries for uniform price stores: Karstadt AG founded *Einheitspreis AG* (Epa), and Leonhard Tietz AG founded *Einheitspreis-Handelsgesellschaft* (Ehapa). These companies were hated by the small traders because of supposedly “unfair” price competition. The battle against the consumer associations (consumer cooperatives) was no less fierce than the fight against the department stores and the uniform price shops, which

were also able to offer cheaper prices than the small retailers, purchased goods through joint bulk purchases, had their own production facilities and were committed to the principle of cash payment for goods.³

When thousands of retail businesses went bankrupt during the global economic crisis, the call for special laws to protect retailers from department stores and one-size-fits-all stores became louder. Reich Chancellor Heinrich Brüning responded to this in April 1930 by introducing a new department store tax.⁴ In March 1932, the Reich President's emergency decree to protect the economy banned the establishment of uniform price stores for a period of two years.⁵ There were also strong efforts to introduce a concession requirement for department stores and uniform price stores. They failed because of a report from the Provisional Reich Economic Council (Vorläufiger Reichswirtschaftsrat) that was obtained by the Reich government, in which it was shown that the department stores would not harm retail shops and that a restriction on this form of business would only affect consumers. In the meantime, studies had been carried out which showed that department stores and uniform price stores did not have such a large impact on retail commerce, as the critics had claimed. The share of department stores in total retail trade was between 3.8 percent (Institut für Konjunkturforschung: Institute for Economic Research) and 4.5 percent (Forschungsstelle für den Handel: Research Center for Retail) in 1931, while the share of single-price stores was one percent. However, significantly higher proportions were found for Berlin and Stuttgart, the cities with the highest department store sales per capita of the population. In an international comparison, the proportion of department stores in Germany was somewhat lower than in France and Great Britain and much lower than in the United States.⁶

From the end of the 1920s onwards, department stores were increasingly affected by anti-Semitic campaigns from the National Socialists. The agitation was directed against all "Jewish" stores, but anti-Semitic stereotypes were particularly easy to project onto the large department store companies because most of them had Jewish founders and owners whose names were generally known: Tietz, Wertheim, Jandorf, Schocken, Alsberg, Wronker, Gerson. The anti-Semitic actions were not organized by the party leadership, which for a long time paid little attention to the "department store question," but they did provide a field of activity for activists in the provinces. As early as 1927, the NSDAP began to organize boycotts against "Jewish" department stores in the form of "enlightenment campaigns" in the run-up to the Christmas sales season.⁷ The attacks on Jewish department stores and consumer cooperatives, instigated by the Gauleiter of East Prussia, are a particularly striking example. Harsh slogans such as "Smash the world's enemy department store!" linked the *Mittelstand* ideology with anti-Semitic propaganda.⁸

The boycott campaigns against Jewish-owned businesses spread out and became increasingly aggressive after the NSDAP's election victory in September 1930. With the "Kampfgesellschaft gegen Warenhaus und Konsumverein" (Combat Group Against Department Stores and Consumer Associations) and the "Nationalsozialistischer Kampfbund für den gewerblichen Mittelstand" (National Socialist Fighting League for Small and Medium-Sized Businesses, hereafter Kampfbund), Nazi organizations emerged that carried out such actions systematically. With slogans such as "Don't buy from Jews" they encouraged party members to join the boycott. In Munich NSDAP members were threatened with expulsion from the party if they visited "Jewish" department stores; in Dresden the local party group monitored the shopping behavior of its members with entry stamps.⁹ The party leadership avoided calls for a boycott, especially since there were a growing number of NSDAP supporters among the department store employees. The party newspapers constantly advertised a boycott of "Jewish" businesses, while the NSDAP press publisher was not prepared to forego advertisements by Tietz and Woolworth in the party organ *Völkischer Beobachter*.¹⁰

19.
57

Aufruf!

Einzelhändler, Handwerker, Gewerbetreibende, Mittelständler!

Es ist 5 Minuten vor 12 für Euch! Die Fundamente Eurer Existenzen wanken bereits!

Wollt Ihr kampfflos hinabgleiten in das graue Elend bitterster Not?
Oder wollt Ihr mit uns kämpfen für Schutz und für die Erhaltung
der Existenzen des Mittelstandes?

Und wenn Ihr das wollt, dann kann die Parole jetzt nur lauten:

„Kampf dem Warenhaus, dem Konsumverein, den Großfilialbetrieben!“

Dies sind die wirtschaftlichen Totengräber des Mittelstandes!

Seit Jahren sagt Ihr nun schon: „So kann es nicht weiter gehen!“
oder: „Da muß doch etwas geschehen!“

Wunder geschehen aber nicht mehr durch Worte, sondern nur durch die Tat, durch Kampf!
Stünden alle Mittelständler in trozigem Existenzwillen zusammen, dann könnten sie eine
starke Front bilden, wie die anderen großen Berufsstände auch.

Eine starke Mittelstandsfront zu schaffen

und zwar schnellstens, das hat sich zur Aufgabe gemacht die

„Kampfgesellschaft gegen Warenhaus und Konsumverein“ der N. S. D. A. P.

die Euch hierdurch aufruft zum sofortigen Beitritt als Mitglieder.

Wenden!

Fig. 11: Summons of the Combat Group Against Department Stores and Consumer Associations.

Before Christmas 1932, many Jewish businessmen again had to suffer through National Socialist boycott campaigns.¹¹ For the time being, however, there were no violent riots against the Berlin Tietz department stores. This may have been because the owners were already expecting such actions and protected themselves by paying protection money to the NSDAP and it must have been in larger sums. On April 16, 1932, the head of the Reich Chancellery, State Secretary Hermann Pünder stated in a note on the financing of the NSDAP that a significant portion of the donations from businesses were provided as “so-called terror defense bonuses.” Pünder cited the Hermann Tietz department store group as an example.¹²

The “Anti-Jewish Boycotts” after the National Socialist Takeover

A few weeks after Hitler was appointed Chancellor, a continuous series of boycotts and attacks against the businesses of Jewish merchants began. These were not controlled actions specifically initiated by the new regime, but rather, a latent willingness to use violence that had already become apparent in the boycotts of the past few years was now spreading unchecked. The riots began immediately after the Reichstag election on March 5, 1933, against a backdrop of the abolition of fundamental rights, the beginning of persecution and the establishment of the Nazi dictatorship in the states. The perpetrators could now be sure of the complicity of a “coordinated” police force, which had been expanded to include “auxiliary police officers” from the ranks of the SA. Starting from the first actions in the Ruhr area, the wave of boycotts and violence spread quickly. On March 8th, a boycott was called for in front of the Hermann Tietz department stores on Leipziger Straße and Alexanderplatz in Berlin; on March 9th, employees of an Epa branch were mistreated in Magdeburg and shop windows were broken in Neumünster; on March 11th, Braunschweig experienced a “department store storm” in which a crowd of people in pogrom mood smashed the shop windows of the local department stores “in a ringing frolic.”¹³ In Hamburg, the Hermann Tietz department store on Jungfernstieg had to be closed on the same day because of the riots, and in Breslau “Jewish” department stores were occupied by SA troops.¹⁴ The police did not intervene, in fact, their new chief employer in Prussia, the acting Interior Minister Hermann Göring, called for further riots by denying department stores any protection in a speech in Essen on March 10, 1933: “Don’t buy from Jews, buy from the German people. I will use the police ruthlessly where anyone dares to harm the German people. But I reject the idea that the police are a protective force for Jewish department stores.”¹⁵

The day before, Hitler had called on party members, SA and SS members to maintain discipline, and on March 14, Reich Interior Minister Wilhelm Frick (NSDAP) called on the state governments in a circular to prevent "arbitrary actions" against department stores, yet the riots continued unchecked.¹⁶ The Reich government was particularly concerned not to be associated with the attacks that were being registered with concern abroad and in business circles. As long as Hitler could not be held responsible for this, he did not want to take action against the activists. This is also probably how his appeal was understood by the party base. On March 13th, there were riots in front of department stores in Frankfurt am Main, and in Karlsruhe, department stores had to be closed. On March 19th/20th, in Pirmasens, Rhineland-Palatinate shop windows were smashed and stock from a single-price store was set on fire.¹⁷ In his study on the displacement of Jews, Helmut Genschel cites 14 examples of department store boycotts and four of violent riots during the period from March 6 to 27, 1933.¹⁸

At the same time, the "Jewish" department store companies saw themselves exposed to smear campaigns by the NSDAP press. On March 9, this went so far that the Hermann Tietz company was accused in the Berlin supplement to the party organ *Völkischer Beobachter* of having supported the KPD [Kommunistische Partei Deutschlands] with donations. The NS newspaper presented a forged letter from a "cash register" belonging to the Hermann Tietz company on Leipziger Straße – which did not even exist at that location – to the Central Committee of the KPD, in which it referred to a large donation from the company to the election campaign fund ("Jewish capitalists as financiers of the K.P.D.").¹⁹ The forgery was so clumsy that it was exposed and became public knowledge on the same day.²⁰ It can also be seen from the *Völkischer Beobachter* article that the publication before the upcoming local elections was primarily directed against the KPD. However, the accusation was extremely dangerous for the Hermann Tietz owners, as practically anyone who was associated with the KPD could now expect to be arrested.

Against this background of numerous "anti-Jewish boycotts" in March 1933, Hitler and Goebbels decided to schedule a boycott of "Jewish" shops throughout the Reich for April 1st to 3rd. The Reich government once again stayed out of the public eye; Hitler left it to the Reich leadership of the NSDAP to call for the boycott, which the regime's propaganda presented as a "defensive action against international Jewish inflammatory propaganda." The Jewish entrepreneurs were unable to defend themselves against the expected terror. The Verband Deutscher Waren- und Kaufhäuser recommended that all affected members close their stores from April 1st, a Saturday, to April 3rd.²¹ Even within this professional association, firms like Wertheim and the Tietz companies could not count on much solidarity. Rudolph Karstadt AG, which had no major Jewish shareholder but had many employees of Jewish origin, preferred to "buy" its way out of the boycott at the expense of these employees.



Fig. 12: Tumult in front of the Alexanderplatz department store, March 1933.

The Karstadt board assured the NSDAP leadership that the Jewish employees would be fired and in return their stores remained open and sales were continued undisturbed on April 1st.²²

The Hermann Tietz department stores in Berlin, however, stayed closed on April 1st. SA guards paraded in front of their entrances with pre-made posters: “Germans! Defend yourselves! Don’t buy from Jews!”, and activists from the National Socialist Kampfbund covered the facades with anti-Jewish graffiti. As a result of the false report in the *Völkischer Beobachter*, posters with the slogan “Tietz supports the murdering Reds” were hung on tram poles in the streets around the KaDeWe on Wittenbergplatz.²³ A report in the *Frankfurter Zeitung* gives a clear impression of the events in Berlin:

At Alexanderplatz, in Königstraße, at the town hall and further up to the north, the traffic is difficult to manage in places. There are so many people out and about here. In these areas, protestors have supplemented the official boycott text. “Juda perish” and swastikas are painted brown on the large windows of the (closed) Hermann Tietz branches. “Attention, danger to life, Judas out, attention Itzig, off to Palestine, Jews out or to Jerusalem.” “Death to the Jewish agitation” also appears occasionally.²⁴

On the big stage in the center of Berlin, under the eyes of the foreign press and many photographers, the boycott day took place largely according to the party leadership's instructions without any attacks. Propaganda Minister Goebbels joined the Nationalsozialistische Betriebszellen (National Socialist Factory Cells), including those from the Tietz department stores, at a rally in Berlin's Lustgarten. Elsewhere exhibition windows were smashed, 600 shops were allegedly occupied in Munich, and 107 Jewish businessmen were taken into "protective custody" in Regensburg.²⁵ In Hamburg, the large Tietz department store on Jungfernstieg was kept open, but customers stayed away, even though there was only a single SA man with a sign standing in front of the entrance.²⁶

Although the boycott was not followed everywhere and was broken off after just one day, the Nazi leadership's action was useful in several ways. It had an integrating effect within the party; the activists in the SA, the Nationalsozialistische Betriebszellenorganisation (National Socialist Factory Cell Organization), NSBO) and the Kampfbund felt understood by the party leadership. An even more important result was the certainty that the public acknowledged the stigmatization of Jews without objection and that audiences in large cities saw it as a spectacle that they did not want to miss. Last but not least, it succeeded in spreading intimidation and uncertainty, which corresponded to the classic practices of a dictatorship.

The long-standing National Socialist operating cells of the Hermann Tietz department stores also received a boost from the boycotts. In March, NSBO activists moved to suddenly replace works councils with arbitrarily appointed commissioners²⁷ – several weeks before the abolition of freely elected works councils was officially regulated in the law on works councils and economic associations of April 4, 1934. Parallel to the "anti-Jewish boycotts," the cells organized work stoppages in the department stores that were passed off as solidarity actions. The salespeople appeared at work but did not serve the customers. Many apparently bowed to pressure from the NSBO, even though it was clear to them that their jobs would also be lost along with the customers. On May 11, 1933, Zwillenberg reported to the head of the Berlin branch of the Warburg Bank that the conditions in the company were "very disturbing." The owners had already turned to the NSDAP party leadership for help because of the cells' activities. From there they were assigned a party comrade as a commissioner who was now trying to get the employees back to work.²⁸ Such efforts were later described differently by two lawyers for the Tietz family in restitution proceedings before the Berlin regional court. According to their reports, the owners of the Hermann Tietz company commissioned an officer, Lieutenant Colonel Sichler, to prevent attacks by the National Socialist cells in the branches.²⁹ Why Sichler seemed suitable for this task remains an open question, as there is no information about him in the archives. A heavy burden for the Hermann Tietz owners, as well as for all depart-



Fig. 13 and 14: “anti-Jewish boycott,” April 1, 1933 in front of the KaDeWe (upper photo) and in front of the Leipziger Straße department store (lower photo).

ment store entrepreneurs, was that the future of this form of business appeared extremely uncertain. The associations and fighting groups of department store opponents were able to count as a success the law passed on March 12, 1933 to protect medium-sized businesses. The law completely banned the operation of single-price shops and prescribed a ban on the establishment of retail shops, which was initially limited to November 6, 1933, but was later extended and finally became a general concession requirement. The department stores were now also forbidden from operating craft workshops, their popular restaurants (“taverns and restaurants”) were only allowed to operate in exceptional cases, and the special sales that had previously taken place frequently were only permitted on a few fixed dates.³⁰ The press indulged now in the question “What will become of the department stores?”, the Main Association of German Retailers demanded the conversion of the department stores into “large specialty stores”, the Reich Finance Ministry was working on the introduction of another department store tax, and the “wild” boycott actions were most likely to continue.³¹

Edging towards Collapse: The Hermann Tietz Group in the Department Store Crisis of Spring 1933

This uncertainty was a catastrophe for department store companies. The boycotts of previous years had no impact on sales because participation was too low. Even the closure of the department stores during the “anti-Jewish boycott” on April 1st did not in itself have a decisive impact on business development. But now business dropped off dramatically. At the Hermann Tietz company, sales fell by 43 percent in April 1933, most significantly in the branch stores in Dresden, Gera and Weimar.³² A decline of a similar magnitude followed in May; overall, sales in German department stores were now 19.7 percent below the already low level of the previous year, and in the food departments they were down by 26 percent. The published comparisons with specialist retail stores show how much this decline was caused by the National Socialist campaigns. When it comes to clothing and textiles, department stores experienced a decline in sales of 18.3 percent, while specialist textile stores only recorded a decline of 4.2 percent. Even the press could only explain these figures by saying that department store sales were “under pressure from special circumstances.”³³ The downturn continued in June, even though the German economy was emerging from the global economic crisis and unemployment was gradually falling. Sales at department stores were now 22.2 percent below the previous year’s level overall, and 19.8 percent lower for textiles.³⁴

Apparently, a significant proportion of department store customers had changed their shopping behavior under the influence of the boycotts. This would have been particularly true for NSDAP members, whose number jumped to 2.5 million in the spring of 1933. They were forbidden by their local groups from entering department stores. Many others may have stopped shopping in department stores out of pure opportunism, others because they feared they would suffer disadvantages if they were registered or denounced as department store customers. It was of little use to Karstadt that the company was able to present itself as a “German company” after the mass layoffs of Jewish employees on April 1st. Sales also fell here because all department stores had apparently lost their previous popularity due to the boycotts.

In March 1933, Hermann Tietz OHG was still able to pay in full the mortgage interest due.³⁵ But due to the decline in sales in the following months, the already struggling company ran into massive payment difficulties. The economic policy magazine *Der deutsche Volkswirt* explained this fatal development in a review of the Hermann Tietz Group’s second quarter of 1933:

The Hermann Tietz company has suffered the most serious loss of financial mobility in the last few months. A department store purchases goods based on a preliminary budget: around January, April’s sales are estimated and orders are placed based on these expected sales. In the event of a significant, unexpected decline in sales, such as the one caused by the boycott movement, the goods debts suddenly increase and there are no funds available from sales to pay them.³⁶

Hermann Tietz OHG was now no longer able to pay the suppliers’ invoices or could only pay them with large arrears, and many suppliers stopped deliveries or insisted on payment in advance, which led to further liquidity problems and a “catastrophic shortage of goods” for Hermann Tietz OHG.³⁷ Because of the decline in income, there was a risk of running out of funds for salaries and wages. In order to save the company from collapse, Betty Tietz pledged a large part of her private equity holdings to Deutsche Bank on May 30, 1933: shares in Badische Grundwert AG, Bekleidungs-Handels AG, Brandenburgische Grundwert AG, Handelsstätte AG and Deutsche Boden AG. She was not forced to do this since as a silent partner she was not liable for the company’s debts.³⁸ However, according to Deutsche Bank, Betty Tietz could not avoid this step because there were shares on the OHG balance sheet that, as the property of a silent partner, were not liable capital.³⁹ With this pledge of securities, Oscar Tietz’s widow was, in a sense, risking the family’s silverware in this business gamble. These pledged securities included the shares of Brandenburgische Grundwert AG, which owned the buildings of the Leipziger Straße department store and the corporate headquarters. Also included were the shares of Deutsche Boden AG, which owned a real estate

area on Kurfürstendamm. On June 8, 1933, Betty Tietz also pledged her assets as a silent partner. Her daughter Elise Zwillenberg joined in and made a similar commitment regarding her silent contribution.⁴⁰



Fig. 15: Hermann Tietz company cell of the NSBO, May 1, 1934.

Through these pledges it was possible to keep the suppliers quiet for the time being. However, the banks now considered the Hermann Tietz Group's situation to be "extraordinarily precarious."⁴¹ It was obvious that the company could not hold out much longer. In June 1933, the Hermann Tietz company was on the brink of illiquidity and could only be saved with a double-digit million loan to pay back suppliers. The owners had already turned in vain to the Deutsche Bank for this loan.⁴² The fact that the bank refused was not surprising given the credit freeze that had apparently been in place for a long time, and the Tietz owners were able to calculate that they would not have received this required loan from any other major German bank. But the credit freeze was not for the usual reasons in banking, but rather because the banks were no longer willing to stand behind Jewish department store entrepreneurs. Jewish publishers were no different. The Rudolf Mosse Foundation of the Lachmann-Mosse publishing family learned in June 1933 that they could only receive a bridging loan from the Dresdner Bank with the consent of the Reich government.⁴³

The banks readily met the expectations of the state and party leadership, but at the same time were caught in the new political framework. As long as the future of the department stores in the Nazi state was completely uncertain and further boycotts against “stores run by Jewish owners” had to be expected on a daily basis, a million-dollar loan to a “Jewish” department store group represented an incalculable risk for the banks involved. The only way to limit the risk was through political connections. Because of the changed jurisprudence of the Reich Court, the banks had little leeway in these matters. According to the principle of creditor liability introduced in a decision by the Reich Court, loans to “companies that are already at risk” were considered a delay in bankruptcy and made the bank liable to recourse against other creditors. Even with sufficient collateral, such loans were not permissible as “bank loans.”⁴⁴ A large company as “endangered” as Hermann Tietz OHG simply could not obtain the required million-mark loan without political approval.

The Tietz owners’ good connections to foreign banks were also of little use in this situation. Banks in Amsterdam and Zurich, the Transandine Handel Mij. and Blankart & Cie. were prepared to step in with a bridging loan of 7.5 million RM, but did not receive the necessary approval from the German authorities.⁴⁵ The Hermann Tietz owners now turned to the Akzeptbank, which a year earlier had saved Karstadt AG from bankruptcy with the aforementioned 25 million RM loan. This financial institution was founded by the Reich during the banking crisis of 1931 as a backup bank (“Bad Bank”) for twelve banks, including all of Berlin’s major banks. The Reich held a share of 80 million in the share capital of 200 million RM, and the Reichsbank subsidiary Deutsche Golddiskontbank and Deutsche Bank each held 20 million RM. With a rediscount commitment from the Reichsbank, the Akzeptbank granted loans that were not permitted by the Reichsbank.⁴⁶ The considerable influence of the Reichsbank and the Reich government was no obstacle to the Karstadt loan from the Akzeptbank. The Brüning government had stayed out of the proceedings at the time, but now it was about a major loan for a “Jewish” department store company during the Nazi government. The case was so sensitive that the Reichsbank, which was behind the Akzeptbank, did not want to leave the decision to the Reich Ministry of Economics; rather, its Ministerial Director Reichardt was asked to obtain the consent of the Reich Cabinet. This made the loan a high-level political issue; the decision would rest with Hitler.

There was strong support from the business community and the Reich Ministry of Economics for the Tietz owners’ loan application to the Akzeptbank. People there were firmly convinced that the department store group was only in temporary payment difficulties and could be saved. However, dropping the application would have unmistakable consequences for the entire German economy. The

“system relevance” (too big to fail) of the Hermann Tietz department stores, on which around 20,000 mainly medium-sized suppliers depended, was not the only argument. For informed observers, there was no doubt that this company had come to the brink of insolvency not because of the high level of debt, but because of the political campaigns against “Jewish” department stores, and that this was different from what had happened before with Karstadt – it was a temporary crisis that could be overcome with the backing of the loan applied for. The *Frankfurter Zeitung* wrote on July 15, 1933: “According to the conviction of well-informed sources, the tense situation into which the Hermann Tietz group had found itself is essentially to be viewed as a result of the special crisis affecting department stores in general and some large corporations in particular for several months.”⁴⁷

This was also the conviction in the Reich Economics Ministry. When the Reich Cabinet discussed an “intervention in favor of the Hermann Tietz department store group” outside the agenda on June 23, Ministerial Director Reichardt commented on the status of the company: “The business turnover has fallen sharply. The supplier debts can not be paid and orders to the industry will not be placed. The company’s balance sheet is healthy and its assets exceed its liabilities. The company is only in temporary difficulties.”⁴⁸ Reichardt campaigned with great vigor to save the Hermann Tietz Group with a loan of eleven million RM to pay off supplier debts. The Akzeptbank was willing to do this with the help of the Reichsbank, sufficient security was provided, but the Reichsbank wanted to know “whether the Reich government agreed to this loan.”⁴⁹

Reich Economics Minister Alfred Hugenberg (DVP, German National People’s Party) supported Reichardt and explained that the expansion of department stores had to be prevented, but that breaking up existing companies would damage the German economy. Hitler was not impressed by this reasoning. He believed it was pointless to support department store groups; they were “not viable.” Measures like the proposed loan “would only serve the purpose of postponing the catastrophe.”⁵⁰ The cabinet then made no decision. On the same day, Reichsbank President Hjalmar Schacht made it clear in a letter to the State Secretary of the Reich Chancellery that the Reichsbank could only intervene in the Hermann Tietz Group once “secure economic foundations for granting loans have been created.” By this he meant that the “Mittelstand issue of the department store problem with the complications that have arisen from a national perspective” would be clarified “positively.”⁵¹ The Reichsbank President thus made it clear that the Akzeptbank would only support the Hermann Tietz Group when the future operation of department stores was politically secure.

But there wasn’t that much time left. The supplier debts had now risen to around 32 million RM, the bank debts to 50 million RM, the mortgage debts to

52 million RM, and the Tietz family could not pledge an unlimited amount of privately owned securities in order to hold off the creditors. The banks expected that the Hermann Tietz company would have to stop payments on June 30th if it did not receive a loan.⁵² To prevent the worst from happening, the Akzeptbank stepped in with a bridging loan of 1.5 million RM against mortgage collateral.⁵³

The Path to Hertie: The Banks' Conversion Plans and the Political Framework

The Reich-wide “anti-Jewish boycott” of April 1st turned out to be an overture to the “Aryanization” of department stores, which now began under the slogan of “Gleichschaltung” [enforced alignment]. In the following, “Aryanization” is understood to mean the transfer of values from the property of Jews to non-Jews during the National Socialist era, including processes aimed at this result.⁵⁴ Since it is a term from National Socialist terminology, its use is problematic. Nevertheless, this term is used worldwide in specialist literature because there is no similarly apt term.⁵⁵ This special context is expressed by writing the term in quotation marks. The use of the contemporary term “Gleichschaltung” also requires explanation. In the case of the Hermann Tietz Group, it seems appropriate to differentiate between the first stage of “Aryanization” in the spring and summer of 1933, which led to the Tietz family being pushed out of their company, and the family’s forced renunciation of their company assets a year later. For the first phase, the contemporary term “Gleichschaltung” is therefore also used, which, in the sense of a uniform alignment, was introduced by the Nazi state and in the spring of 1933 quickly became a synonym for the exclusion of Jews and politically unpopular people from administrative bodies, companies, associations, and clubs.

Along with publishers, department stores were among the sectors of the private economy that were included in the “Gleichschaltung” at an early stage. Unlike in the public sector, the dismissal of Jews in private companies and associations took place in the early years of the regime without any legal basis. The “Aryanization” of property values in this sector was also based on private law contracts and orders from individual authorities until 1938. Through boycotts, the withdrawal of orders, targeted incitement and open terror, it was possible to destroy the economic existence of Jewish business owners just as much as through laws. In the large retail sector, the ouster of Jewish owners and the dismissal of Jewish employees were the subject of a political campaign in the spring of 1933, with which the banks aligned themselves. After Karstadt fired its Jewish employees on April 1, 1933, the Jewish board members of one of Germany’s largest department store companies had to resign on the day of the boycott. On that day,

Alfred Leonhard Tietz was forced to hand over management of Leonhard Tietz AG, in which his family still held 53 percent of the capital. The eldest son of the company founder, a cousin of Georg and Martin Tietz, feared for the existence of the company. In the run-up to April 1, he brought his wife and children to the Netherlands out of concern for their safety. He then negotiated together with board member Franz Levy in Berlin with representatives of the financial world, the government and the NSDAP. He was promised that the company would be preserved on the condition that all Jewish members of the supervisory board and executive board resigned from their positions. After Alfred Leonhard Tietz and the other Jewish board members resigned on April 1, the Jewish supervisory board members announced their resignation two days later at a meeting in Deutsche Bank's offices in Berlin. Finally, two Jewish board members were allowed to stay temporarily and Alfred Leonhard Tietz was allowed to move to the supervisory board. To confirm the new board, the company had to obtain approval from the NSDAP leadership. It was granted on the condition that the descendants of Leonhard Tietz sold their majority shareholding to non-Jews ("Aryans"). The shares were acquired at a bargain price of ten to eleven percent of the nominal value by a consortium of banks, led by the Commerzbank (then Commerz- und Privat-Bank).⁵⁶

It could not have been demonstrated more clearly that the banks were now following the guidelines of the Nazi regime. They were unable to assert any economic reasons for the "Aryanization" of Leonhard Tietz AG. The company was solidly positioned and did not rely on a loan worth millions, but was only threatened by attacks from the National Socialists and by political pressure. The banks also had no economic incentive for such involvement in the department store industry. All department stores had suffered from the global economic crisis, and their future was an open question after the National Socialists came to power. In view of the propaganda of the Fighting Leagues for Small and Medium-Sized Businesses and the constant "anti-Jewish boycotts," no one could guarantee the continued existence of this form of operation. From this point of view, it was a high risk for the banks to invest in a department store group. In general, financial institutions entered into such investments out of commercial obligation because no other buyer could be found. But now they acted primarily out of political expediency. By placing themselves in the service of "Gleichschaltung," they took on a role expected by those in power that did not correspond to the traditional principles of the industry. It was not part of a banker's business to restructure corporate clients' boards of directors according to political guidelines and to intervene in ownership structures; even state banks had not previously seen this as their task. It was certainly not appropriate for a respectable businessman to base his

behavior on the religion of the respective business partner and to take advantage of the no-fault plight of a long-standing corporate customer.⁵⁷

The behavior of the creditor banks towards the company Hermann Tietz changed accordingly. As already mentioned, when the first considerations surfaced in February 1933 of intervening in the management of the company with a representative of the consortium, probably no one was thinking about “Aryanization”. Presumably the creditor banks had an eye on changes in the corporate management similar to those at Karstadt AG, where the chairman of the board Hermann Schöndorff in May 1931, “following a suggestion from the finance committee” of the supervisory board, had the board resign and a bank trustee, Paul Spethmann, appointed as CFO.⁵⁸ But Schöndorff had to resign solely because of the firm’s high losses, not because of his Jewish origins, and, similarly, the respected, 76-year-old (non-Jewish) company founder Rudolph Karstadt was moved from the board of directors to the supervisory board in 1932 for age-related reasons.⁵⁹

After the Tietz family was forced out of Leonhard Tietz AG, there could be no doubt that politicians and the banks would also push for “Aryanization” at Hermann Tietz OHG and that this would no longer just be a matter of economically justified restructuring. Although the company ran into increasing financial difficulties, the banks had no plan to make this move until early June 1933. It was only when the loan application was submitted to the Akzeptbank that they began to develop concrete ideas. This is documented in detail in the minutes of the meetings at the Berlin branch of the bank M. M. Warburg & Co., whose head, Spiegelberg, regularly exchanged ideas with Zwillenberg. According to the minutes of the meeting on June 7th, from that point on, the banks discussed whether the Hermann Tietz company “could be transformed into a German company.”⁶⁰ The banks were faced with the problem “that it was a private company operating with 100 % Jewish capital.”⁶¹ The owners Georg Tietz, Martin Tietz and Hugo Zwillenberg were personally liable partners and therefore could not resign like the Jewish board members of the stock corporation Leonhard Tietz. If a personally liable partner left, he had to be released from liability in accordance with the then still valid legal provisions. However, the owners of Hermann Tietz OHG were liable for the entire debt burden of the company with their private assets. The banks did not want to release them from this obligation without an analysis of their assets, and who would have been prepared to assume liability in their place for debts of this magnitude?

There were considerations about leasing the Hermann Tietz Group in its entirety to Rudolph Karstadt AG or Leonhard Tietz AG, which could then be considered a “German company”, as well. However, the formation of such a gigantic department store group was regarded to be unreasonable.⁶² When intensive

negotiations were held in mid-June about a large loan from the Akzeptbank for the Hermann Tietz company, the creditor banks willingly gave the Akzeptbank the lead.⁶³ This only changed when it became clear that the Akzeptbank loan would not be possible and Hermann Tietz OHG would collapse on June 30th. Now, due to the Hermann Tietz case, the entire “department store question” suddenly came back onto the agenda of the government and the NSDAP party leadership. The head of the NSDAP's main economic policy office, Otto Wagener, commissioned his party comrade Björnson Schaar to take care of the department store problem.⁶⁴ This could not have been good news for the banks. Schaar had already been discussed as commissioner for private banks in May 1933. In the meeting minutes of the Berlin management of M. M. Warburg & Co. he was introduced as “a National Socialist who is mentioned here very often” and who had previously been a temporary representative of the US company Field, Gloré & Co.⁶⁵

A meeting was scheduled for June 26th at the Akzeptbank with the heads of the creditor banks of the Hermann Tietz Group. The chairman of the supervisory board of Akzeptbank, Bernhard Dernburg, a man who had always been highly respected in the financial world and the ministerial bureaucracy, announced at this meeting that his bank had provided the Hermann Tietz company with a loan of 1.5 million RM, so that the company did not have to stop payments at the end of the month.⁶⁶ Dernburg had apparently succeeded in convincing Reichsbank President Schacht to agree to a bridging loan of this amount. He now made it unequivocally clear to the representatives of the creditor banks that the Akzeptbank would meet the further credit requirements of the Hermann Tietz company, which he estimated at 15 million RM, but “only with a guarantee from the banks and the consent of the government.” According to the report from M. M. Warburg & Co., the bank representatives present then declared that “the first prerequisite for the loan is that the boycott against the department stores ends.”⁶⁷

At the close of the meeting, a committee was formed from the three largest creditors – Deutsche Bank, the Dresdner Bank Group and the Mendelssohn & Co. bank – with top-notch members, including board members Theodor Frank and Fritz Wintermantel (both Deutsche Bank), Siegmund Bodenheimer (Dresdner Bank) as well as the private bankers Charly Hartung (Hardy & Co.) and Rudolf Löb (Mendelssohn & Co.).⁶⁸ It should be noted that four of these five bankers were of Jewish origin, and thus Frank and Bodenheimer had to leave their banks a few months later, and that Hartung and Löb also had to leave their positions and then emigrated a few years later.

In the meeting at the Akzeptbank on June 26, it was also announced that the owners of the Hermann Tietz company were “in principle prepared to submit to a process of ‘Gleichschaltung.’”⁶⁹ However, this was not a voluntary readiness, as

the family was not willing to negotiate its departure from the company. Unlike Alfred Leonhard Tietz, Georg Tietz, Martin Tietz, and Hugo Zwillenberg did not feel personally threatened, and as personally liable partners, they saw themselves in a comparatively secure position. Without their signature, the company's annual financial statements were not legally binding.⁷⁰

How the Tietz family's resistance was broken cannot be proven beyond doubt and leaves a lot of room for speculation. The Tietz lawyers Hans Aldenhoff and Walter Schmidt stated in a restitution procedure before the Berlin Regional Court that the Hermann Tietz owners had been put under pressure by depriving them of their liberty and confiscating their passports. They relied on affidavits from Georg and Martin Tietz, which are no longer available.⁷¹ Since the extortion is neither contemporary nor mentioned in other documents from the numerous restitution proceedings, the description by the lawyers Aldenhoff and Schmidt from 1950 is a problematic source. But it is entirely possible that the Tietz family was forced by such methods to agree to the "Gleichschaltung" of their company. The lawyers' statements are therefore reproduced below with reservations.

Georg Tietz, Martin Tietz and Hugo Zwillenberg went to the luxury Adlon Hotel on June 22, 1933 for a discussion about measures to be taken against the National Socialist company cells. After the company owners were led into a room, it turned out that it was a trap. Hermann Göring's cousin Herbert unexpectedly arrived and explained "that serious accusations were being made against them." Göring asked the company owners to "view themselves as his guests at their own expense and not to leave the room until they had agreed in principle to the inclusion of a GmbH to be formed by the banks as a "Gleichschaltung" partner in the company and to the dismissal of the head of central purchasing, Nathan Müller."⁷² At the same time, Georg Tietz, Martin Tietz, and Hugo Zwillenberg had their passports confiscated.⁷³ But they did not let this intimidate them. Despite the hopeless situation, they only agreed to these terms after ten hours of deliberation.⁷⁴

The aforementioned names and details would seem to substantiate a valid core to this description of events. Herbert Göring later became general advisor in the Reich Ministry of Economics and was a member of numerous supervisory boards.⁷⁵ It is unlikely that he was sent by a bank; it is more likely that it was an action initiated by the Reich Ministry of Economics or a special mission on behalf of Hermann Göring. Coercion of this type was not uncommon at the time. It was almost common practice for a "man in charge" to take over if Jewish entrepreneurs did not want to conform to a "Gleichschaltung" process. For example, a man appeared at the Rudolf Mosse Foundation who claimed to be a state commissioner for special assignments and department head of a state police office, declaring that he had been commissioned by the Prussian Prime Minister Göring "to settle the matter on his own."⁷⁶

If the extortion in the Adlon Hotel took place on June 22nd, 1933 as Aldenhoff and Schmidt stated – which is not ironclad because its declaration contains obvious dating errors – then it is obvious to assume a connection with the scheduling of the bank meeting on June 26th and the bridging loan granted by the Akzeptbank in those days.⁷⁷ Seen from this point of view, the group would have stopped payments on June 30th without the forced consent of the owners to accept “Gleichschaltung.” Perhaps the knowledge of this and the banks’ credit freeze were enough to move the Tietz family to agree.

What is certain, however, is that even before the meeting of the bankers at the Akzeptbank on June 26th, there had been considerations about the “Gleichschaltung” of the Hermann Tietz company by establishing a limited liability company (GmbH). The underlying idea is easy to understand. By engaging a GmbH as the personally liable partner of the general partnership Hermann Tietz company, control over the management could be gained without having to be liable for the large debt amount.

At the Warburg Bank, this plan was known as “Dr. Spiegelberg’s suggestion,” since it could then be traced back to a Jewish private banker.⁷⁸ However, Spiegelberg’s suggestion can only be found in the minutes of a meeting on June 30th, in which he reported about the bank meeting on June 26th. If the plan had been completely new at the time, Herbert Göring would not have known about it when he blackmailed the company owners in the Adlon Hotel. In fact, Spiegelberg only summarized in his “proposal” the status of the talks, in which many parties were now involved: the creditor banks, the Akzeptbank, the Reich Ministry of Economics, Wagener’s special representative Schaar and, last but not least, the Tietz family. Spiegelberg, together with the department store entrepreneur Salman Schocken, persuaded Schaar to stop the boycotts against department stores. The concern that the department stores would not survive their opponents’ campaigns led Spiegelberg to see “Gleichschaltung” as the lesser evil. Not willingly, but out of necessity, he was focused urgently on “finding the minimum formula for ‘Gleichschaltung’ in the Tietz case, since without it the government cannot find a way to terminate the boycott movement.”⁷⁹

With the caveat that “if a ‘Gleichschaltung’ was necessary,” Spiegelberg recommended “as the simplest formula” the following:

It will be a G.m.b.H. or AG. This G.m.b.H. or AG., whose capital is taken over by the two major banks involved with the corresponding conversion of loans into shares, joins the general partnership Hermann Tietz as a personally liable partner. The general partnership Hermann Tietz then has to change its name and legal form to G.m.b.H. or AG. And becomes, for example, “Deutsches Kaufhaus AG.” [. . .] At the moment, this proposal is at the forefront of the discussion compared to all other conversion plans. Björnson Schaar described it as probably acceptable to the party and the Tietz owners also found it to be the most acceptable.⁸⁰

The proposals for the “Gleichschaltung” of the Hermann Tietz company through the involvement of a GmbH or AG were pursued after the bank meeting on June 26th, but they only made sense if the company received the large loan it needed from the Akzeptbank and remained solvent. Of the two conditions that Dernburg, chairman of the Akzeptbank Supervisory Board, had set for this move, “a guarantee from the banks” and “the consent of the government,” this first one was considered to have been fulfilled after the banking meeting at Akzeptbank and the constitution of the Banking Committee. The government’s consent – and that was to be equated with Hitler’s consent – was still pending.

The discussions in the Reich Cabinet about the attitude concerning the Akzeptbank loan applied for by the Hermann Tietz department store group would probably have dragged on even longer if Reich Economics Minister Hugenberg had not resigned on June 27, 1933 because of a scandalous speech at the London World Economic Conference. Kurt Schmitt, the previous general director of Allianz Versicherung (then Allianz and Stuttgarter Verein Versicherungs AG), was appointed as his successor. He had only been a member of the NSDAP for a few months, but was Göring’s preferred candidate, who thus prevailed with Hitler. After Hugenberg, who was loathed in the industry, Göring wanted to see a business representative in this position.⁸¹

On July 4, 1933, the cabinet, with its changed composition, again discussed a large loan from the Akzeptbank for the Hermann Tietz company, this time in connection with a loan for the “Jewish” Mosse Group, which was also up for a decision. The new Reich Economics Minister pointed out that there was a threat of illiquidity and that this would affect 30–40,000 livelihoods. He suggested “that the banks should be allowed to restructure these businesses in an economically justifiable manner, unless there are particular political reasons against this.” Of all people, the new State Secretary of the Reich Ministry of Economics, the Nazi economic ideologist Gottfried Feder, who played a key role in writing the party program of 1920, jumped to the minister’s side. He pointed out that a large number of medium-sized suppliers depended on the Hermann Tietz Group. Hitler now had no objections. In summary, at the end of the meeting Feder stated that there were no concerns raised about a successful restructuring. It remained up to the banks to check whether they believed they could carry out a restructuring.⁸²

Twenty years later Elmar Michel, former high ranked officer for retail matters, stated in an interview with Heinrich Ulig, journalist and author of the book *Warenhäuser im Dritten Reich [Department Stores in the Third Reich]*, that he had learned more from Minister Schmitt and State Secretary Posse. Based on Michel’s recollections, Ulig wrote: “Hitler, of course, indignantly rejected the restoration of a non-Aryan department store using Reich loans. Schmitt then presented him with statements from industrial circles and food processing companies as well as

the documents about the business connections of the Hermann Tietz Group. After two hours of heated arguments, Hitler capitulated.”⁸³ One can assume that Michel, who was now working as a minister in the Federal Ministry of Economics and was controversial because of his Nazi past, wanted to see his former minister properly honored.⁸⁴ It was not Hitler's manner to capitulate to a minister. But it is clear from the course of the decision-making process that Schmitt must have played a significant role. Hitler changed his attitude to the Akzeptbank's Tietz loan between June 23 and July 4, 1933, and Schmitt took office on June 30th. The deciding factor was probably not just Schmitt's arguments, but also a change of course in the regime's economic policy, which was linked to Schmitt's appointment.

Göring had offered Schmitt the position of Reich Economics Minister and promised the politically inexperienced Allianz General Director his and Hitler's support.⁸⁵ It had previously been expected that Otto Wagener, Hitler's long-time confidant on economic issues, would be appointed Reich Economics Minister. Wagener had strong support in the party apparatus, was an “old fighter” of the NSDAP and was close to the Kampfbund. In the corporations he had made few friends with the brutal “Gleichschaltung” of the business associations, including the Association of German Department Stores.⁸⁶ When a number of NSDAP officials advocated Wagener's appointment as Reich Minister for Economics and when a campaign against the “capitalist” Schmitt arose in the party, Hitler sensed that opposition to the party leadership was brewing and took firm action: Wagener was stripped of all his offices.⁸⁷ Against this background, Hitler could hardly resist Schmitt's insistence on a Tietz loan.

Feder's vote probably also had some weight in the Cabinet meeting on July 4th, which so far has been seen as something of a curiosity.⁸⁸ Apparently the Kampfbund had backed down in the negotiations with the Akzeptbank in order not to risk the collapse of the department store groups. Those involved did not want to take responsibility for the consequences of their own actions.⁸⁹ Feder, like Schmitt, had also received stacks of mail from very concerned medium-sized Tietz suppliers.

However, Hitler's about-face in the case of the Tietz loan was not just about preserving the second largest German department store group. The approval of this loan was also a litmus test for the change in direction in economic policy initiated by Schmitt's appointment. On July 6th, Hitler declared the National Socialist “revolution” complete in front of an audience of Reich governors,⁹⁰ and on July 7th, his deputy in the NSDAP, Rudolf Hess, issued a decree prohibiting the party members' actions against department stores:

The attitude of the NSDAP to the ‘department store question’ is fundamentally still unchanged. Its solution will come at an appropriate time in accordance with the Nazi program. With regard to the general economic situation, the party leadership does not consider it necessary for the time being to take an active approach with the aim of bringing department stores and department store-like businesses to a standstill. At a time when the Nazi government sees its main task in helping as many unemployed people as possible to find work and bread, the Nazi movement must not counteract this by denying jobs to hundreds of thousands of workers and employees in the department stores and the companies dependent on them. The divisions of the NSDAP will therefore be forbidden to take actions against department stores and department store-like businesses until further notice. Alternatively, NSDAP members are forbidden from advertising for department stores.⁹¹

The Hess decree was a shock for the Kampfbund, but it was also clear from the wording that the “solution to the department store question” had only been postponed, not put to rest. The decree was not only deliberately made this way out of consideration for the department store opponents in the party. Hitler was not prepared to guarantee the existence of the department stores; he still considered them harmful. For him, the shift in economic policy only had a tactical meaning; it was situational and reversible at any time. The public understood the decree in this way, which ultimately meant that the uncertainty remained, and this damaged the business of the department stores.

The Founding of Hertie and the Beginning of the “Aryanization” of the Hermann Tietz Company

With Hitler’s approval of the Akzeptbank loan and the ban on department store boycotts, the political conditions were in place to support the Hermann Tietz company. The Reichsbank’s conditions for the million-dollar loan from Akzeptbank that the company applied for were also met. In a letter to Hjalmar Schacht dated July 10, 1933, Reich Economics Minister Schmitt gave the Reich government’s assurance that the department stores were no longer at political risk and asked the Reichsbank President to release the loan funds.⁹²

The press had not yet reported on the critical situation of the Hermann Tietz Group, the negotiations for a loan, and the banks’ plans. On July 15th, Hardy & Co. went public with a press release: “In the last few days, consultations have taken place with the institutes and banks that are primarily interested in the Hermann Tietz company. As a result of these discussions, it can be announced that after the company has been reorganized, the continuation of the business on an economic basis is secured.”⁹³ Four days earlier, the general meeting of Leonhard Tietz AG had decided to rename the company as Westdeutsche Kaufhof AG. The new chairman of the board, Otto Baier, had explained that through the “conversion” of the

company and the boycott ban issued by Hess, it was hoped that it would now be possible for the firm to win back customers.⁹⁴

In the meantime, the committee of creditor banks of the Hermann Tietz Group was wrestling over the personnel details of the planned GmbH. The Dresdner Bank had in February already appointed Trabart von der Tann, whose full surname was Reichsfreiherr von und zu der Tann-Rathsamhausen, as representative for the Hermann Tietz case. Presumably the Dresdner Bank supervisory board chairman and former Hardy managing director Andreae had chosen him for this task.⁹⁵ Since the Dresdner Bank and its related private bank Hardy & Co. were together the largest lenders to the Hermann Tietz company, this group was entitled to chair the planned GmbH. On July 10, it seemed to be clear that Georg Karg, the representative authorized by Tietz, would become one of the two managing directors from whom Tann received the chairmanship of the advisory board that acted as a supervisory board, and besides him, Charly Hartung, a partner in the Hardy & Co. bank, and BjörnSEN Schaar would also belong to the advisory board.⁹⁶ At the beginning of July, Schaar is said to have been tasked by the NSDAP party leadership with the "Gleichschaltung" of the Hermann Tietz Group.⁹⁷ But there was then strong resistance to von der Tann's appointment. Schaar explained that a titled aristocrat was unacceptable to the NSDAP and brought into play Paul Spethmann, whom the banks had appointed as Karstadt's financial director in 1931.⁹⁸ Now one could imagine a management consisting of Karg and Spethmann, but the latter was not willing to defer to von der Tann and preferred to remain on the Wertheim Supervisory Board. Soon afterwards he became financial director of Aschinger AG, where he had an inglorious career as an "ariseur."⁹⁹ Schaar disappeared into obscurity after Hitler rejected his mentor Wagener, while von der Tann continued to enjoy support at the Dresdner Bank. The Berlin management of M. M. Warburg complained "that the Dresdner Bank wanted to accommodate von der Tann under all circumstances in this case, although his suitability for the position is extremely problematic and his demands are incredibly high (RM 90,000 p.a.)."¹⁰⁰ Support for von der Tann's candidacy for chairmanship of the advisory board was, however, lacking. The committee of creditor banks agreed to give Hartung von Hardy & Co. the chairmanship and to move von der Tann together with Karg into the company's management. In this merry-go-round of personnel changes, Karg was the only constant; everyone on the management side considered him an indispensable expert.

On July 24, 1933, the "GmbH" of the creditor banks of the Hermann Tietz Group was given a name: Hertie Kaufhaus- und Beteiligungs GmbH [Hertie Retail and Holding Company], whereby a reference to the term "Warenhaus" [department store] was very consciously omitted. The name "Hertie" most likely went back to a suggestion by Karg, who later advocated sticking to this portmanteau of

the company name Hermann Tietz. Artificially constructed names like “Deutsche Kaufhaus AG” and “Westdeutsche Kaufhof AG,” which no doubt seemed appropriate to the creditor banks, were probably a horror for the “department store man” Karg. “Hertie,” on the other hand, was a piece of the tradition of the Hermann Tietz department stores. Even before the First World War, the name had been introduced as a name for the company’s own brand; customers had long been familiar with it in connection with products such as “Hertie” tableware or “Hertie” stockings.

When Hertie Kaufhaus-Beteiligungs GmbH [hereafter Hertie] was founded on July 24, 1933 on the premises of Hardy & Co. at Markgrafenstraße 36, Karg and the businessman Helmut Friedel were registered as partners, having paid the share capital of 100,000 RM in equal shares, and the object of the company was defined as “participation as partners in the general partnership of the Hermann Tietz company in Berlin.” The contract also provided for an advisory board of at least three people to be elected at the shareholders’ meeting, and the quite unusual provision that a member of the advisory board could also be delegated to the management. The two shareholders finally stated that Karg would be appointed managing director.¹⁰¹

As partner and managing director of Hertie, Karg moved into a new role that meant he would change loyalties. The authorized representative of the Hermann Tietz OHG now managed the business of a company that had to carry out the “Gleichschaltung” and “Aryanization” of this group. He shared the management with von der Tann, who held a prominent position as delegate to the advisory board. Since he came from the financial industry, he was supposed to complement the department store expert Karg. His co-partner Friedel, who unlike him did not become managing director, was an employee from the corporate administration who always remained in Karg’s shadow and probably saw himself as his follower. He most likely became a partner in Hertie only because they needed someone else besides Karg. Friedel was then registered as a partner in several group companies, and in January 1935 he was promoted to authorized representative and soon afterwards moved to Weimar as manager of the branch there.¹⁰² No further information about him was available.¹⁰³ The only thing certain is that he was not – as had already been claimed – an employee of the Hardy & Co. bank.¹⁰⁴

Through his new position, Karg had gained more influence, but his standing should not be overestimated. At that time, Hertie was not much more than a “committee of creditors,” as Karg later aptly remarked.¹⁰⁵ The advisory board provided by the banks had the say, and Karg had no closer connections to the financial world before founding Hertie; he was considered a department store special-

ist and was appointed managing director, not as a protégé of the banks like von der Tann was.¹⁰⁶ The partners Karg and Friedel were not the owners of Hertie. They had paid the capital deposits as trustees of the creditor banks, which made this capital available to them. Hardy & Co. had advanced the amount and then collected it proportionally from the other banks.¹⁰⁷ The auditing firm Treuhand-Vereinigung AG, which belonged to the Dresdner Bank Group, was later recorded in notarized documents as the owner of the core deposits.¹⁰⁸ The Hertie management office was in the Leipziger Straße department store, and the advisory board meetings took place at Hardy & Co.

Already at the first meeting of the advisory board on July 29, 1933, Karg was obliged to provide weekly reports on the business situation, which was not to be understood as a vote of confidence.¹⁰⁹ According to Hertie's statutes, the advisory board was also authorized to supervise the management's activities and obtain its approval – a humiliating requirement for a self-confident managing director.¹¹⁰ Karg's position was also constrained by the deployment of the advisory board member von der Tann as a member of management. A file note from Dresdner Bank documents that von der Tann came to the management as a "trustee for us and for the Deutsche Bank und Diskonto-Gesellschaft."¹¹¹ This statement can be understood to mean that von der Tann was placed at Karg's side not only as a colleague, but also as a supervisor.

In contrast to other board members, when von der Tann was mentioned in the files of the Hertie advisory board, he was never assigned to a company and was apparently not employed by a bank or trust company at the time. The previous activity of the Doctor of Law from an old Franconian noble family is also obscure.¹¹² At Hertie GmbH he was sponsored by the Dresdner Bank board member Hans Pilder, who was chairman of the Supervisory Board of the Trust Association (Treuhand-Vereinigung AG).¹¹³ In a more recent publication von der Tann is mentioned in connection with his role in the "Aryanization" of the porcelain manufacturer Ph. Rosenthal AG as director of the Nuremberg branch of the Dresdner Bank.¹¹⁴ However, a branch director from another region would hardly have been able to carry out the dual role that he took on at Hertie as an advisory board member and managing director on the side. It is more likely that he was released from Dresdner Bank for this mission. In the fall of 1934, von der Tann was involved in ousting the Rosenthal family from their company in Selb, Upper Franconia. Three years later in Munich, he negotiated to take over the Heinrich Uhlfelder department store, whose Jewish owner Max Uhlfelder was forced to sell.¹¹⁵

Of the seven members of the first Hertie advisory board, only three had already belonged to the committee formed on June 26 from which Hertie emerged.

Tab. 4: Members of the administrative advisory board of Hertie Kaufhaus-Beteiligungs GmbH/Hertie Waren- und Kaufhaus GmbH 1933–1935.¹¹⁶

July 1933	September 1935
Charly Hartung, Hardy & Co., chairman	Erich H. von Berger, chairman
Kurt Hamann, Victoria Versicherung	Kurt Hamann, Victoria Versicherung
Alfred Hölling, Dresdner Bank	Charly Hartung, Hardy & Co.
Rudolf Löb (from August 1933 Alfred Dresel), Mendelssohn & Co.	Alfred Hölling, Dresdner Bank
Reinhold Quaatz, Dresdner Bank	Ernst Karding, Deutsche Centralbodenkredit AG
Trabart von der Tann	Hans Paschke, Deutsche Bank
Fritz Wintermantel, Deutsche Bank	Hans Pilder, Dresdner Bank
	Fritz Wintermantel, Deutsche Bank

The Dresdner Bank Group, to which Hardy & Co. belonged, was now significantly better represented as the largest creditor with four out of seven members (Hartung, Hölling, Quaatz, von der Tann) than in the previous committee. The mortgage creditors were represented by Kurt Hamann, who was then a board member of Victoria zu Berlin Allgemeine Versicherungs-AG and who became general director of the three Berlin Victoria companies in the fall of 1935. The proportion of Jewish bankers was no longer quite as high as in the committee, but it is noteworthy that several members of Hertie's first administrative advisory board were later themselves affected by the Nazis' racial madness. The Mendelssohn & Co. partner Rudolf Löb had to emigrate to Argentina in 1939 because of his Jewish origins. Mendelssohn's general counsel Alfred Dresel, who had replaced Löb on the Hertie advisory board after the first meeting, emigrated to Great Britain in 1938.¹¹⁷ Reinhold Quaatz was dismissed from the Dresdner Bank as a "half-Jew" already at the end of November 1933.¹¹⁸ The first chairman of the advisory board, Charly Hartung, was also considered a "half-Jew" according to the National Socialist racial categories. He was pushed out as a partner at Hardy & Co. in 1935 and had to leave a year later.¹¹⁹

Hertie's administrative advisory board was obviously not appointed under the pressure of political influence. Things would have looked different if – as temporarily planned – Wagener's Adlatus Bjørnsen Schaar had been appointed to the advisory board. The men who came together to "Aryanize" the Hermann Tietz Group included not a single NSDAP member, and the managing director Karg was

not a member of the party either.¹²⁰ Most of them were bankers who would have been good business partners for the Tietz owners under other conditions. It remains to be seen whether there were any scruples in this circle about depriving the family of their company; such statements would not have been included in the minutes of the advisory board meetings. Only Dresel, the representative of the "Jewish" private bank Mendelssohn & Co., clearly had reservations. In the fall of 1933, at an advisory board meeting, he pointed out that "the banks' money was not provided for "Gleichschaltung" and also not for the opposite."¹²¹ Hertie GmbH was founded exclusively to exercise "Gleichschaltung" in the Hermann Tietz company.

The mandates on the advisory board were distributed according to the quotas in the creditor consortium. Von der Tann was a special case because of his role as representative of the advisory board in the management, but there must also have been special reasons for the decision to give the chairmanship of the advisory board not to a director of Dresdner Bank, but to Hardy & Co.'s managing director Hartung. The Hardy & Co. bank not only provided the first chairman of the advisory board, but also played a key role in the following years as trustee of the consortium of creditors.

One explanation may be that Dresdner Bank brought Hardy & Co., which was closely aligned to it and in which it held a 26 percent stake at the time, into business during "Aryanizations" specifically to help stabilize this bank after the banking crisis and its losses in the global economy. Particularly in the "Aryanization" of the important Berlin business of the private bank Gebr. Arnhold and S. Bleichröder, Hardy & Co. was a leading participant.¹²² There could also have been other reasons why Hardy & Co. was given the lead in the Hertie consortium. The bank had worked closely with the Tietz family for decades. During the economic crisis of 1900/01, Hardy & Co. saved the Hermann Tietz company with a loan of one million marks, for which Oscar Tietz always remained grateful. When the department store company's credit needs grew to a different level, a private bank like Hardy & Co. could no longer keep up. As Georg Tietz later reported, the family remained connected to partners of Hardy & Co. not only through business but also through personal friendships, "as long as the then owners Hardy, Pohl and Andreae had something to say in this bank."¹²³ In the 1920s, Richard Pohl and Fritz Andreae had run Hardy & Co. After the banking crisis, Andreae had to resign from the management, but retained the supervisory chairmanship of Dresdner Bank, which he had held since 1926. He remained in this office until 1936, even though he had been discredited by the National Socialists, since, like Hartung, he was a "half-Jew" and, as the brother-in-law of the former "President of the AEG" (AEG: Allgemeine Elektrizitäts-Gesellschaft, General Electricity Company) and then Foreign Minister Walter Rathenau, who was murdered by right-

wing extremists in 1922. It is possible that Hardy & Co. was given leadership of the consortium of creditors because of its long-standing ties to the Tietz family. It may have been bitter for the family to witness that their company was “Aryanized” under the leadership of this bank and the Dresdner Bank, which Andreae supervised.

Just five days after Hertie GmbH was founded, the owners of Hermann Tietz OHG signed an amendment to the partnership agreement, as a result of which they lost control of the group. The contract dated July 29, 1933, which came into force retroactively on July 15, 1933, stipulated that Hugo Zwillingenberg was replaced as a personally liable partner by Hertie Kaufhaus-Beteiligung GmbH, and had to switch to the status of a silent partner. Since Georg and Martin Tietz remained, the family retained a majority among the personally liable partners, but they were disempowered in the management by representatives of the new third personally liable partner, Hertie GmbH. Since partners could only dispose of the company’s assets with the consent of the others (§ 719 BGB), Georg and Martin Tietz were now also dependent on Hertie in this respect.¹²⁴ In the preamble to the contract of July 29, the “assumption of power” by Hertie at the Hermann Tietz Group was bluntly justified: “For the purpose of the ‘Gleichschaltung’ of this company, i.e. for the purpose of creating an Aryan predominance in the management and for the purpose of obtaining a larger long-term loan.”¹²⁵

The forced changes were associated with an adjustment of the company name, which was expanded to Hermann Tietz & Co. The addition stood for the new, non-family shareholder. The creditor banks had opted for this solution as a transitional form until the Tietz/Zwillingenberg family was completely removed, because it meant that their members would initially remain liable for the company’s debts. With this in mind, it should also be explained why Hugo Zwillingenberg was the first of the three family members and personally liable partners to be forced out of the company. With the change to the status of a silent partner, he was still liable for the debts that had accumulated so far, but no longer for any further debts of the company. The liable capital did not decrease significantly as a result, since Zwillingenberg’s share of the company’s assets was much smaller than that of his brothers-in-law. The equity investments in group companies that Elise Zwillingenberg had inherited from her father Oscar Tietz were not allocated to her husband’s liable assets, but remained with her, and she had always been a silent partner.¹²⁶

The fact that Hertie became a personally liable partner in Hermann Tietz & Co. as a limited liability company was an obvious contradiction. Hertie also joined Hermann Tietz OHG in a form that would hardly have been permissible under other circumstances. According to the partnership agreement, Hertie did not make any capital contribution and its partners were practically not liable for the

OHG's debts, as their liability was limited to the capital contribution paid into the GmbH. The capital contributions made by Karg and Friedel when Hertie was founded were each 50,000 RM, an amount that was most likely deliberately set low.¹²⁷

Wir beehren uns mitzuteilen,

dass Herr Dr. Hugo Zwillenberg aus unserer Firma als persönlich haftender Gesellschafter ausgeschieden ist. An seiner Stelle ist die ~~Georg und Martin Tietz~~ **Hertie GmbH** mit einer Beteiligung von 80% eingetreten. Diese Gesellschaft wurde einstimmig mit dem Reichsstatistikamt in unsern Großstädten gegründet, in deren Händen sich ihre Anteile befinden. Derartige Zugeständnisse haben dieser Gesellschaft einen entscheidenden Einfluss in unsere Geschäftsführung und damit einen überwiegenden arischen Einfluss in unserer Firma. Maßnahmen zur Angleichung unserer Betriebsführung an die Grundsätze nationaler Wirtschaftsführung sind in Vorbereitung.

Um dieser grundlegenden Veränderung äußeren Ausdruck zu verleihen, wird die bisherige offene Handelsgesellschaft Hermann Tietz in Zukunft als

Hermann Tietz & Co.

firmieren.

Wir bitten, die Firma Hermann Tietz & Co. in dem Bestehen zu unterstützen, das Unternehmen fortzuführen und damit unsern ca. 12.500 Angestellten und ihren Familien Arbeit und Brot zu erhalten.

Hermann Tietz 27. Aug. 1933 **Hermann Tietz & Co.**

Fig. 16: Newspaper advertisement for the “change of the firm’s name,” August 27, 1933.

Although Hertie GmbH did not participate in the capital investment, in the contract dated July 29th, it was given the majority in the management. Karg and von der Tann replaced Zwillenberg in the management, which now consisted of four men, the owners Georg and Martin Tietz and the two managing directors of Hertie. Formally, everyone had one vote, but in the event of a tie, the decision was made by von der Tann, the bank’s representative, according to Section 6 of the contract.¹²⁸ Georg and Martin Tietz’s hands were tied by such provisions. From then on, they received a salary set by Hertie’s administrative advisory board, which amounted to further humiliation for the owners.

The contract dated July 29th also stipulated that the profits and losses would not be distributed according to the number of personally liable partners or the shareholding in the share capital, but rather according to a politically opportune ratio. Hertie GmbH would account for 60 percent of the profits, Georg and Martin Tietz for 40 percent.¹²⁹ The fact that Hertie had to cover 60 percent of the losses due to this regulation was accepted. What mattered more was that this ratio allowed Hermann Tietz & Co. to be presented as a company with an “Aryan” majority, even though two of the three personally liable partners were Jews. Even before the contract was signed, the company placed large advertisements in the

press announcing its new name and Zwillenberg's departure as a personally liable partner. It said that Hertie Kaufhaus-Beteiligungs GmbH had "entered with a 60 % stake" and had been "founded by our major creditors in agreement with the Reich Ministry of Economic Affairs." Contractual agreements would ensure the "predominant Aryan influence in our company," which is what the new name Hermann Tietz & Co. was to stand for.¹³⁰

The contract of July 29th committed Hertie and with it the creditor banks to provide the Hermann Tietz company with a loan of 14.5 million RM.¹³¹ It was approved and paid out practically on the same day, and retroactively to July 15th. Strictly speaking, there were two loans totaling 14,466,780 RM. The first loan (Loan I) in the amount of 5,758,000 RM was granted by the Akzeptbank with a rediscount commitment from the Reichsbank, and a bridging loan of 1.4 million RM granted at the end of June calculated on this amount, the second (Loan II), 8,741,780 RM, was provided by a consortium of creditor banks. The warehouse of the Hermann Tietz company with a total value of around 22 million RM, the inventory of the department stores, unspecified basic securities and a default guarantee from the mortgage banks for two million RM served as security.¹³² The file note on this loan transaction drawn up at Dresdner Bank left no doubt that the loans were tied to the "Gleichschaltung" agreement of July 29th: "The prerequisite for the granting of the loans was the "Gleichschaltung" of the company."¹³³

Previously, the involved mortgage banks and credit banks had disputed their respective participation in the loan volume. It was originally stipulated that one third of the entire loan would be allocated to the Akzeptbank, the credit banks, and the mortgage banks.¹³⁴ Since the mortgage banks categorically rejected direct participation because they had only granted loans on non-department store properties, the credit banks had to take a share of around 60 percent. The chairman of the Supervisory Board of Akzeptbank, Dernburg, had pointed out in vain how engaged the mortgage banks should be in supporting the department store group. If the mortgages granted to the Hermann Tietz companies – at Deutsche Centralbodenkredit AG alone they amounted to around ten million RM – were to "slip," this would lead to a shock to the entire bond market.¹³⁵ The mortgage banks finally agreed to provide a counter-guarantee of two million RM, although, in the opinion of the Reich Ministry of Economic Affairs, this was not compatible with the Hypothekendarstellungsgesetz (Mortgage Banking Act).¹³⁶ In coordination between Dernburg, the Reich Ministry of Economics and the Reich Commissioner for the Banking Industry (from 1935: Reich Commissioner for Credit), the participation of the mortgage banks was permitted as an exceptional case under the supervision of the Reich Commissioner.¹³⁷

At the beginning of August 1933, the commercial banks involved in the loan signed a standstill agreement with the mortgage creditors – these were 17 mort-

gage banks, insurance companies, trading companies and private individuals, including the Jandorf heirs and Max Emden – with a term of up to March 31, 1935, in order to protect Hermann Tietz & Co. from repayments during this period and to relieve the company by deferring interest and repayments.¹³⁸ According to the Dresdner Bank, mortgage debts of 44 million RM fell under the standstill agreement together with domestic bank debts of around 33 million RM.¹³⁹

Eleven banks were involved in the consortium for Loan II, primarily the Dresdner Bank Group with the consortium leader Hardy & Co. and Deutsche Bank, i.e. the banks that were significantly represented on the Hertie advisory board. The quota of banks within the consortium was based on their respective share of the domestic bank debts of Hermann Tietz & Co. Of the other financial institutions, only Mendelssohn & Co. was represented with a larger proportion and, accordingly, a mandate on the Hertie advisory board. The consortium included a total of four private banks with Jewish owners (Mendelssohn & Co., M. M. Warburg & Co., Simon Hirschland, Jacquier & Securius) with a total share of around 16 percent of the loan. They were included because they were part of the Tietz family's bank connections.

Tab. 5: Participation of the banks in the syndicated loan (Loan II) for Hermann Tietz & Co. in RM, July 1933.¹⁴⁰

Bank	Bank liability (Loan II)	Standstill loans (previous loans)
Deutsche Bank und Disconto-Gesellschaft	3,307,973	12,474,592
Dresdner Bank einschl. Proehl & Gutmann	2,659,316	10,029,452
Hardy & Co.	986,972	3,720,945
Mendelssohn & Co.	959,872	3,620,347
Simon Hirschland	236,908	893,025
Bayerische Vereinsbank	168,72	637,725
Adca Chemnitz	166,972	631,36
M. M. Warburg & Co.	152,111	573,645
Commerz- und Privatbank Plauen	69,946	261,788
Jacquier & Securius	33,2	123,97
<i>total</i>	<i>8,741,780</i>	<i>32,966,849</i>

After the “Gleichschaltung” agreement of July 29, 1933, the new managing directors began to address the Tietz family’s early departure from the company. The involvement of Hertie was designed to ensure that the next step would be the separation between Hermann Tietz & Co. and the family in the form of a severance agreement. Von der Tann made this sternly clear to Georg and Martin Tietz in December.¹⁴¹ Because of the pressure of political expectations, they never considered leaving family members in the company. However, von der Tann pursued their departure with a rigor that not all members of the advisory board understood. In a note preserved in the Deutsche Bank files, the author – presumably Hans Paschke – criticized Tann’s “constant speeches regarding the alleged opinion of the Reich Minister for Economic Affairs about the necessity of removing the two Tietz family members from the company.”¹⁴² The assumption arose that the managing director was pursuing his own goals, as he planned to convert Hertie into a stock corporation and was supported therein by Dresdner Bank board member Pilder. Such considerations were not realistic, however, because the company would not have received approval for a “company formation on the basis of contribution in kind” due to a lack of liquidity.¹⁴³

Immediately after the Tietz owners were disempowered, Karg and von der Tann began to lay off Jewish employees en masse. After just eight days, the Hertie advisory board was able to see from the first management report that 278 employees had received their notice of termination. Layoffs are necessary “for economic reasons,” and with this “opportunity,” in accordance with the wishes of the NSBO, “a significant percentage of Jewish employees” were fired.¹⁴⁴ Now, too, the company’s difficult economic situation was used to further promote the “Gleichschaltung.” Karg and von der Tann were not forced to do this because the law to restore the professional civil service, passed on April 7, stipulated the dismissal of Jewish employees for the public service and state-owned companies, but not for private companies. At Hermann Tietz & Co., the heavy debt burden had about the same effect as the purge law in public companies. The managing directors saw the mass layoffs of Jewish employees as an effective means of combining two goals: reducing costs (“economic reasons”) and the change to an “Aryan” company. Although they were pressured to do so by the National Socialist company cells, they could have resisted their demands if they had wanted to.

In August 1933, the managing director in Magdeburg and the branch manager in Munich were fired, and the manager of the Leipziger Straße department store also had to resign.¹⁴⁵ Some names of dismissed Jewish employees have come down to us from statements in restitution proceedings. Those mentioned here include: the branch managers Larlam, Hesslein and Rosenthal, the Gera branch

manager, Hermann Sklow, the employees Sally Weinstein, Oliven, Praser and Petzall.¹⁴⁶

As early as August 30, 1933, Karg was able to inform the advisory board: "A total of around 500 non-Aryan employees were fired." Previously, a false report from Moscow that the Hermann Tietz Group had fired 5,000 Jews had caused quite a stir.¹⁴⁷ Karg was able to deny this rumor, stating that on August 1, 1933, there were only around 1,000 employees of Jewish origin, which would have corresponded to a workforce share of 7.2 percent, almost ten times higher than the proportion of religious Jews in the Reich.¹⁴⁸ The number given by Karg may have been underestimated. At Warburg, at the beginning of July 1933, it was assumed that the proportion of Jewish employees in the Hermann Tietz company's workforce was between ten and twelve percent.¹⁴⁹ In his report from August 30, Karg attached importance to the statement that the dismissals had been coordinated with the representatives of the National Socialist company cells. This made it possible to retain "non-Aryan employees who we cannot do without for operational reasons." In order to accommodate the Berliner SA, the management agreed to "employ its members in suitable positions in our particular houses."¹⁵⁰

Of course, the SA could not offer an equivalent number of replacements for such a large number of laid-off employees. Even for a smaller number of new hires, there were not enough retail-trained non-Jews on the job market. Karg had to complain that at Karstadt, where the mass layoffs of Jewish employees had already started at the end of March 1933, they had "gotten into line more quickly" and therefore "hired suitable personnel."¹⁵¹ The layoffs led to a disruption of operations and a loss of quality in the Hermann Tietz department stores. There was a risk of further declines in sales because customers were unlikely to seek advice from semi-skilled SA members when shopping.

Against this backdrop, Karg declared the "changeover" to be finished after four weeks. Following his accommodating the NSBO with the wave of layoffs in August, he believed he could "reject the original demand to lay off all non-Aryan employees first."¹⁵² Now more non-Jewish employees were laid off and the department store in Dresden was closed.¹⁵³ At the meeting of the Hertie advisory board on November 21, 1933, Karg announced that "the management of the companies from the purchasing department on down was still 80 % Jewish," and was determined to stick to this ratio. The "Gleichschaltung" had been so expensive that it could not be continued; otherwise additional costs of 500,000 RM could be expected in the next six months.¹⁵⁴ Karg did not act out of consideration for Jewish employees, but rather as a sober, calculating businessman; for political reasons, he did not want to burden the company with further costs, especially since the advisory board did not agree on this issue. Fritz Wintermantel, a board member of Deutsche Bank, complained that there were still 150 "non-Aryans" in senior

positions, and maintained that they must be deprived of their management tasks and, if necessary, employed unofficially. Mendelssohn's Counsel, Alfred Dresel, objected that the National Socialists' "struggle" would "not actually be directed against Jewish employees, but against the department store."¹⁵⁵ The former was certainly not true, but the latter was. Simply by pushing out the Jews, the department stores did not remove themselves from the line of fire coming from the Nazi activists, and lost customers could not be won back as a result.

In view of the concerns about attracting young talent, the training system contracts with Jewish apprentices were upheld until 1935. In November 1934, the department store on Berlin's Alexanderplatz even hired one "non-Aryan" director.¹⁵⁶ In a statement written in 1947 by Hertie's managing director von der Tann, he says that "the reduction of the very high percentage of Jewish employees in the company took a very long time and, as far as I know, was only completed in 1938."¹⁵⁷

Karg's change of course on the dismissal of Jewish employees clearly shows that he was always guided by business interests on this issue. When political pressure threatened to become an obstacle to business, he had no scruples about imposing strict layoffs, and when the business threatened to suffer as a result of the layoffs, he just as resolutely ignored the demands of the National Socialist company cells and shop stewards. In both cases, the fate of those affected did not influence him, and there is also no indication that he helped a persecuted Jewish employee or business partner, for which there would have been ample opportunity within his sphere of influence. However, he stuck to contractually agreed promises to deserving Jewish colleagues, even if he could have acted differently.

This is clearly demonstrated by the way pension entitlements were handled for the long-time authorized representatives Löwenberger, Müller and Adler. They were forced out due to "Gleichschaltung" requirements because of their Jewish origins, but were not dismissed without notice and did not lose their pension rights, as was the case in comparable instances in some other companies. David Löwenberger emigrated to the Netherlands at the beginning of August 1933, still without notice. His salary was initially "credited to the company's books." From Holland, he asked for his pension entitlement of 20,000 RM per year to be settled with a one-off payment of 100,000 RM. Karg and von der Tann wanted to work toward this, but it is not known whether the payment was actually made.¹⁵⁸ Nathan Müller, who in particular had long suffered from attacks by the National Socialists, was released at the insistence of the NSBO and, in compliance with the agreed upon date, was terminated by the deadline of December 31, 1934. He suggested that his pension entitlements of 20,000 RM/year be paid in a one-off payment of 150,000 RM and to continue to provide him the life insurance that the company had once given him as a token of appreciation. In this case it is no longer possible to determine whether

payment was made. However, it is documented that Müller received a loan of 75,000 RM in October 1933 to set up a new professional business abroad. Karg may have taken into account that two years earlier, in a difficult situation, during the banking crisis of July 1931, the Hermann Tietz company had received a loan of over 100,000 RM from the private savings of Müller and his daughter.¹⁵⁹ Adolf Adler had to resign on October 1, 1933, with continued salary payment until March 31, 1934. He suggested settling his pension claims with a payment of 75,000 RM and asked for his life insurance policy to be handed over. The administrative advisory board made a promise, but in this case too, it is not recorded whether it was kept.¹⁶⁰ This information on the pension entitlements of the three dismissed authorized representatives is provided through reports that Hitler's economic advisor Wilhelm Keppler demanded from the managing directors. Keppler had received a denunciation with very detailed information about the severance payments for Löwenberger, Müller, Adler and the long-retired former Tietz notary Działoszynski, which could only have come from the central administration in Krausenstraße, but also circulated in the branch offices where it caused some unrest. The informer pointed out that Hermann Tietz & Co. was wasting money on Jews: "Almost 580,000 RM for 4 Jews are put on the table in one fell swoop, while on the other hand, negotiations with the Dresdner Bank are conducted for further subsidies of several million."¹⁶¹ The information turned out to be exaggerated, and Keppler was apparently satisfied after the managing directors had assured him that they were only taking into account contractually agreed upon employment claims. Von der Tann, who was responsible for pension regulations in the management, also informed the Führer's economic representative on this occasion "that, with a few exceptions, pensions would only be paid in individual cases in the area of the Munich branch and to a large number of low-level employees."¹⁶² This situation in Munich had probably come about because long-standing employees of Jewish origin had also been dismissed with the first wave of layoffs.¹⁶³

Hertie hoped that the "change in our group" would help to overcome the public stigmatization of the Tietz name and win back lost customers. However, it soon became apparent that such a minor change in the company name and the dismissal of 500 Jewish employees were not enough. The press reports about the "reorganization" at Tietz were hardly noticed by the general public, and for many of the customers, Hermann Tietz & Co. remained Tietz. In many places, Nazi activists continued to agitate against the "department store Jews," and the customers who had been lost in the spring avoided Tietz department stores even without "anti-Jewish boycotts." The managing directors of Hertie gained an impression of this when they took a tour of the branches outside Berlin in August 1933. Von der Tann then reported at a meeting of the advisory board: "The party's battle in the provinces, especially in Thuringia, is considerably stronger than in Berlin with a

correspondingly detrimental effect.”¹⁶⁴ After the trip, von der Tann went to the Reich Ministry of Economics, where he had been promised that he would be able to inform Hitler’s deputy, Hess, and instruct the press.¹⁶⁵ At the beginning of September, the Hertie management received a certificate from the Reich Ministry of Economics enabling them to obtain the designation “German business.”¹⁶⁶

However, Hertie’s management was no longer satisfied with such posters. Hermann Tietz & Co.’s business figures were too negative, even though the suppliers were no longer holding back. After the 14.5 million loan was paid out, the debts to suppliers were quickly reduced and fell from 12.5 million RM to 4 million RM within four weeks. Nevertheless, Karg expected a loss for August 1933 of 580,000 RM, for September of even 920,000 RM, and for the entire financial year (02/01/1933–01/31/1934) of 2.7 million RM.¹⁶⁷

The advisory board openly considered another “company change.” A proposal from von der Tann to establish affiliated companies under different names in the “provinces” was approved.¹⁶⁸ A proposal by Karg to transfer the particularly weakened food departments to a cooperative, which would continue to operate as a tenant in the department stores, was considered but not decided upon.¹⁶⁹

As a first act, a branch in critically affected Thuringia was “switched over”: the department store in Weimar from then on operated under the name “Hans Kröger am Markt GmbH, Weimar”. From the press releases about the “reorganization” one could conclude that the owner had changed. But that was not the case. Hans Kröger am Markt GmbH was nothing more than a branch operation that was fully integrated into Hermann Tietz & Co. as an affiliated company. It was named after an employee of the Berlin headquarters who, along with Helmut Friedel, was also one of the newly appointed managing directors of the subsidiary Conrad Steinecke GmbH and was promoted to authorized signatory in 1935.¹⁷⁰ Kröger may have held a stake, but was not even managing director of the department store named after him.¹⁷¹ “Hans Kröger at the market” – it sounded as if the shop belonged to a long-established retailer with a name that even the fanatical Weimar Gauleiter Fritz Sauckel could not object to, had been taken over.¹⁷² This camouflage, which was actually not permitted under commercial law, quickly paid off. In November 1933, Karg was able to report to the Hertie advisory board that Hans Kröger’s revenue (“solution”) on the market was only 16 to 17 percent below the previous year’s level, while Hermann Tietz & Co.’s overall revenue was 26 to 27 percent below the previous year’s level.¹⁷³

The department store in Magdeburg, which was only taken over in 1931 and still operated under the old name Siegfried Cohn, continued to operate as Tezet Textilhaus Zentrum Webereiwaren GmbH.¹⁷⁴ August Lewecke GmbH was founded as a branch for the Stuttgart affiliate, which, as in Weimar, was given the name of a Berlin employee. Lewecke at least became one of the sharehold-

ers and one of three managing directors.¹⁷⁵ Since the authorities here, unlike in Weimar, were not prepared to register the business under this name as a branch of the parent company, the Stuttgart department store initially continued to operate under the name Hermann Tietz & Co.¹⁷⁶

Early on, the management used the "switching" of department stores under a different name to implement a new concept. The Berlin department stores Brunnenstraße, Frankfurter Allee and Kottbusser Damm were transferred in February 1934 to a new subsidiary called "Union Vereinigte Kaufstätten GmbH," which offered a flat range of inexpensive mass-produced products based on the model of Karzentra, which had been created at Karstadt two years earlier.¹⁷⁷ The Union department stores thus contributed to cost reductions and competed with uniform price stores. As already mentioned, since 1932 new single-price stores were no longer allowed to be opened. However, it was not forbidden to convert an existing department store to another type of retail business, following a similar concept. As early as March 13, 1934, Karg was able to report to the advisory board "that the customers were very satisfied with the switch to Union because they no longer considered them to be Tietz. The previous decrease in sales of 25 % has turned into an increase of 20 % since the changeover."¹⁷⁸ In fact, this success, which Karg attributed to renaming, can be explained primarily by the inexpensive range of merchandise offered. All three Union department stores were located in working-class districts of Berlin, where they had once been built by Jandorf as "people's department stores." The spin-off into Union Vereinigte Kaufstätten GmbH was therefore less a camouflage than a diversification of the business form.

The measures taken by the new managing directors did not change anything, which meant that Hermann Tietz & Co. remained in a difficult situation. The 14.5 million loan received at the end of July 1933 was largely used up within a year by overdue repayments. In late autumn 1934, the management had to apply for another loan of five million RM, which was not approved until January 1935 and then only half of it.¹⁷⁹ The businesses suffered from the debt-burden and low sales, but also due to the operational changes that lasted around a year. The reorganization of the accounting department lasted until the end of 1934, and only then could the profitability of the central departments and branch operations be realistically assessed. A further burden was the uncertainty about the conditions of the family's departure from the firm.¹⁸⁰ Other department store companies also did not manage to overcome the setbacks they had suffered, despite the improving economy and falling unemployment figures. Overall, sales in department stores for textiles and clothing increased compared to the catastrophic slump in the first half of 1933, but did not even reach the level of the already critical year of 1932. According to the Institute for Economic Research, sales in department stores for textiles and clothing

were flat in June 1934 at seven percent below the level of June 1932, while the sales of textile specialist shops rose by 17 percent above the earlier level.¹⁸¹

Hermann Tietz & Co. lagged behind even in comparison with the other leading department store groups, which was probably also due to the uncertainties of the protracted “Aryanization process”. While in 1934 sales at Karstadt AG increased by twelve percent and at Westdeutsche Kaufhof AG (formerly Leonhard Tietz AG) by four percent, Hermann Tietz & Co. recorded an albeit slight decline in sales of 0.5 percent. With a turnover of 144 million RM, the company had now fallen far behind Karstadt (210 million RM).¹⁸² The negotiations between the managing directors and the Tietz family regarding a settlement agreement had not made any significant progress in the spring of 1934. In March, the Hertie advisory board rejected the family’s demands as unrealizable. This was followed by further, tough rounds of negotiations. When there were still no signs of a contract being concluded in July, the Reich Ministry of Economics did not want to wait any longer. In a letter to the family’s lawyers dated July 25, 1934, State Secretary Hans Posse urged “with all determination” that “a conclusion that is binding for both parties be achieved,” and added: “If, contrary to expectations, the agreement prepared so far cannot be concluded in this way, I would have to regret this result and the further measures that would necessarily result from it, even more so now since, in my opinion, the chairman of the advisory board has in fact so far genuinely endeavored to bring about a voluntary agreement on a private-sector basis.”¹⁸³ Despite the bureaucratic semantics, the threat was clear: if the negotiations were not concluded quickly, “measures” would be taken. The Tietz family would then have to leave the company without a “voluntary agreement.” It cannot be ruled out that the letter was ordered by the banks in the Reich Ministry of Economic Affairs, as it also contains a clear statement about the provisions of the contract, namely that “the compensation paid to the Tietz family members from the partition agreement should be economically viable for the firm.”¹⁸⁴ There was now no more room for maneuvering in the negotiations; two and a half weeks later, on August 13, 1934, the contract was signed.

The “Aryanization” of the Group Assets in the Partition Agreement of 1934

When the “Aryanization” of Hermann Tietz & Co. was a good two months in the past, Hertie’s management felt compelled to summarize and justify the transfer of the group’s assets in a “motivation report.” This key document, dated October 30, 1934 and most likely written by Karg, also reflected the opinion of the advisory board, was sent to the Reich Ministry of Economic Affairs

and served as security on all sides.¹⁸⁵ It was important to record that the Tietz/Zwillenberg family was dealing with a “voluntarily agreed upon separation” – “change of position” was eliminated, which the family would hardly have seen as such, but from the management’s point of view, it was a justification – not because of the expulsion of the family from the firm, but because of the waiver of an even more cost-effective solution at the expense of the family.

The motivation report explains how the alternative to one “voluntarily agreed upon” “Aryanization” of the department store group would have looked: “The path that initially seems to be the most obvious would have been for claims against the individual family members to be made due and then the values seized by them by way of execution would have been taken over.”¹⁸⁶ According to the motivation report, this option would have been rejected because of the commercial law obstacles and the economic consequences. Since the personally liable partners were liable as “secondary debtors” alongside Hermann Tietz OHG, the enforcement would also have had to be carried out against the company, which would inevitably have resulted in the company’s bankruptcy. The trade credits amounting to approximately 15 million RM would then have become due at once.¹⁸⁷

According to this reasoning, the creditors would have been saved from foreclosure only through such considerations, but not through scruples. In fact, the question never arose because the creditor banks did not even consider foreclosure; it was a course of action too far-fetched because of the obvious consequences. In a statement written after the war, Karg explained that the Reich government could have forced bankruptcy at any time “through the normal legal process” in order to “make their demands due” by emphasizing their order for the family to leave the company by “accepting the bank affiliated with the Reich.”¹⁸⁸ The Reich government could have proceeded in this way, but did not want to. After all, the Reich Ministry of Economic Affairs had steadily worked very hard to prevent the Hermann Tietz Group from collapsing. The “measures” threatened in the letter from the Reich Ministry of Economics dated July 25, 1934 cannot therefore be interpreted as a threat of compulsory enforcement. For the managing directors of Hertie, as expressed in their motivation report, it was obviously important to retrospectively make foreclosure appear as an alternative, in order to underline the supposedly “voluntary” form of the Tietz family’s exit from the firm, and to justify the associated expenses for their “severance payment.”

The process initiated with the founding of Hertie through the “Aryanization” of the Hermann Tietz company could not lead to a purchase agreement, because both sides were partners in the company. Formally speaking, it was not a matter

of a sale, but rather of the withdrawal of two personally liable and three silent partners from the partnership agreement. In such a case, the liable owners had to be released from liability and compensated with the part of the company's assets that they would have received if the company had been dissolved. However, according to the legal provisions, it would not have been permissible to let the shareholders leave empty-handed (§ 738 BGB).¹⁸⁹ With this in mind, it is easy to understand why the managing directors used compulsory enforcement as a reference scenario in their motivation report. In the settlement agreement, the family was to receive not much more than a person leaving an over-indebted company that had gone into foreclosure would have received. This guideline was then also adhered to when evaluating some of the company's assets in the balance sheets, which will be discussed later.

The auditing firms Treuhand Association (Dresdner Bank Group) and Treuverkehr (closely aligned with Deutsche Bank) had, after the signing of the "Gleichschaltung" agreement of July 29, 1933, received the order to determine the company's assets as of July 15, 1933, so that on this basis the family's capital contributions could be determined.¹⁹⁰ At the same time, the advisory board checked whether the family partners had made major transactions abroad.¹⁹¹ It was a great deal of hard work for the auditors to prepare balance sheets from the available documents. They found themselves faced with a web of claims between more than 20 group companies with opaque ownership structures. A note from the Berlin headquarters of Deutsche Bank, where the unclear conditions in the Hermann Tietz Group had long been criticized, conveys this state of affairs:

In terms of its construction, the Tietz Group is built completely arbitrarily and without a system. The distribution of the capital of the numerous companies between the general partnership, the personally liable partners and the silent partners is different for almost all companies. Through mutual indebtedness and guarantees, the interconnections have become so extensive that it must be completely impossible even for the company's senior management to get a precise overview. In addition, in the majority of cases the same people have been appointed as managing directors or board members at the more important companies (e.g. formerly Löwenberger, now Karg) who are not in a position to fulfill this area of activity.¹⁹²

A particular challenge was the valuation of the extensive real estate holdings, on which – as in every Hermann Tietz balance sheet – the valuation of the entire group depended. There was practically no market for buildings designed for a specific purpose, such as department stores, especially not when they were as heavily mortgaged as the Hermann Tietz Group's department stores. The auditors of the trust companies also had to discover that properties in the company's books had been valued inconsistently without any comprehensible criterion, sometimes with half the standard value that was determined by the tax authori-

ties at regular intervals as the assessment basis for property taxes on the multiple unit value. The trust companies then made do by calculating operating values for the department stores from sales and rent levels. As was to be expected with the crisis in the department store business, these estimates were so significantly below the book values that additional provisions had to be made in the balance sheets.

In the balance sheet of Hermann Tietz OHG as of July 15, 1933, the over-indebtedness of four million RM as determined by the trust companies increased by between 10 and 20 million RM, depending on the evaluation.¹⁹³ When the trust companies submitted their audit report on November 11, 1933 with the prepared balance sheets, their assignment ended in disaster. The Tietz/Zwillenberg family refused to negotiate a settlement agreement based on such assessments. Hertie then also did not recognize the balance sheets and ordered the preparation of a balance sheet for January 31, 1934.¹⁹⁴

On this basis, the modalities of the settlement agreement were negotiated in the spring of 1934. Hertie was represented by the managing director von der Tann and the lawyers Richard Carl Wolff and Hans-Heinz Steffani, the family by the lawyers Wilhelm Beutner and Walter Berend, the auditor Wilhelm Graetz and the economics expert Rossi.¹⁹⁵ The negotiations were more difficult than expected, and the advisory board later complained about "extraordinarily lengthy partition negotiations."¹⁹⁶ The fact that it was not about a purchase price, but about the evaluation of claims, did not make the negotiations any easier. Von der Tann and Hertie's lawyers were faced with the task of, on the one hand, keeping concessions to the family to a minimum so that they could not be accused of damaging the company's assets, and on the other hand, responding to demands to such an extent that the family would agree to sign the settlement agreement.

It was now clear to the family that they could no longer prevent their exit and that they would lose the company. They were now primarily concerned with regulations that would facilitate their emigration: a complete release from liability while taking part of their company assets with them, an exemption from the Reich flight tax, and capital to set up businesses abroad.¹⁹⁷ The family refused an offer from the negotiators to tie them to the company through a severance payment with participation certificates, preferring a "one-off, definitive settlement." The Hertie advisory board was then only willing to offer some "property of a non-administrative nature" as compensation.¹⁹⁸

Under the pressure of the already mentioned intervention of the Reich Ministry of Economics on July 25, 1934, the family's lawyers no longer had any leeway, which had a detrimental effect on their clients. Now all that was left to do was to quickly draw up the partition agreement, which was signed on August 13, 1934 in the Nobel Hotel Esplanade in Berlin by the Tietz/Zwillenberg family and Hertie's

management director Karg.¹⁹⁹ The procedure was set up in such a way that Georg Tietz and Hugo Zwillenberg, the two members of the family present with powers of attorney, presented the contract to Hertie as an offer. Nobody was to be able to say later that it was not a voluntary agreement.

The settlement agreement determined the ownership of the “dividing mass,” which included the entire company’s assets and the family’s private assets, with the exception of purely privately used items. What formally took the appearance of a division was, in material terms, an almost complete transfer of the firm to Hertie. The preamble stated that the family’s departure was “termed as necessary in the public interest” – a notable contrast to Karg’s later assertion that it was “not a matter of Aryanization, but rather that the departure of the Tietz family was caused by the economic difficulties that arose before 1933.”²⁰⁰ In the following, only the most important provisions of this complex contract, which even without appendices has a length of 44 pages, can be summarized. The transfer of Tietz’s assets was regulated in the first two paragraphs:

- The members of the family had to agree to leave the general partnership Hermann Tietz under the agreed conditions (§ 1).
- All of the family’s shares in the group’s real estate, trading and manufacturing companies were to be transferred to Hertie GmbH. In addition, two properties that were privately owned by Betty Tietz – a building in Berlin, Krausenstraße 52, and a warehouse in Altona – were to be transferred to Hertie (§ 2).

Furthermore, Georg Tietz, Martin Tietz and Hugo Zwillenberg were to be assigned to Hertie their securities (“private stocks and bonds”) held in deposits at the Swiss Bank Association (Section 7). In order for Hertie to repay loans and real estate charges incurred by the Tietz/Zwillenberg family, including real estate charges on the family’s villas totaling 610,000 RM taken out from Akzeptbank, the family was to provide securities from their deposits at three Berlin banks (§ 5, § 9).

The settlement agreement also contained beneficial provisions for the family. Hertie’s negotiators could not get around this because of the legal provisions for the asset division between shareholders, and of course the Tietz family also had to be prepared to sign the contract. However, contrary to some later representations, these promises remained limited to the legally required release of liability for departing personally liable partners, the transfer of private villas and some real estate from the company’s assets, as well as special regulations for a group company to remain with the family and to generate a restricted amount of foreign currency to fund their emigration:

- The family’s most urgent concern, the declaration of release from liability, was contained in § 10 of the contract: “Hertie waives all claims against the

members of the Tietz family and guarantees that the OHG and the following group companies are liable for all claims against the Tietz family.” Official declarations of release from liability then had to be formally obtained.

- The following was to remain with the family: the group companies Königsberger Grundwert AG, real estate company Koenigsallee 71 GmbH (private villa Edith and Georg Tietz) and Süddeutsche Kinematographen GmbH, Munich (with an apartment owned by Betty Tietz), as well as the Berlin properties at Markgrafenstraße 28, Kaiserallee 184/185 (private villa Betty Tietz) and Hohenzollerndamm 100/101 (private villa Elise and Hugo Zwillenberg) in Berlin (§ 10/11).
- Betty Tietz was to receive four houses in Berlin (Graudenzer Str. 14 and 15, Gubener Str. 60 and 61) from Deutsche Boden AG and two houses in Karlsruhe (Herrenstraße 11 and 13) from Badische Grundwert AG, Georg and Martin Tietz were to acquire the properties at Kaiserdamm 77–79 and Brettschneiderstraße 17/18 from Grundwert AG Kaiserdamm offered for sale in Berlin-Charlottenburg (§ 4). Hertie undertook to pay the “purchase price portions to be paid in cash” in this deal, a procedure that presumably had tax implications.
- The family and the purchasing companies it founded after leaving were to continue their membership in the group’s purchasing group for a period of five years, up to September 1, 1938 at the latest, with so-called affiliation agreements. Hertie also agreed to provide the family with office space for the business of such affiliated companies (§ 14).
- In Section 6, a special regulation for the group company “Mefa” Bleicherei, Färberei und Apparatur Textilhandels AG in Berlin-Adlershof AG (formerly Mechanische Feinweberei Adlershof) was agreed upon and which will be discussed in more detail elsewhere.²⁰¹ Hertie assured that this company would keep its land, buildings, factory facilities and warehouse, including its claims from deliveries of goods, which would be transferred to Georg and Martin Tietz. In return, the brothers had to take over the goods debts. For these arrangements, Hertie provided the family with an amount of 1.5 million RM.

Finally, Hertie committed to removing the name “Hermann Tietz” or “Tietz” from the name of the OHG after a period of six months (§ 16). The contract was only to come into force after the approvals required for implementation had been granted by the State Tax Office, the Reich Finance Ministry and the Reich Office for Foreign Exchange Management (Reichsstelle für Devisenbewirtschaftung). What was particularly important for the family was that they were exempt from capital flight tax and were approved for the transfer of foreign currency through additional export transactions (§ 19). The contract not only entailed negotiations

Tab. 6: Group companies surrendered from the Tietz/Zwillenberg family to Hertie.²⁰²

Badische Grundwert AG
Bekleidungs-Handels AG
Brandenburgische Grundwert AG
Deutsche Boden AG
Handelsstätte Gera AG
Magdeburgische Grundwert AG
Sächsische Grundwert AG
Grundwert AG Kaiserdamm
Aktiengesellschaft für rituellen Bedarf i. L.
Centrum Berlinische Bodenbesitz GmbH
Grundbesitz GmbH
Handels- und Grundbesitz GmbH
Lebensmittel-Import GmbH
Immobilien-Verkehrs GmbH
Sächsische Teil GmbH
Textil-Fabrikation GmbH
Conrad Steinecke GmbH
Paschke & Ornstein GmbH
Siegfried Cohn*
Raphael Wittkowski*
Hermann Mühlberg*
A. Jandorf i. L.*

*special regulation for individual shares.

with the financial authorities, but also with the Swiss Bank Association, which objected to the agreements regarding the family's securities in the bank's depots. The property settlement was not fully completed until December 1934.²⁰³

The partition agreement came into force on December 31st. The family officially parted from the company that day and Hertie became the sole owner of Hermann Tietz & Co.²⁰⁴ In the press rather brief articles appeared on the "change of ownership at Hermann Tietz."²⁰⁵ Large advertisements such as those in July 1933 announcing a "predominantly Aryan influence" were eschewed by the company. It was not necessary, because now no one could doubt that the Hermann Tietz Group had become a "German business."

The "Aryanization" of the Hermann Tietz Group can only be approximately captured in terms of assets, since there was no purchase price, but claims were evaluated. The usual procedure for a contract for division between shareholders was also omitted: a balance sheet signed by both parties was used as a basis. In Section 1 of the contract, it was agreed:

The oHG will not prepare a balance sheet of partition due to the departure of the Tietz family from the oHG. The balance sheet as of January 31, 1934 will not be drawn up until it is certain whether this contract will come into force. The parties agree that the provisions of this partition settlement should not be based on numerical values of the status of the oHG and its group. With the services and considerations agreed upon in this contract, all claims of the Tietz family on the one hand and of Hertie and the oHG on the other hand should be equably resolved.²⁰⁶

However, when assessing the claims, one could not do without a basis for calculation, and so Hertie’s negotiators relied on the aforementioned balance sheet of Hermann Tietz OHG as of January 31, 1934, which was only published by Hartung a week after the signing of the agreement. The partition agreement was sent to the other members of the advisory board (hereafter: the partition balance sheet). In the motivation report of October 30, 1934, which has already been mentioned several times, the management explained the calculations made on the basis of this balance sheet. The balance sheet was attached to the motivation report as Appendix I, as well as comments on the balance sheet as Appendix IV.²⁰⁷ Since the statements in the motivation report were written from a retrospective view to justify and secure the management, it is a problematic source. However, in conjunction with the appendices, they provide an insight into the assessments underlying the partition agreement like no other surviving document.

The balance sheet presented as of January 31, 1934 was obviously created with the division in mind. It showed a capital deficit of around 28.9 million RM – an item that did not appear in the trust company’s balance sheet drawn up on July 15, 1933 and signed by the Tietz family. A comparison between these balance sheets shows significant differences. For example, the goodwill shown in the previous balance sheet at around five million RM was missing from the partition balance sheet, although this was legally required in a partition balance sheet. The group’s investments were valued at around 6.5 million RM lower, the bank debts were reported at around eleven million higher, due to loans received from the Akzeptbank and the banking consortium at the end of July 1933. In addition, provisions amounting to 14.5 million RM were included in the balance sheet of January 31, 1934 for debts of the subsidiaries.²⁰⁸ As can be seen from an appendix to the motivation report, this asset loss of the corporate companies resulted from claims of the OHG and from “special depreciation” on real estate owned by real estate companies, for which the Tietz family now also had to pay.²⁰⁹ Although the valuation of the real estate companies was based on the standard values determined in 1931, the depreciation resulted in a sum that was below the already quite low operating values that the trust companies had calculated in the previous year.²¹⁰

How far such write-offs could reach can be seen from a statement written by Karg after the war, most likely for the restitution negotiations:

That is why in the negotiations that took place on the Hertie side, things were viewed in such a way that on the one hand they were prepared to grant the Tietz family property valued as high as could be justified to the creditors, and that, on the other hand, one did not consider a valuation to be acceptable that was below what would have been expected in the case of compulsory realization, i.e. in bankruptcy or in a compulsory auction. In practice, this was 7/10ths of the standard value, which at least in the generally applicable legal provisions for compulsory auctions had to be credited to the debtor.²¹¹

Since Georg and Martin Tietz were personally liable partners and Hugo Zwillenberg was jointly liable for the debts that had accumulated up until his departure, the capital shortfall of 29 million RM calculated in this way was deducted from the family's recorded assets in the partition balance sheet. According to the distribution plan laid down in the partnership agreement of July 1933, Hertie would have had to cover 60 percent of the losses at Hermann Tietz & Co., but of course they were not prepared to do that. Karg refused to participate on the grounds that the debts arose before Hertie entered into the partnership agreement and that the partition balance applied to Hermann Tietz OHG, not to Hermann Tietz & Co.²¹²

According to the motivation report, Hertie was initially unsure whether the family would be able to cover the capital shortfall. But the family actually wanted this result in order to be released from liability. Betty Tietz, the wealthiest member of the family, agreed – probably through her representative Zwillenberg – to hand over all of her private shares to Hertie. The widow was a silent partner and was not liable for the company's debts with her private assets. Although she had already pledged a large part of the private assets in May 1933 to prevent the company from collapsing, she had made this commitment to the banks, not to Hertie. The fact that she now brought shares with a total value of around 40 RM million into the settlement accounts, commanded respect from the banks, especially since these included considerable holdings that were not pledged, such as those shares in the Grundgenossenschaft GmbH, Munich, valued at 1.5 million RM, and the shares in the company Immobilien-Verkehrs GmbH, Stuttgart, valued at 1.5 million RM.²¹³ Betty Tietz could have sold these shares, unlike those that were pledged, to an investor at a higher price. However, she must have been more interested in getting her sons and son-in-law released from liability than in the securities, and that this release would be secured by including her privately held shares in the balance sheet of the asset division. She herself received no benefits from the promises made to the family in the settlement agreement.

The trust companies assessed the assets transferred to Hertie from the family at 47 million RM, with by far the largest part undoubtedly being shares in the real estate companies.²¹⁴ The balance sheet no longer showed a capital deficit of around 29 million RM, but a surplus of 18 million RM. Even if one took into account that the company's assets were reduced by around 2.5 million as a result of the promises to the family contained in the partition agreement, there was still an impressive surplus. In order to settle claims amounting to 15.5 million RM, Hertie would have had to leave the family a correspondingly larger portion of its liable assets. But they were not ready to make that decision. Advised by their lawyers and the trust companies, those responsible decided on a different solution: the amount of 15.5 million RM to which the family was entitled was taken without any equivalent and was to be considered "Aryanization profits". The motivation report shows that Hertie had doubts about the permissibility of this approach:

So, if you talk about the valuation of the trust companies for the items in question, investments, etc., one must come to the conclusion that the family has not only covered the capital shortfall, but has also done something that is practically uncountable and the further discussion will first have to deal with whether the acceptance of such a performance towards the family can be justified. In our opinion, this is the case because the possibilities for utilization of the items in question are limited and therefore the family had to expect their use value to be significantly lower than their intrinsic value.²¹⁵

If the calculation of the capital shortfall did not correspond to commercial principles in some respects, this assessment crossed the line into unjust enrichment. As a result of the global economic crisis, the market prices for real estate had fallen since the last determination of the standard values at the beginning of 1931. In the next evaluation, carried out in 1935, the total for the Hertie department store properties was around 28 percent below the values for 1931.²¹⁶ It should also be taken into account that department store properties burdened with high real estate charges and mortgages could only be sold at discounts, but the properties given by Betty Tietz to Hertie also included commercial and residential buildings in prime locations. Deutsche Boden AG, which was almost 100 percent owned by the widow, sold ten commercial and residential buildings in the "Kurfürstendamm-Block" to Victoria Insurance (Victoria Versicherung) for 8.4 million RM just two months after the partition agreement, a price that was more than 70 percent higher than the standard value in 1935.²¹⁷ Karg later claimed he could no longer remember the way he handled the surplus of 15.5 million RM as described in the motivation report. In a statement written in March 1946, he took the position that in the contract for division Hertie "only received what was necessary to cover the liabilities he had taken over, so that there was no gain in the partition."²¹⁸

In the overall balance, when the Tietz/Zwillenberg family was forced out of the company, they lost on paper a group asset whose valuations at the time fluctuated between approximately 150 and 170 million RM. Most of this was lost due to the group's high debt, which was around 130 million RM in mid-1933. The liable members of the family had to pay for these debts, which was not arbitrarily decreed but resulted from the rules of a general partnership. However, this also meant that the family was burdened with the company's debts, which had arisen as a result of the department store crisis brought about by the National Socialists. Further asset losses estimated at 15 to 20 million RM resulted from the described "Aryanization gain" in the settlement balance sheet.²¹⁹ The provisions of the settlement agreement, known as "severance pay," which were helpful for the Tietz/Zwillenberg family, were valued by Hertie at around 2.5 million RM.²²⁰ Of course, promises, which were not reflected in the balance sheet, were more important for the family: the release from liability and the exemption from the Reich flight tax.

The balance sheet presented by the chairman of the Hertie advisory board at the meeting on August 28, 1935 was structured differently. Accordingly, the transfer of business shares from the Tietz family resulted in an increase in assets of 24.4 RM million, and after offsetting the loss assumed and the accompanying provisions, a book profit of around 6.4 RM million resulted, an outcome that could still be described as "quite favorable for the Hertie Group in terms of balance sheets."²²¹ The basis for the valuation of this balance sheet cannot be deduced, unlike the partition criteria explained in the motivation report. There were also voices that viewed the outcome of the partition agreement as a success for the Tietz/Zwillenberg family. Even a private banker with Jewish origins like Ernst Spiegelberg (M. M. Warburg & Co.) was of the opinion that the family had "done well" because they would be released from liability, had freed up properties and securities worth four million RM, and would be exempt from the Reich flight tax if they emigrated.²²² To the outside world, these regulations of the partition agreement must have seemed advantageous, since they were not common during the "Aryanization" process. Anyone who knew the underlying balance sheet, however, knew the price the family had paid for these promises. A note in the files of advisory board member Hans Paschke (Deutsche Bank) states: "In our opinion, the outcome appears appropriate." The promises to the family, which, according to this source, led to a reduction in the group's assets by around 3.3 RM million, would have to be accounted for in the overall result:

On the other hand, the Tietz family has completely waived their right to make any claims to what remained after the partition agreement: group assets worth between 15 and 20 million. Furthermore, it should be pointed out in particular that, from a legal point of

view, Ms. Betty Tietz is giving away assets of approximately 40 million to the general partnership, namely corporate effects that belong to her personally, without receiving any significant consideration.²²³

Georg Karg: Profiteer with Ambitions

When Georg Karg became managing director of Hertie in July 1933, he was considered a talented buyer who had had a flourishing career at A. Jandorf & Co. and had been promoted to chief buyer for textiles with the rank of authorized representative at Hermann Tietz. Nothing more could be found out about him. The most famous of his quotes – “I wasn’t born in a department store, but I lived in one the rest of the time” – probably has a kernel of truth. Outside the world of department stores, Karg is reported to have only been active on his approximately 50-hectare country estate in Briest in West Havelland, which he had acquired in 1926. He was only interested in politics when it affected his business; he never joined a party and after 1933 he only belonged to the German Labor Front (Deutsche Arbeitsfront) and the Reichsjägerbund [Imperial Hunters Association].²²⁴

The seventh of ten children of a small cloth manufacturer, Karg was born on August 2, 1888 in Friedeberg in the Neumark, in the easternmost corner of what was then the province of Brandenburg, which, oddly enough, was not far from Birnbaum, the homeland of the Tietz family, and considered to be the “cradle of department stores.”²²⁵ Since his father was a manufacturer for a long time and then had to close his business and switch to the textile trade, it can be assumed that Karg grew up in well-off, but not wealthy circumstances. After graduating from secondary school, at the age of 15 he began an apprenticeship at the F. R. Knothe department store in nearby Meseritz. The principal recognized the young man’s commercial talent, supported him and hired him after his apprenticeship. At the age of 20, Karg moved with an inheritance from his deceased employer to Berlin to try his luck in the department store metropolis. There he started as a salesman in a Jandorf Group department store and within a year rose to the prestigious position of buyer. In 1914, at the age of 25, he advanced to become manager of the Wilmersdorfer Straße department store in Charlottenburg, which Jandorf had taken over from the Graff & Heyn company at the time – a sensational career move that Karg owed not only to his skills, but also to the support of the company boss, with whose family he remained friendly.²²⁶ His biographer Eglau does not mention where Karg experienced the First World War. Private events suggest that as department store director he was exempt from military service. Karg married Käthe Schröder in 1915, a year later the couple had

their first child, a daughter Brigitte, followed in 1921 by their son Hans Georg. The family's life was secure, and Karg was probably able to count on his chances of being accepted as a partner in A. Jandorf & Co. when Adolf Jandorf agreed overnight in November 1926 to sell his company to the Hermann Tietz owners.

Karg's skills were also soon recognized and appreciated at the Tietz company. As the only manager from the acquired Jandorf department stores, he was promoted to general authorized representative in 1929 and was seamlessly integrated into the top management of the group. If Karg had been an anti-Semite, he would not have been so close to the Jandorf family, and at the Hermann Tietz company, the owners would hardly have accepted him into the inner circle of management, since not only their family, but also all the other authorized representatives were of Jewish origin. Only his age and the number of years he had been in business made the "newcomer" Karg very clearly different from the other authorized representatives who were among Tietz's veterans. David Löwenberger had worked in the company since 1892, Adolf Adler since 1902, Nathan Müller since 1905, and Michaelis Birnbaum was probably also one of the company's long-time employees who was close to the Tietz family.²²⁷

The fact that in 1933 he was chosen by the banks for the position of managing director, Karg, in retrospect, attributed it to his non-Jewish origins:

"I was far and away the only one who was safe from attacks based on racial motives."²²⁸ In fact, for this reason, none of the other authorized representatives would have been considered, and this position could not be filled with a manager from outside, because at least one of the Hertie managing directors had to be familiar with the Hermann Tietz Group. However, in his already mentioned statement from 1947, von der Tann stated that before his nomination as representative of the creditor banks by the Dresdner Bank Supervisory Board chairman Andreae in February 1933, he had met with Karg for a meeting in the rooms of the Mendelssohn & Co. bank.²²⁹ It is unlikely that the personnel for the planned intervention by the banks at the Hermann Tietz company was selected at this point, according to the National Socialist racial ideology, especially since Andreae was closely linked to Jewish members of the economic elite, was later himself stigmatized as "Half-Jew" and that the meetings of these bankers were at the time taking place at Mendelssohn & Co., a bank that belonged to a prominent Jewish family. Seen in this light, there is more evidence to suggest that Karg was chosen because, as by far the youngest manager in the Hermann Tietz Group, he appeared to be the most suitable person to implement the desired restructuring.

Karg was not the driving force behind the ouster of the Tietz family and the "Aryanization" of their company. This role was later attributed to him on various occasions, which overestimates his influence at the time.²³⁰ In 1933 he was not an influential networker, but chief buyer for fabrics, linen and haberdashery, no

less, but also no more. In this position he could speculate on a rise to the top of the company, but he lacked the prerequisites for taking over a large, heavily indebted department store group. Karg could not think of this until he was able to get the banks involved a few years later. In 1933 he was not appropriately positioned in the firm. He was only appointed managing director of Hertie because there was a need for a man with his expertise. The offer undoubtedly came in handy for Karg; he must have recognized the opportunities that it opened up for him and he knew how to take advantage of them, but the banks were in charge, in close coordination with the Reich Ministry of Economic Affairs.

After Karg also took on the managing directorship of Hermann Tietz OHG through the “Gleichschaltung” agreement of July 29, 1933, he became the dominant figure in the firm’s management. He soon overshadowed his colleague von der Tann, who as a lawyer with a banking career in the retail business was completely inexperienced in department store management; Karg also used the new appointments that occurred as a result of “Aryanization” to build up his own power base within the company. He adopted the system developed by Oscar Tietz of assembling a staff of confidants in the company management such as Helmut Friedel and Wilhelm Hermsdorff, who were also employed as shareholders, board members and managing directors in several group companies, which secured them considerable additional income.

In the spring of 1933, Karg began to acquire department stores as personal property, in addition to his work at the Hermann Tietz company. Hertie’s administrative advisory board repeatedly attempted to obtain an overview of the managing director’s activities.²³¹ Apparently this effort was not successful, as no such overview can be found in the files. The always well-informed Berlin management of M. M. Warburg & Co. assumed in June 1935 that Karg owned three of his own department stores.²³² This corresponds to the results of the research behind the following statements, although no definitive findings can be claimed. All three privately held department stores were sold to Karg by Jewish owners. Two of these “Aryanizations” were so-called affiliated companies that had long been associated with the Hermann Tietz Group as members of the purchasing group. When the owners felt forced to sell, they probably contacted the group administration in search of a buyer; they would have been interested in keeping the department stores in question in the purchasing group and not handing it over to a competitor. As the non-Jewish head of central textile purchasing, Karg could have intervened in the purchase, because a “Jewish” department store group was not considered as a buyer.

One of the companies Karg took into personal ownership was the Mendel department store in the East Prussian town of Ortelsburg. The fact that the owner Samuel Mendel had affiliated his business to the Hermann Tietz Group before



Fig. 17: Georg Karg (left) with unknown person, 1938.

1933 can be seen from a surviving report from the city administration. Mendel had repeated conflicts with the Tietz Group because Tietz supplied him with neon signs and advertising flags in Berlin format, which were criticized as defacing the streetscape in this remote corner of Masuria.²³³ Although Mendel lived in Berlin, he was severely disadvantaged because of the environment in Ortelsburg which suffered under National Socialist terror. The NSDAP achieved a 76.9 percent share of the vote in this district in the Reichstag elections in July 1932. In the spring of 1933 Mendel gave up, and emigrated to Palestine with his wife. The price which Karg paid him for his business is unknown; the only evidence of the sale is that the Mendel department store continued to operate as the Karg department store starting in May 1933.²³⁴

Against a similar background, in May 1933 Karg acquired the Wolff Krimmer Nachf. department store in Guben in Lower Lusatia, which specialized in women's clothing and, known as the "Anschlusshaus," had long been part of the Hermann Tietz Group's purchasing group.²³⁵ The managing owner Julius Cohn (also Chon) was affected by the attacks on "Jewish" department stores, which were also

more violent here than in Berlin. The Wolff Krimmer Nachf. department store, a family business that had been well established in Guben for decades, was occupied by SA and SS troops in March 1933.²³⁶ Julius Cohn was forced to emigrate and sold to Karg for an unknown price. The *Gubener Zeitung* reported on this on May 26, 1933:

The owners of the company Wolff Krimmer Nachf. have sold their business, which has been run by the family for 49 years, to Mr. G. Karg, Berlin, who will run the company under the name Kaufhaus Karg. The takeover took place on June 1, 1933. This means that the largest textile specialist store, known far beyond the borders of our city, has been transferred to Christian ownership. The positions of senior employees will also be "gleichgeschaltet."²³⁷

So, after the takeover, Karg fired the Jewish employees and Jews were banned from shopping in the "Modehaus Georg Karg," as the department store at Gubener Herrenstraße 1 was now called. For Karg, this investment, like the one in Ortelsburg, had no particular significance. After a few years he sold the department store in Guben to the businessman Richard Ladeburg; in the city's residents' register from 1939 it is recorded as "Modehaus Richard Ladeburg".²³⁸

The "Aryanization" of the Berlin department store company Paul Held Nachf. GmbH, on the other hand, gave Karg a company that became very important to him and to which he held on to permanently. In 1934, the Jewish businessman Hugo Aufrichtig, who had decided to emigrate, offered him his 51 percent stake in this company and Karg took it. According to his own statements, he acquired the shares privately because Aufrichtig was not prepared to sell to a corporation.²³⁹ The Paul Held textile department store at Invalidenstraße 162–164 was an interesting property for Karg because it was in the immediate vicinity of the Hermann Tietz and Hertie department stores located at Brunnenstraße 19–20, separated from it by only one street intersection. The two department stores had been stalking each other for a long time and engaged in fierce price competition. Karg would have found out directly that Aufrichtig was looking for a buyer. Aufrichtig's shares in Paul Held Nachf. GmbH were transferred to Karg on August 1, 1934 for around 355,000 RM.²⁴⁰

Karg knew that he could get into trouble at Hertie because of the takeover of a privately owned competitor. Especially if it became known that he had financed almost half of the purchase, with an amount of 175,000 RM, from the company's treasury.²⁴¹ He therefore put forward his older brother Walter Karg, who acted as a partner. In a partnership agreement signed on July 27, 1934, a new company was set up, the name of which was identical to that of the previous one. The object of the new "Kaufhaus Paul Held Nachf. Gesellschaft mit beschränkter Haftung" was entered in the contract as "the takeover and continued operation of the retail business previously operated under the company Kaufhaus Paul Held

Nachf. Gesellschaft mit beschränkter Haftung” – a peculiarity, albeit a permissible one, that made it possible to disguise the purchase in the commercial register.²⁴² The shareholders of the new company were Walter Karg with a 51 percent share, Rosa Joel, the widow of the former co-owner Max Joel, with her previous share of 37 percent and the long-time authorized representative Richard Ladeburg with his previous share of twelve percent. The share capital was unchanged at 500,000 RM.²⁴³ Georg Karg did not appear in the partnership agreement, however, in an additional agreement concluded on the same day, he was granted the right to make decisions that actually required a three-quarters majority with a majority of only 51 percent. At the same time, the contractual partners, which now also included Georg Karg, established a mutual right of first refusal.²⁴⁴

Karg had informed only the chairman of Hertie’s Advisory Board about the purchase and the confidential modalities, but Hartung spilled the matter after a few weeks in a meeting that was also attended by representatives of Deutsche Bank. Now Karg was facing some trouble. Deutsche Bank demanded an explanation from him, and the advisory board asked him to account for the details of the deal.²⁴⁵ Karg complied with this request in a two-page note in which he disclosed the financing and took credit for now placing the competition at the corner of Brunnenstraße and Invalidenstraße under his control.²⁴⁶ The reactions of the advisory board members show how much Karg had now become indispensable for Hertie. Wintermantel and Paschke (both Deutsche Bank) suggested making the 175,000 RM that Karg had “borrowed” from Hertie to buy the 51 percent stake in the Paul Held company available to him in exchange for pledging these shares.²⁴⁷ Dresel (Mendelssohn & Co.) noted that it was “undoubtedly a very unusual phenomenon that a leader of the Tietz Group is competing with his own company,” but suggested they find an arrangement within the framework of an “overall understanding” with Karg and also agreeing with him on a longer commitment to the group. The advisory board’s hopes for an upswing of the group now rested on the managing director. Dresel wrote, “I believe that everyone involved agrees that his work is of considerable importance for the company’s prosperity.”²⁴⁸ In December 1934, the advisory board finally agreed to contractually oblige Karg to separate his own interests as an entrepreneur from those as Hertie’s managing director.²⁴⁹

After Karg received the consent of the Hertie Advisory Board he also officially appeared as the majority shareholder of Paul Held Nachf. GmbH; the business was run by Walter Karg and Richard Ladeburg.²⁵⁰ The Karg brothers did not try to force Joel out of the company. They probably calculated that the Jewish widow would emigrate in the not too distant future. In the spring of 1937, Mrs. Joel decided to emigrate and sold her 37 percent stake in Paul Held Nachf. GmbH and two properties to Georg Karg for 330,000 RM.²⁵¹ Karg paid a higher price per share than three years earlier for the shares of Aufrichtig, but the price also in-

cluded Joel's share in the properties at Brunnenstraße 178 and 179, which Aufrichtig and Max Joel had once acquired together. Aufrichtig's interest in these properties only passed to Karg a year later.²⁵² Karg was now interested in obtaining full control of Paul Held Nachf. GmbH. In order to retain the minority stake of the third shareholder, the managing director Ladeburg, he agreed on an exchange of assets with him. In a contract dated May 14, 1937, Ladeburg transferred his shares to Karg and received in return the department store in Guben, which had been "Aryanized" by Karg.²⁵³

In 1939/40, Karg made some efforts to gain access to "Aryanized" department stores in the *de facto* annexed areas of Czechoslovakia ("Reich Protectorate of Bohemia and Moravia"). The Bohemian Escompte Bank, which had been taken over by Dresdner Bank, tried to make available for him the ARA and Jopa department stores in Prague and the Textilia and Rix department stores in Moravian Ostrava. In all cases, Karg came away empty-handed because others had offered better connections.²⁵⁴ In the occupied Netherlands, thanks to the support of Dresdner Bank, Karg initially had a good chance of being awarded the takeover contract for the "Aryanization" of the leading department store group De Bijenkorf. Here, too, he was ultimately passed over because the Reich Economics Ministry preferred the Köster Group, which was favored by the Commerzbank.²⁵⁵

After the war, Karg had to answer the question on a form from the Hamburger denazification commissioner: "Have you or an immediate relative ever acquired property that was confiscated from other people for political, racial or religious reasons or that was confiscated in the course of the occupation of other countries?" He entered on this form: "not applicable."²⁵⁶ That was not wrong, because he had not been successful in the annexed territories and occupied countries and Mendel, Cohn and Joel had sold their company property to him in private law contracts and had not relinquished it through officially ordered "asset confiscation." But it wasn't the whole truth either.

Later, when Karg became the "department store king" of the West German economic miracle, there was no shortage of admirers of his abilities, even if he kept a lower profile in public than any other company boss of the time. Looking back, Adolf Jandorf's son Harry, who had once completed an apprenticeship with Karg in the Wilmersdorfer Straße department store, called him "a business genius."²⁵⁷ For the business journalist Hans Otto Eglau, who gave Karg his first interview in 1970 at the age of 82, he was a "skilled tactician" and a "commanding leader."²⁵⁸ At the time in question, the image of him in the industry was not so brilliant. When Karg was in the process of taking over Hertie Waren- und Kaufhaus GmbH from the banks in 1937, the Dresdner Bank received a report about Karg from a "special researcher" in its credit agencies that was close to a warning:

K. is said to be a clever, cunning man, but one who does not have the character qualities required for a position like the one he currently holds and will hold in the future. What he has too much of in the way of farmer's cleverness, he supposedly lacks in character and sagacity, i.e. agreements with him are difficult to make and it is very difficult for him to keep his word. In industry circles, the danger that one day his temperament could lead to unpleasant situations is not at all ruled out.²⁵⁹

This did not stop Dresdner Bank from putting one of Germany's largest department store groups into the hands of Karg. His undeniable professional expertise outweighed any possible doubts.

3 From the Banks to Karg. The Hertie Waren- und Kaufhaus GmbH 1935 to 1937/40

The Next Crisis

When the settlement agreement came into force on December 31, 1934, Hertie Kaufhaus-Beteiligungs GmbH became the sole owner of Hermann Tietz & Co. At the same time, it took over the former Tietz family company with all assets and liabilities. A corresponding new version of the statute was decided on at the advisory board meeting on January 24, 1935 and entered into the partnership agreement. Since a type of creditors' committee had become a corporation, Hertie could no longer operate under its previous name. The advisory board, which now met as the advisory board of Hermann Tietz & Co., decided to change the name to Hertie Waren- und Kaufhaus GmbH. Karg had advocated for the advisory board to stick to the name "Hertie" because, as already mentioned, it was firmly established as a product designation.¹ Until then, "Hertie" had apparently not been viewed as a future company name, only as a label for the company, needed to indicate the "Aryanization" of the group. After Hertie took over the entire business, Hermann Tietz & Co. remained a shell for a short time, and then the name "Hermann Tietz" disappeared from the commercial register, as agreed upon in the settlement agreement.

With the takeover of Hermann Tietz & Co., an increase in Hertie's share capital also became unavoidable. Until now, this capital had only consisted of the contributions of the two shareholders Karg and Friedel of 50,000 RM each. The management had already announced a capital requirement of 2.5 million RM in the motivation report of October 1934, which they cleverly agreed to, based on the reduction in the company's assets due to the "severance payment" for the Tietz family.² A capital increase could only be carried out by the Dresdner Bank subsidiary Treuhand-Vereinigung AG, which, as trustee of the banking consortium, had also taken over the previous share capital raised by Karg and Friedel. The banks had no interest in raising additional capital for a stake in Hertie GmbH, but agreed to convert the company's bank debts amounting to 2.4 RM million into share capital. As part of the new version of the partnership agreement of January 24, 1935, Hertie's capital was increased from 2.4 million RM to 2.5 million RM through a further contribution from the Trust Association. The majority of this involved a loan claim from Deutsche Bank of around 1.14 million RM and a loan claim from Dresdner Bank of around 914,000 RM.³ The Treuhand Association – and thus the banking consortium – remained the sole owner of Hertie, and was now openly listed as

such. The fact that Hertie's share capital consisted almost entirely of claims from banks was soon to become extremely important.

The new version of the partnership agreement in January 1935, was accompanied by an expansion of the management level in the central administration. The managing directors Karg and von der Tann were given two deputies, Erich Laupenmühlen for finances and the Munich employee Max Friedland for the goods business. Nine managers were promoted to authorized signatories: Paul Dyckerhoff, Karl Fränkel, Helmut Friedel, Hans Heilemann, Wilhelm Hermsdorff, Hans Kröger, Karl Reuter, Wilhelm Seemann and Arnold Simon.⁴ The positions in the Group companies that had become vacant due to the dismissal of the veteran Tietz authorized representatives Adler, Birnbaum, Löwenberger and Müller were now filled. For example, Hermsdorff and Laupenmühlen were appointed managing directors of Kaufhaus des Westens GmbH and board members of Deutsche Boden AG, Handelsstätte Gera AG and Sächsische Grundwert AG.⁵ Several of the newly appointed authorized officers moved from this status in the course of 1935 because they were given the management of a company branch.

Most of the new authorized representatives were probably Karg's confidants; this can be considered certain for Friedel, Hermsdorff, Kröger and Seemann. Von der Tann was unable to build up comparable internal power because, as a banker delegated to Hertie, he lacked the appropriate contacts within the administration and to the managers of the department stores. In order to compensate for this, at the beginning of 1934, von der Tann had pushed for two more managing directors to be appointed and suggested his secretary Laupenmühlen for one of these positions.⁶ With the decision to appoint deputy managing directors, the advisory board complied with this request, and at the same time promoted managers from Karg's circle of contacts to authorized signatories. The most serious gap in Hertie's management still remained. Hartung had already complained in August 1933 that "the real financier was still missing" and asked the banks to make suggestions.⁷ But neither the Dresdner Bank nor the Deutsche Bank managed to find a suitable candidate who would be willing to participate in changing the Hertie management structure.⁸ So Hertie remained a company in a banking consortium without a "financier." Despite his professional background as a banker, von der Tann was unable to fill this gap in the management due to other demands, and his protégé Laupenmühlen had to resign in July 1936 for embezzlement. A special audit by Treuverkehr Deutsche Treuhand AG had revealed a deficit of around 50,000 RM in its secret "administrative accounting."⁹

Overall, after converting into a department store group, Hertie retained the provisional form of a "creditors' committee" in which it was created at its founding. There was no plan for restructuring and therefore no concept for the future structure of the group. Until the partition agreement was resolved, the advisory

board and management were completely focused on this goal. It had been suppressed that the high level of debt, the liquidity problems and the unfavorable market situation would remain after the Tietz family left. On August 28, 1934, immediately after the settlement agreement was signed, the advisory board began to address these questions. Hartung and the managing directors advocated increasing the share capital to ten million RM by converting the claims of the banks and group companies, but it turned out that the creditors were not ready to take this step. The Akzeptbank declined, the mortgage banks and Victoria Insurance also strongly refused, and Mendelssohn and Warburg were again not interested because their loans were well secured.¹⁰ The banks' attention was not on the development of the company, but on future repayment to Hermann Tietz/Hertie of borrowed money. After the tour de force of the syndicated loan in July 1933, in which the mortgage banks did not want to participate, neither the Dresdner Bank Group nor Deutsche Bank were prepared to invest further capital in the group, which was on shaky ground and carried a political risk. It was now becoming a growing burden for the company that its owners did not see themselves as investors, but as creditors.

Since the share capital, even after the increase to 2.5 million RM, was set far too low – Karstadt had share capital of 28.85 million RM at the time – Hertie continued to operate with constant liquidity problems.¹¹ The management addressed this problem by selling “non-department store” real estate belonging to the group companies. Immediately after signing the partition agreement, von der Tann suggested such a deal to Kurt Hamann, who, as a board member of Victoria Insurance, represented the mortgage creditors on the Hertie advisory board. Deutsche Boden AG had taken out a mortgage loan of five million RM from Victoria in 1929/30 on the commercial and residential buildings in the “Kurfürstendamm-Block.” These were some of the most valuable properties that Betty Tietz had given to Hertie.

Von der Tann offered this area to Victoria for purchase, less to repay the loan, which was covered by the standstill agreement, than to obtain liquidity for Hertie. It was a lucrative offer for Victoria; the mortgage loan would be paid off in full, which was not required at that point, and a building complex in such an attractive location would not otherwise come onto the market. In any case, the insurance group did not pass up the opportunity and on October 11, 1934, acquired the properties at Joachimsthalerstraße 5–7/8, Kantstraße 158–160, and Kurfürstendamm 18/19–23, referred to in their files as the “Tietz-Block,” for 8.4 million RM. Deutsche Boden needed the majority of the proceeds to pay off the mortgage, but still had 3.4 million RM left.¹² Since other creditors waived their claims in connection with this transaction, the real estate company received a further 1.8 million RM.¹³ In a statement from 1950, Hamann stated that the houses were in need of

renovation and had not produced any returns. He was only interested in making a contribution to improving Hertie's liquidity, and he also obtained the consent of the Tietz family for the purchase.¹⁴ In October 1934, Victoria would have seen it differently, because the purchase price that it paid for this piece of property was around 74 percent above the standard value of 1935.¹⁵

While the sales at German department stores in the fall of 1934 seemed to indicate a recovery, a downturn occurred again in the spring of 1935, and by August sales were already around ten percent below the previous year.¹⁶ Again there was talk of a "department store crisis."¹⁷ The slump stood in stark contrast to the growth of the German economy at the time, which was on the verge of an arms boom after recovering from the global economic crisis. In 1935, industrial production returned to the level of 1929, and the number of registered unemployed fell to an annual average of 2.15 million, after it had been around five million in 1933.¹⁸

There was, nevertheless, no sign of a "German economic miracle" – the title of a book by the émigré business journalist Hans Erich Priester – in the department stores at the time.¹⁹ Overall consumption suffered because the purchasing power of private households did not correspond to the growth of the economy, but department store sales remained significantly lower than other retail sectors. Between 1934 and 1935, department store sales fell from 83.6 to 79.1 percent of 1932 levels, while overall retail sales increased from 109.6 to 113.9 percent of 1932 levels over the same period.²⁰ It was therefore a department store crisis that can only be explained by specific factors related to this type of retail business.

First and foremost are the campaigns of National Socialist hostility against the department stores, which experienced a revival in 1935. They had never come to a standstill, but now seemed to be the right time for many department store opponents to remember the implementation of Article 16 of the first party program and to no longer align themselves with the ban on boycotts issued in July 1933, which was generally never seen as a lasting measure. At the spring fair in the cathedral city, the Cologne Gauleiter Josef Grohé called for people to avoid department stores: "It would be a betrayal of the German economy if purchases were still made in a department store today."²¹ Banners above the most important ones in Cologne shopping streets then read: "Anyone who buys from a Jew is a traitor."²² The Reich Association of German Civil Servants (Reichsbund der Deutschen Beamten) issued a decree for their members as early as February 1935 in the form of a general shopping ban against department stores and uniform price stores. The fact that the NSDAP party leadership declared the ban to be "inadmissible" did not seem to have any effect on it.²³ When department stores were legally banned from having dining

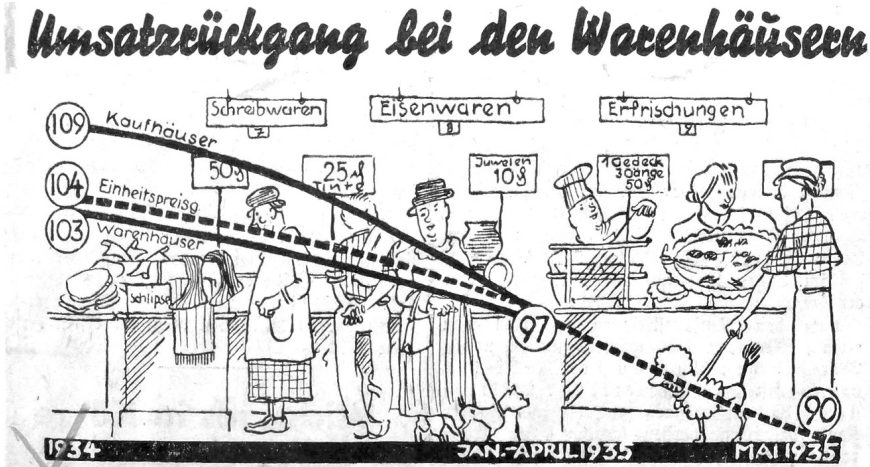


Fig. 18: Graphic illustration from the Berlin NSDAP organ *Der Angriff*, July 3, 1935.

establishments (“refreshment rooms”) in May 1935, political directives had to change course on the “department store question.”²⁴

Inspired by the Nuremberg racial laws, another wave of terror against department stores followed in the fall of 1935. Shop windows were defaced, boycott posts were set up, and there were violent attacks against staff and customers in the Karstadt department store in Hanover.²⁵ The radical activists of the National Socialist craft, trade and business organizations (NS Hago), into which the Kampf-bund had merged, could not be stopped by the signs proclaiming “German business.” Despite the numerous “Aryanizations”, “department stores” and “Jews” remained synonymous, and not just in the perception of these groups.

In addition to propaganda and intimidation, patterns of consumer behavior that could be explained in social psychological terms also had an impact on department store sales. Since consumers tend to imitate the behavior of other consumers (“bandwagon effect”), the public turned away from department stores in a way that had followed the similar trend in the mid-1920s. While department stores had previously received much admiration as a symbol of a new consumer world, they were now seen as a relic of a bygone era. In his memoirs, “mail order king” Josef Neckermann reports on the “general animosity against the department store business model” at the time and also on the dismay of his mother when he had his inheritance paid out in October 1935 in order to take over the Würzburg department store Siegmund Ruschkewitz, whose Jewish owner had been blocked by the Dresdner Bank from obtaining the purchasing credit (“Department stores, I beg you!”).²⁶

Hertie had already registered five branches in the commercial registry under other names in March 1935 to disguise their affiliation with a department store group. Names that spoke of local culture and ethnicity seemed particularly suitable for this strategy. The luxury department store in Hamburg was given the name “Alsterhaus” and the branch in Stuttgart was named “Haus Schwaben,” each with the addition “Branch office of the Hertie Waren- und Kaufhaus GmbH.” The “Haus Badenia” (Karlsruhe), the “Haus Osterland” (Gera) and the “Haus Vogtland” (Plauen) were also entered as branches. A branch without a brand name was set up only in Munich.²⁷ Unlike the renaming of the department store in Weimar in December 1933, the aim was not to suppress the name Tietz, which had been ostracized by the National Socialists. The new names would not have been necessary for this, as the group had already been renamed Hertie two months earlier. At least in Hamburg, this is how the new name was perceived by the public. The luxurious consumer temple on Jungfernstieg had until then probably been called Tietz and the connection with the “Aryanization” of the company was quite obvious. “Only the Nazis said ‘Alsterhaus’,” a contemporary witness reports, and everyone else continued to call the renowned department store “Tietz.”²⁸

It was actually not permissible under commercial law for branch operations to be run under a different name than the parent company. This practice had not been objected to in Weimar, but in Gera the East Thuringian Chamber of Industry and Commerce had now lodged a complaint with the registry court against the registration of the new name: It is likely to “cause confusion about the nature or scope of the business.”²⁹ In Gera, not only retailers were outraged by the renaming campaign, the city council also protested: the name “Osterland” was “sacred to the National Socialists,” must be reserved for the SA standard and must not be misused for business purposes.³⁰ Hertie finally had to give in and had the entry “Haus Osterland” deleted from the commercial register in October 1935.³¹

The new names did not last in Stuttgart and Karlsruhe either, as the branch stores could not be registered as branches of Hertie under these names. The department stores there and in Gera were then assigned to the new Hertie affiliated company Union Vereinigte Kaufstätten GmbH.³² “Alsterhaus” turned out to be the only permanent name introduced by the Hertie management in March 1935. In Hamburg, this name has been retained to this day, although it is attributed to the Hermann Tietz “Aryanization”. Even though the name was only introduced after the renaming of the group and was intended to replace Hertie, not Hermann Tietz, it is rightly considered to be tainted by the Nazis.³³ The renaming on Jungfernstieg could only remain in place because the authorities and party offices of

the Hanseatic city were behind it. Unlike in Gera, Stuttgart and Karlsruhe, there were no objections in Hamburg.

The formation of the Union Vereinigte Kaufstätten GmbH and the renaming of the department stores in Hamburg and Weimar did little to help Hertie confront the “department store crisis” that began in the spring of 1935. The group was particularly vulnerable to fluctuations in the economy due to a lack of capital, high debt and the lack of restructuring measures to combat declining sales. The fact that the bookkeeping and accounting had now been reorganized did not change this. The management’s tough austerity measures and the associated job cuts also did not solve the problems as long as the banks resisted raising further capital. It did not make the group’s situation any easier that the standstill agreement between the creditors agreed upon in August 1933 expired on March 31, and could only be extended after a delay of a few months. Already in May, Hertie had to obtain a further loan in the amount of 750,000 RM from the creditor banks in order to strengthen its working capital.³⁴

Tab. 7: Number of Employees at Hertie Waren- und Kaufhaus GmbH by Sales Outlets 1934 to 1936 (as of August, each year).³⁵

	1934	1935	1936
KaDeWe	2,378	2,135	2,180
Leipziger Straße	1,576	1,460	1,475
Alexanderplatz	1,489	1,406	1,420
Frankfurter Allee	528	444	437
Belle-Alliance-Straße	649	610	598
Wilmsdorfer Straße	698	626	632
Chausseestraße	460	417	432
Brunnenstraße	349	293	290
Kottbusser Damm	353	307	314
Andreasstraße	256	249	243
Munich	997	938	864
Hamburg	885	736	705
Stuttgart	640	586	560
Karlsruhe	446	440	446
Gera	394	365	338
Plauen	381	359	322
Magdeburg	138	130	134
Weimar	96	81	83
Tempelhof and Head Office	430	358	353
<i>total</i>	<i>13,143</i>	<i>11,940</i>	<i>11,826</i>

Nevertheless, in June 1935 the company ran into liquidity problems that were not much different than before. There were overdue supplier receivables of around six million RM, and due to the unreliable method of payment, the group again had a poor reputation among suppliers; some had even stopped deliveries altogether, which led to the warehouse being “under supplied.”³⁶ In order to secure liquidity, the Akzeptbank considered a further loan of seven to 13 million RM necessary.³⁷ At the deadline for the extension due on June 30th, it then turned out that Hertie was not in a position to raise the interest, commission and discount amounts that were due.³⁸ At the Warburg bank, after two years of support for Hertie, a bitter conclusion was drawn: “Apart from the fact that they . . . Owners Georg and Martin Tietz and Dr. Zwillenberg were eliminated from their company, no restructuring work appears to have been accomplished.”³⁹

Hertie’s consortium of creditors was now forced to act. Under pressure from the banks, Hartung had to resign as chairman of the advisory board on June 30.⁴⁰ The fact that he would soon have to leave the management of Hardy & Co. because his status as a “half-Jew” under the Nuremberg racial laws may not have been a decisive factor. The banks made him a scapegoat for the company’s critical situation and the advisory board’s failures, for which they were partly responsible. Deutsche Bank managed to persuade the experienced restructuring expert Erich H. von Berger to take over as chairman.⁴¹

Berger, a former board member of the bank Disconto-Gesellschaft, had been a board member of the German Financing Institute AG (Defina) and the Redemption Fund for Commercial Credit (Tilka) since the end of 1932, two restructuring institutes to which ailing banks could sell claims against commercial companies. In 1929 he had already proven himself in the restructuring of the Berlin company Gebr. Simon Textil AG.⁴² With his election, the course was set for the long-overdue creation of a restructuring concept.

Berger tackled this task quickly and already on August 28 presented a report on the situation at Hertie in 1933. By evaluating 25 reports from the Trust Association and the Treuverkehr Deutsche Treuhand AG, he had come to the conclusion “that in terms of liquidity the group is in practical terms exactly where it was two years ago.”⁴³ A reconstruction would be necessary, but could be limited to a “capital reconstruction” to capitalize and secure liquidity, since the group would in other respects still be viable. Berger calculated that the loans totaling 17.75 million RM provided by the banks since July 1933 had largely been used up by the repayments totaling 16.25 million RM. Citing the audit report of the trust companies for the annual accounts of January 31, 1935, he considered an increase in the company capital to 25 million RM necessary to keep the firm afloat.⁴⁴

Berger tried in vain to get the banks to grant another million-dollar loan to the Hertie Group. He also asked suppliers for loans and only received rejections,

especially since most of them did not have the necessary capital.⁴⁵ In order to gain time, Berger now wanted to obtain an extension for the standstill agreement between Hertie's creditors, which was expiring at the end of September. In a banking meeting with the Reich Commissioner for the Credit Industry on September 13, 1935, a standstill until March 31, 1936 was agreed upon.⁴⁶ The non-party Reich Commissioner Friedrich Ernst, who had been in office since 1931, was, as described above, already involved in the regulation of the Hertie Group's debts, because of the special directive for the participation of the mortgage banks in the syndicated loan. Ernst, for his part, now pushed for a restructuring of Hertie in order to overcome the obvious disproportion between the bank and mortgage debts of 96 million RM and the equity capital of 2.5 million RM.⁴⁷

At Hertie, Berger set up planning offices in September 1935 in order to accurately evaluate the available statistical material and, among other things, to determine the profitability of the individual departments. He sought advice from the former Schocken board member Georg Manasse and the former Leonhard Tietz board member Franz Levy, who apparently had some experience in this area, and then suggested that Irene Witte, the most qualified rationalization expert in Berlin's wholesale retail sector, be given the management of the planning office at Hertie. There were strong reservations in the advisory board about filling such an influential and well-paid position with a woman, but ultimately the more important factor was that Witte was not Jewish and no non-Jewish expert could otherwise be found for this task.⁴⁸ Witte, who until then had headed the exemplary planning office of the Nathan Israel department store, moved to Hertie at the end of 1935 and continued to work for her former employer at the same time.⁴⁹

Since Hertie did not receive any further credit or share capital from the banks during the crisis of 1935, the department store group had to get by with a standstill, an even more rigid cost reduction and the sale of further properties. The goods debts were reduced from around 7.8 to around 2.6 million RM by the end of the year, mainly through the sale of real estate and investments, which brought in a total of 5.78 million RM.⁵⁰

On January 18, 1936, Berger presented his long-awaited "Proposal for the Capital Reconstruction of the Hertie Group." Essentially, his plan envisaged converting bank claims into liable equity capital of 25 million RM, preferably within the framework of a stock corporation under the name "Deutsche Waren- und Kaufhaus Aktiengesellschaft," into which the real estate companies for the department store properties would also be transferred. Berger suggested classifying the creditors into four classes and using the second, third and fourth tier loans according to a certain key, with a capital waiver of 20 percent for the third tier (not fully secured) and 50 percent for the fourth-tier (unsecured) claims.⁵¹ Berger specifically demanded that Akzeptbank waive part of the three million RM loan it had

granted to Hertie. As the Reich's own financial institution, it was supposed to ensure that "the damage suffered by the Hertie Group was mainly caused by public intervention" – a remarkable justification that the Reich Ministry of Finance termed "not valid."⁵²

At the same time, Berger admitted in his proposal that the restructuring could not be tackled quickly because there were still major political uncertainties and time was needed to classify the creditors. A further extension of the standstill agreement for the subordinated claims was therefore urgent. A complete deferment had to end, according to the agreements reached in September 1935. In his final remark, Berger emphatically pointed out that all plans for the renovation of Hertie depended crucially on political imponderables: "The success of any reconstruction will depend on the way in which the 'department store question' finds its legal regulation, and how the party will finally respond to it."⁵³

Berger's proposal led to extensive consultations between the banks. Since lengthy disputes were to be expected over the classification, a commission was set up to draft guidelines for this procedure at a meeting with representatives of 13 credit and mortgage banks at the Reich Commissioner for Credit on March 25, 1936.⁵⁴ Ultimately, the banks only agreed to extend the standstill agreement and postpone the reconstruction until a later date. None of the creditors wanted to waive their claims, least of all the Akzeptbank, which categorically rejected the proposed waiver of claims amounting to three million RM.⁵⁵ The Dresdner Bank advocated a postponement of the reconstruction and readily took up Berger's point that the department store question was politically unresolved.⁵⁶ Berger's suggestion was also misused by the banks to refuse loans to Hertie: after Hertie had received a special loan of one million RM for its Christmas business in 1935, the Dresdner Bank and Hardy & Co. were no longer willing to take part in a new loan of 500,000 RM as long as the questions of reconstruction and deferral were not clarified.⁵⁷

Tab. 8: Data on the debt of the Hermann Tietz/Hertie Group 1933 to 1937 (in RM).⁵⁸

	June 30, 1933	January 31, 1935	August 1, 1935	April 30, 1937
Bank debts	50,000,000	43,252,000	49,800,000	42,083,000
Mortgages payable	52,000,000	44,580,000	40,500,000	34,809,000

On January 13, 1936, Hertie had already asked the Reich Ministry of Economics in a petition to support a waiver by the tax authorities for the taxes due upon conversion of the company into a stock corporation.⁵⁹ Three months later, on April 21, 1936, the in-house Hertie lawyer Steffani informed the Berlin State Tax Office that

the application for tax relief would no longer be pursued until further notice.⁶⁰ Hertie was now considering whether to obtain the necessary capital by selling KaDeWe to Deutsche Bank and Dresdner Bank and the Munich department store to Hardy & Co. and Bayerische Vereinsbank.⁶¹ From Berger's ambitious restructuring plan, only the proposal to extend the standstill agreement remained, the terms of which were negotiated through to the fall of 1936. Berger himself resigned from Hertie's Advisory Board in November. The new standstill agreement he initiated was of utmost importance for the company, as it could hardly survive without a deferral, but Hertie Waren- und Kaufhaus GmbH still had no real perspective for the future.

How Georg Karg Took Over the Hertie Group

In June 1936, in a two-and-a-half-page exposé entitled "Draft," Karg suggested selling the majority of Hertie to himself. In the files of the Dresdner Bank there is a copy of this "Draft," which he – against the will of, or possibly simply bypassing the Hertie Advisory Board – handed over to the chairman of the Dresdner Bank Supervisory Board, Carl Goetz, on June 16, 1936, "with reference" to our verbal consultation."⁶² Karg brought himself into the conversation as a buyer with great self-confidence but also understandable arguments. The "draft" is divided into two parts. On the first page, Karg critically examines the existing form of the company and then presents his proposal in eight points in the second part.

Karg initially justified his proposal by linking a crucial inventory of the firm with the model that corresponded to his ideas:

The current administrative structure of the Hertie Group is hindering its economic development in many respects. [...] even today the structure is similar to that of a company that is governed by a committee of creditors in settlement or bankruptcy proceedings. This hinders the individual activity that is absolutely necessary today. In my opinion, it is necessary for the management of the group to be in the hands of a responsible entrepreneur who, due to his expertise and experience, has the trust of the shareholders and all creditors.⁶³

The advisory board chairman Berger had already complained a year earlier in his "Report on the Current Situation of the Hertie Group" that Hertie had not made any progress under the banking regime. Nobody who was familiar with the matter would have contradicted this. But Karg drew different conclusions than Berger. Since the time of the Empire, for a large company with more than 10,000 employees, the stock corporation was considered the most efficient form of company structure because of its advantages in covering high capital requirements and the limitation of liability on the company's assets. The Leonhard Tietz com-

pany was therefore converted into a stock corporation in 1905, Wertheim in 1909 and Karstadt in 1920. Accordingly, in his proposal for the “capital reconstruction” of Hertie, Berger had recommended the conversion into a stock corporation in conjunction with a significant capital increase. According to the status of the stock corporation law reform discussion at the time, which was incorporated into the Stock Corporation Act of January 30, 1937, Hertie would have lost the features of a “committee of creditors” even with just this solution. The powers of the advisory board (supervisory board) would have been limited to the control function, and the management or board of directors would have been given the right to manage the company under their own responsibility.⁶⁴

Karg’s proposal was aimed not only at emancipating management from the shackles that the banks had placed on it in the Hertie statute. He argued that the department store group needed a responsible, entrepreneurial owner, which seemed plausible given the experience with the “creditors’ committee,” and an owner who was not called into question by the banks. Ultimately, it was about turning Hertie back into an owner-operated company, an archaic corporate form for a company of this size. As Karg’s further plans would show, he was driven by a personal mission to become sole ruler of a large department store group, which he could pass on to his children as a family business. In this respect he was similar to Oscar Tietz, who had vehemently refused to convert his company into a stock corporation. The fact that the Tietz family had had bitter experiences stemming from the personal liability of owners in a general partnership did not stop Karg from pursuing a similar model. It appears that this type of entrepreneur remained more common in large retail than in other industries, since similar entrepreneurs are also found at Horten, Neckermann, and others, whose careers were based on the “Aryanization” of department stores.⁶⁵

With the phrase “the individual activity that is absolutely necessary today” Karg’s suggestion alluded at the same time to the National Socialist corporate model, in which ownership and responsibility were not separated as in a stock corporation, and the company was managed by the owner according to the leader principle.

The fact that a consortium under the direction of large joint-stock companies of finance capital ran a department store group in the “Third Reich” must have appeared to National Socialist ideologists as a kind of fall from grace. This affinity did not make Karg’s arguments into National Socialist ideas, but he knew that his proposal would be viewed with favor in the party and in the ministries, and the banks knew this too.

In the second part of his “draft,” Karg detailed the implementation of his suggestion. Apparently for tax reasons, he wanted to settle for 51 percent of Hertie’s shares and buy these shares “at par”, i.e. at their nominal value, with a five-year

option. He would give the sellers a ten percent share of the net profit attributable to these shares for a few years.

The highlight of his plan, however, was the proposal to obtain a loan from Dresdner Bank of one million RM for the purchase of the shares, which would initially be available to Hertie as a loan and then be offset against the purchase price. According to this model, shares in Hertie with a nominal value of up to one million RM could be acquired by repaying a loan, which provided Hertie with liquidity and earned Dresdner Bank interest.

The “draft” contained further suggestions that resulted from the transaction. Karg would have to be appointed as the sole managing director of Hertie, and the advisory board would lose its authority to appoint the managing directors and subject them to an approval requirement. Last but not least, Karg made his proposal dependent on the banks concluding a new standstill agreement for a period of five years.⁶⁶

Karg’s suggestion was welcomed at Dresdner Bank. In the relevant file there is a note inserted into his “draft” with the handwritten note “Idea is not unappealing,” which may have come from Goetz, who had replaced Andreae as chairman of the supervisory board, but in this position still acted as the top manager of the business of Dresdner Bank.⁶⁷ In the coming weeks, Karg’s plan was checked and altered at Dresdner Bank and Deutsche Bank. Karg, for his part, proceeded to revise the “draft.” He must have learned that Hertie’s shares in the books were not valued “at par” but at 50 percent “below par,” because they were converted bank debts that could not be considered secured. Karg now wanted to purchase the Hertie shares at a price of 20 percent of the nominal value, but the banks insisted on the book value of 50 percent.⁶⁸ However you calculate it, the estimated purchase price was exceptionally low. Karg took advantage of the fact that the share capital of Hertie GmbH remained at an extremely low level. The creditor banks had only made deposits worth a total of 2.5 million RM through the Trust Association, while the share capital of Karstadt AG and of Westdeutsche Kaufhof AG (formerly Leonhard Tietz AG) was at that time roughly 29 million RM each.⁶⁹ If the capital increase to 25 million RM proposed by Berger had been carried out at Hertie in 1935, Karg would have had no chance of acquiring the majority of the company. With a share capital of 2.5 million RM, however, and a purchase price of 50 percent of the nominal value, it was possible to obtain 51 percent of the shares for 637,000 RM.

The business deal was not that inexpensive after all, since Karg expanded his proposal to a reorganization plan for Hertie, which also provided for an increase in the share capital to 7.5 million RM and was tied to a new four-year standstill agreement. When he presented his reorganization plan to the Reich Commissioner in a meeting with bankers of the main creditors on August 27, 1936, the

participants unanimously agreed. As Karding (Deutsche Centralbodenkredit AG) noted in a note about this meeting, it was expressly welcomed that “Karg, as the main expert, was entering into the matter with the largest part of his assets.” Reich Commissioner Ernst estimated that Karg would have to raise cash capital of 7–800,000 RM for this move.⁷⁰

It was also agreed that this was “a first step towards restructuring.”⁷¹ With Karg’s reorganization plan, which basically just consisted of converting part of the bank debt into equity, the sale of a further part to the managing director and a further deferral of the major part of the debt, but did not provide for a waiver of claims, it was believed that they had found the key to the restructuring of Hertie GmbH.

In the fall, Karg succeeded in obtaining approval from the large number of Hertie creditors for a new standstill agreement for the period from May 31, 1937 to April 30, 1941. This fulfilled an essential condition for the implementation of his plan. In a banking meeting with Reich Commissioner Ernst on November 12, 1936, the agreement was approved by the creditors, and the agreed upon loan from the Dresdner Bank to Karg and Hertie for one million RM was included in the agreement.⁷² Four days later in a formal letter to Hardy & Co., Karg made commitments regarding the composition of the board of directors on the condition that he “immediately after the conclusion of the shareholders’ meeting to be called in accordance with the standstill agreement, can acquire 51 % of the shares in the share capital increased to 7.5 RM million under the conditions agreed upon between you, Dresdner Bank and me.”⁷³

The shareholders’ meeting took place on November 30th in the rooms of Hardy & Co., and the partnership agreement of Hertie GmbH was amended and redrafted in accordance with the restructuring plan. The share capital was increased by five million to 7.5 million RM by converting bank debts; Dresdner Bank contributed three million RM and Hardy & Co. contributed two million RM; the new shares, like the previous ones, were held by Treuhand-Vereinigung AG. A new composition of the advisory board and the expanded powers of the management, which Karg had requested, were also decided upon.⁷⁴

The old advisory board had collectively resigned to give Karg a free hand. Heinrich Lippert, the general manager of the Reich Insurance Association, became the new chairman, meaning that the banks gave up this position. Additional members were added based on an agreement between Karg and the shareholders Ernst Karding (Deutsche Centralbodenkredit AG), Karl Rasche (Dresdner Bank), Hugo Ratzmann (Hardy & Co.), Fritz Wintermantel (Deutsche Bank) and Trabart von der Tann.⁷⁵ Wintermantel was the only member of the first advisory board of July 1933, who continued to be a member of the committee. In contrast to the first years, there were no longer any bankers of Jewish origin represented on the

advisory board, but instead two bankers, Rasche and Ratzmann, who were extremely close to the regime.⁷⁶

There were also personnel changes in the management. Wilhelm Hermsdorff, who had been one of Karg's confidants for a long time and had already become deputy managing director after Laupenmühlen left, was appointed second managing director. Max Friedland left because he had become an entrepreneur himself in the course of the "Aryanization" of the H. Joseph & Co. department store in Berlin-Neukölln, and Trabart von der Tann left the management to rejoin the advisory board, which he had only left in 1935.⁷⁷ Karg had stipulated that the baron would receive three voting rights on the advisory board "as his representative." Von der Tann was now subordinate to Karg and, in reversal of his previous role, was supposed to act as the managing director's confidant on the advisory board. At the same time, Karg had promised that later, when he would own the majority of the company, von der Tann would always vote with the representatives of the banks until the standstill agreement expired.⁷⁸

Around the turn of the year 1936/37, the agreed upon transaction between Dresdner Bank and Karg was concluded. In a letter dated January 2, 1937, Gustav Overbeck, the head of the lending business at Dresdner Bank, promised Karg the transfer of Hertie shares worth 1.8 million RM and confirmed the loan of 900,000 RM that had already been offered, with which Karg was able to purchase shares at the book price of 900,000 RM that was due upon conclusion of the contract. In return, Karg agreed to allow Dresdner Bank to share in Hertie's profits attributable to his shares in an amount of up to 900,000 RM during the term of the accepted standstill agreement. The bank could expect that the purchase price would rise through this clause up to the nominal value of the shares sold.⁷⁹

Excerpt from the letter from Gustav Overbeck to Georg Karg dated January 2, 1937

On the occasion of the capital increase carried out at the above company, it has been agreed that you or a company to be named by you will acquire 51 % of the share capital of Hertie Waren- und Kaufhaus G.m.b.H. In order to make this possible for you, we agree to transfer to you or a company named by you

nom. RM 1,800,000 – Shares

The purchase price would have to be documented as follows:

- 1) RM 900,000. – must be paid in cash upon conclusion of the notarial purchase contract. To obtain this RM 900,000. – We have offered you a loan for the same amount according to our letter of December 31, 1936, to which – including its security – the conditions to be specified would apply.

- 2) Up to an additional amount of 900,000 RM – you undertake to make an additional payment on the purchase price in such a way that 10 % of the profit attributable to the shares sold is to be paid to us annually. For the duration of the standstill, this 10 % profit share would of course only be paid out to us once this amount has been distributed to you by Hertie.⁸⁰

Not all banks in the consortium of creditors agreed with this transaction, but no one wanted to stand in the way and jeopardize the standstill agreement. At Deutsche Bank people are said to have been very critical.⁸¹ The head of the Warburg Bank Berlin branch Ernst Spiegelberg even stated that “the whole plan was difficult to understand from the point of view of those primarily involved.” When he was personally informed about the planned agreements with Karg by the Reich Commissioner for Credit at the end of August, Spiegelberg was utterly stunned:

Of course, Karg is a capable department store manager, but he has not yet demonstrated that he is so capable that they could give him all power over the company with just a 51 % share, by only making a very small contribution – if any at all. If the company’s foundation is sound and there is a prospect of recovery, the banks could not sacrifice all their opportunities after all these years. In any case, if we were somehow significantly involved in Hertie, we probably wouldn’t take this path [. . .].⁸²

It actually seems incomprehensible that Dresdner Bank and Hardy & Co. were prepared to sell the Hertie Group to Karg at a bargain price and also make the purchase easier for him with a loan and a multi-year option. If one looks for explanations, then it is important to remember that Hertie GmbH’s share capital consisted almost entirely of converted bank debts. For the creditors, Karg’s plan was to buy claims from them that had to be considered dubiously secured.

At this time, Hertie had debts to the Dresdner Bank totaling around ten million RM, 7.46 million directly and 2.6 million RM as part of the syndicated loan (Loan II) from July 1933.⁸³ The prospect of not having to write off this amount was more important to the bank than maintaining control over Hertie. The resulting strategy is documented in a report by Wilhelm Schaeffler, who at the time was working as an auditor at the Dresdner Bank, and later took over an “Aryanized” carpet factory and, after the war, rose to fame with a group of companies manufacturing industrial equipment.⁸⁴ In a report dated August 18th, including an overview of the results of the audit reports on the Hertie balance sheets as of January 31, 1936, Schaeffler came to this conclusion:

We ourselves can only have one interest in postponing all restructuring issues, since within the context of the overall group we and Hardy have to make the first sacrifices based on the developments in the restructuring discussions so far. But if a new structure is to take shape, the following line of action seems appropriate for us:

- a) no discount under any circumstances (depreciation unnecessary – the balance sheet covers all debts);
- b) Rather, conversion into shares, the realization of which may appear to be possible more quickly than bank claims, and is certainly easier to realize than the majority of mortgage and bank creditors believe, so that larger interest and standstill commitments can be achieved from them at the same time.⁸⁵

The package for the restructuring of Hertie put together at the end of August 1936 corresponded almost exactly to the Dresdner Bank's intentions. Due to the new standstill agreement, the restructuring was postponed until the spring of 1941. With the capital increase, claims of the Dresdner Bank and the Hardy & Co. bank on Hertie amounting to five million RM were converted into company shares, and they already had one buyer in the person of Karg, and his loan allowed him to earn interest beyond the standstill agreements.

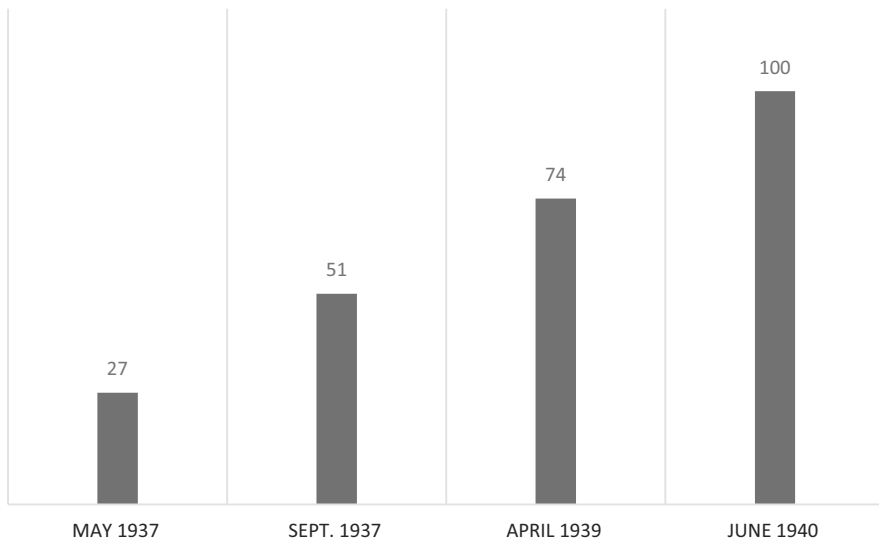
At Dresdner Bank, Schaeffler was also able to report favorable developments at Hertie. After an operating loss of 1.47 million RM in the 1935/36 financial year, the result improved significantly in the first half of 1936/37; the income was one million RM above the previous year's level, and wage costs fell by nine percent.⁸⁶ According to the trust companies' assessment, "the situation at Hertie is excellent;" in August 1936 alone, sales increased by 25 percent, and it was expected that Hertie would meet all obligations at the next payment date at the end of January 1937.⁸⁷ According to the unanimous verdict of observers, the "department store crisis" of the previous year had been overcome and a strong economic recovery was beginning to emerge. The *Gauzeitung* of the Berlin NSDAP had to report in October 1936 that there was a mood of alarm in specialist retail stores because sales in department stores and large retail stores had been rising continuously since the beginning of the year.⁸⁸ Although the department stores were still not able to expand the sale of food, which was particularly criticized by their opponents, they were able to achieve significant increases in sales of textiles, clothing and "other goods." A peak in this division was recorded in August 1936 with an increase in department store sales of 22 to 23 percent. In the press, the boom was attributed to the "Olympic business," in which small items and textiles were in particular demand.⁸⁹ The Olympic tourists had apparently flocked to the Berlin department stores, which were able to offer a broader range of items for sport fans than the specialist shops, and the NS Hago did not even try to stop them. From the signs of an upswing in department stores sales, the Dresdner Bank was able to draw hope that the Hertie Group would one day pay off its debts if it was given enough time to do so and was left in the hands of a capable specialist.

There were other reasons for the Dresdner Bank to rely on Karg's plan. The bank had been on the verge of collapse in the banking crisis of July 1931 and was saved by

a bailout from the Reich. After the merger with the failed Darmstadt and National Bank (Danat Bank), which had been forced by the Reich government, the Reich and the Reichsbank subsidiary Deutsche Golddiskontbank held 91 percent of the share capital of the Dresdner Bank. When the banking business began to make profits again for the first time in 1936, the long-planned re-privatization of the shares taken over by the Reich moved closer. The Commerzbank, in which the Reich and the Reichsbank had also taken over the majority holdings in 1931, was able to begin selling blocks of shares to private investors through a banking consortium in October 1936. The Dresdner Bank followed suit in September 1937.⁹⁰ Reprivatization was facilitated by removing loans with a risk of default from the books and a commitment of 10 million RM to one loss-making department store group had to be one of them. Dresdner Bank was also already heavily involved with Westdeutsche Kaufhof AG and the Karstadt consortium. Since 1931, Dresdner Bank had held a stake in the former Karstadt subsidiary Epa, now called Kepa, worth around 6.3 million RM (37.54 percent), which was sold back to Karstadt AG in November 1937, reducing the loan amount by 2 million RM.⁹¹ The Hertie loans were a far greater burden for Hardy & Co. than for Dresdner Bank. In 1936, the supervisory board ordered the bank to undergo a rigorous restructuring by consolidating its capital from 15 to 3 million RM. Of the loans granted, which amounted to four and a half times the equity, the loans to Hertie, including bills of exchange and bills of exchange liabilities, amounted to 4.6 RM million and were the largest single item among the loans for which collateral was completely or partially missing.⁹² Loan provisions amounting to 250,000 RM had to be set aside for the investment in Hertie GmbH, which amounted to 352,070 RM. After sales negotiations with Karg began, the auditors did not consider any further value adjustments to be necessary.⁹³

Akzeptbank AG was facing liquidation in the fall of 1936 because the Reichsbank and Reich government no longer considered such a “bad bank” necessary after the financial sector had been stabilized. As a Reich-owned financial institution, Akzeptbank was not involved in the standstill agreement between Hertie’s creditors – the Reich had taken over the majority of the capital in June 1934. The processing of some large loans now caused considerable difficulties, including, first and foremost, the Hertie loans, which accounted for the largest commitment at 12.9 million RM.⁹⁴ Karg did not take over 51 percent of the Hertie shares immediately after the agreement with Dresdner Bank. The promised acquisition of the majority stake was a framework that he could exploit in installments, but which was also linked to the standstill agreement that came into force on May 31, 1937. First of all, Karg had the Dresdner Bank loan for the purchase of shares amounting to 900,000 RM transferred to Paul Held Nachf. GmbH in which – unlike Hertie – he already held 51 percent of the shares and could make decisions on his own terms.⁹⁵ When the standstill agreement came into force in May 1937, he acquired Hertie shares with a nominal

value of 2,025,000 RM from Hardy & Co. through the Trust Association AG. These were the shares that Hardy & Co. had contributed from converted debts as part of the capital increase in November 1936.⁹⁶ In September 1937, Paul Held Nachf. GmbH bought Hertie shares with a nominal value of 1,800,000 RM from Hardy & Co., using the loan from Dresdner Bank.⁹⁷ Karg now held direct and indirect shares through Paul Held Nachf., amounting to a 51 percent majority in Hertie. He could have financed the purchase of the shares acquired from Hardy & Co., for which a loan would have been difficult, by selling other “non-department store” properties. This is exactly what he did: on December 7th, 1936, Wohnungs AG Beußelturm sold a piece of land in Berlin-Moabit and Grundwert AG Kaiserdamm sold four pieces of land in Berlin-Charlottenburg to Victoria Insurance on January 26th, 1937.⁹⁸



Graphic 1: Georg Karg’s shareholding in percent of the share capital of Hertie GmbH from 1937 to 1940.⁹⁹

Karg was, however, not satisfied with 51 percent. He bought additional shares through Paul Held Nachf. GmbH during 1938 and in March 1939. At the beginning of April 1939 shares valuing only 1,950,000 (26 percent of Hertie’s share capital) were apportioned to the consortium of creditors managed by Hardy & Co.¹⁰⁰ On the 14th of June 1940, these shares were finally sold by the Treuhand Association to Deutsche Boden AG for a price of 2.5 million RM.¹⁰¹ Hertie was now 100 percent in the hands of Karg. In his plan from June 1936, Karg had relied on the supposition that the department stores would recover from the hostilities and crises they were experiencing, and that Hertie could regain its good reputation. He turned out to be right;

there was a lot of good fortune involved, but also a profound knowledge of the potential of this form of business. At the beginning of March 1936, Hertie carried an excessive indebtedness of around 10.5 million RM; by the beginning of February 1938, it had a net worth of 10.97 million RM.¹⁰²

Since Hertie was now making considerable profits, in which Karg had held a 51 percent stake since September 1937, he was able to easily finance the purchase of the additional 49 percent of Hertie shares from this income. However, the purchase of Hertie shares became more expensive over time, because their valuation in Hardy & Co.'s books was based on the group's earnings situation. Karg came in as a buyer in 1937 at a book price of 50 percent of the nominal value, and in June 1940 he and Deutsche Boden AG paid a price of 2.5 million RM for shares with a nominal value of 1,950,000 RM.¹⁰³

Tab. 9: Sales of Hertie Waren- und Kaufhaus GmbH 1932 to 1938/39.¹⁰⁴

Year	Sales in RM
1932	200,630,000
1935/36	140,152,000
1936/37	152,661,000
1937/38	162,714,000
1938/39	187,000,000

As early as April 1939, when Karg owned “only” 74 percent of Hertie's share capital, he took the next step in his personal program: converting the company into a sole proprietorship that would form an economic entity with himself. At that time, Hertie's legal department, presumably through counsel Steffani, informed the responsible officer at the office of the Berlin Finance President that the company and its subsidiaries should be dissolved in such a way that all of their assets would be transferred to Karg. According to this source, upon dissolution, Karg would receive the group's net assets of 6,963,373.13 RM, which would roughly correspond to the amount that he had spent on purchasing the shares he had previously acquired and that he would still have to spend on purchasing the remaining shares.¹⁰⁵ However, after lengthy negotiations, Karg had to back out of this plan because the Reich Ministry of Finance did not respond to the requested amount of allowed tax reductions. The conversion would then have been too expensive with an estimated corporate tax of 3.9 RM million and a property transfer tax of three million RM.¹⁰⁶

Consequently, Hertie remained a GmbH that formally and presumably for tax reasons had three shareholders: Georg Karg, Paul Held Nachf. GmbH and Deutsche Boden AG. The shares of Paul Held Nachf. GmbH were owned 100 per-

Tab. 10: Shareholders of Hertie Waren- und Kaufhaus GmbH, 1937 to 1940.¹⁰⁷

January 1937	Holding in RM	Holding in percent	December 1940	Holding in RM	Holding in percent
Dresdner Bank	3,945,400	52	Georg Karg	2,020,000	27
Hardy & Co.	2,378,000	32	Paul Held Nachf.	1,800,000	24
Deutsche Bank	1,176,000	16	Deutsche Boden	3,675,000	49
<i>total</i>	<i>7,500,000</i>	<i>100</i>		<i>7,500,000</i>	<i>100</i>

cent by Karg, Deutsche Boden AG was owned almost 100 percent by Hertie GmbH,¹⁰⁸ and the shareholdings of both companies in Hertie GmbH, together with Karg's personal shareholding, resulted in a total of 100 percent.

**Fig. 19:** Georg Karg at the Hertie Christmas party in 1938.



Fig. 20 and 21: Hertie's Christmas party in 1938 in the Deutschlandhalle in Berlin.

Karg, Neckermann and the Zentrallagergemeinschaft für Bekleidung, ZLG (1942–1944): A Digression

The development of Hertie Waren- und Kaufhaus GmbH during the war is not documented in the archives. However, it has long been known that the group was involved in the Zentrallagergemeinschaft für Bekleidung (ZLG, Central Storehouse Association for Clothing), founded at the beginning of 1942, which developed into a monopoly for the supply of official clothing for special campaigns. Since this commitment is the only one that can be recorded for the Hertie Group in the context of the Nazi war and plundering economy, it will be discussed in summary in the following excursus based on the little information available. To classify it, it is essential to take into account the changing role of department stores in the war economy and the development of the ZLG.

The start of the war resulted in a drop in sales and profound changes in the retail business, as private consumption was restricted by rationing. The department stores were particularly affected by the introduction of textile management; after all, around 60 percent of their sales still came from fabrics and clothing. Customers could now only purchase these by presenting ration vouchers or the Reich clothing card introduced in November 1939.¹⁰⁹ At the same time, the staffing level became thinner due to Wehrmacht call-ups and transfers to companies that were important to the war effort. The department store companies were nevertheless able to cope with the transition to the war economy better than small retail stores. Parallel with sales, the costs for wages, salaries, packaging and advertising also fell. The department store companies were also no longer under attack; they were now seen as indispensable pillars of supply; furthermore, the department store tax was abolished on April 1, 1940.¹¹⁰

During the war, no information on sales and number of employees in department store companies was published. According to press reports, sales remained quite stable after the decline at the start of the war. According to one estimate, sales at the Westdeutsche Kaufhof AG in 1940 were around 15 percent below the level in 1939.¹¹¹ In keeping with the logic of a scarcity economy, the department stores resorted to hoarding. Inventories increased because regular deliveries were not guaranteed; “shortage goods” were no longer placed on the display tables because otherwise they would have “disappeared” immediately.¹¹²

The longer the war lasted, the clearer the advantages of department stores over specialist shops became, as the *Neues Wiener Tagblatt* described them in June 1943: “The buyers, especially the working woman and the often overworked housewife, are able to shop at the department store and to make several purchases at the same time on one shopping day and thus save time.”¹¹³ Nevertheless, department stores were still closed down as a result of the wartime economic rationalization.

According to a decree issued by the Reich Ministry of Economics at the end of January 1943, retail outlets could be merged and shut down by official orders. In June 1943, 20 percent of the approximately 740 department stores and uniform price stores were already affected by closures.¹¹⁴

The Reich Office for Clothing and Related Products, an authority subordinate to the Reich Ministry of Economic Affairs, was responsible for controlling and directing the civilian textile supply. Under the leadership of the former ministerial director Werner Hagemann, the Reichsstelle hired Josef Neckermann, owner of a textile mail order company, as a volunteer consultant at the beginning of 1941, since their management system, which had come under much criticism, required the expertise of practitioners from the retail sector. In a dual position as entrepreneur and civil servant, Neckermann was able to establish a key position within the economic system, from which his own company benefited.¹¹⁵ The founder of this company, Karl Amson Joel, was forced to sell his successful textile mail order company far below its value in 1938 because of his Jewish origins, and to hand it over to Neckermann.¹¹⁶

As the work activity in the occupied territories in the East increased sharply after the attack on the Soviet Union, disputes over the supply of clothing to these workers arose. With the support of the influential head of the Reich Trade Group Franz Hayler, an “old fighter of the NSDAP” and high-ranking SS officer, the Reich Clothing Office was able to assert itself against the desires of the German Labor Front and the Reich Labor Service. At the Reichsstelle, it fell to Neckermann to set up a private company, with the participation of his company, to handle these orders. To avoid leaving him with a monopoly, he was required to participate in the founding of another company.¹¹⁷

In his memoirs, which must be viewed as a problematic source, Neckermann describes how Georg Karg’s involvement in the ZLG came about.¹¹⁸ According to his account, Neckermann initially looked in vain for partners in the mail order business. His competitors lacked capital, and the project overall was considered inauspicious in the industry.¹¹⁹ Finally, the Hertie Group was persuaded to invest one million RM in the share capital of the ZLG. This commitment probably did not come about entirely by chance, because Hertie, like no other private company, could offer something that Neckermann did not have: a larger number of professionally equipped warehouses in the Reich capital.

Karg was not enthusiastic about Neckermann’s plans. “All right, we’ll give a million, but otherwise leave me alone,” he is said to have replied to him.¹²⁰ Karg probably did not like the fact that the ZLG would have access to the warehouses of the Hertie department stores, but he will also have known that Hertie’s participation in the ZLG offered great advantages within the field of textile management and protected the group against attacks by the authorities. According to Necker-

mann's *Erinnerungen*, the deciding factor for Karg could have been "the fact that shortly beforehand he had succeeded only with great difficulty in averting the threat of confiscation of some of his department stores by the state."¹²¹

On January 12, 1942, the ZLG was founded as a company under civil law, with share capital of two million RM, divided equally by the Josef Neckermann Textil-Versandhaus laundry and clothing factory and the Hertie subsidiary Bekleidungs-Handels AG.¹²² Neckermann financed his investment with bank loans; the Hertie Group no doubt proceeded similarly.¹²³ The fact that both partners took on a considerable risk by founding ZLG in the form of a partnership without limitation of liability can only be explained by the support from the Reichsstelle, which amounted to guaranteed liability. Bekleidungs-Handels AG, a company of the Hertie Group founded in 1923 for "purchasing, selling and manufacturing all kinds of clothing items," had a share capital of only 100,000 RM.¹²⁴

The few surviving files on the ZLG confirm what Neckermann wrote in his memoirs about Karg's role: "He remained reserved the whole time." It was a stroke of luck if we managed to meet him or at least have a telephone conversation with him.¹²⁵ Neckermann readily respected his partner's wish to leave him "in peace." The board of directors, led by Hagemann and later by the manufacturer Herbert Tengemann, a multi-function official in the Nazi textile industry, also gave him a free hand. As the sole managing director of the ZLG and special representative of the Reichsstelle, Neckermann was able to expand this company unhindered into a monopoly company with public-private status, a "Neckermann central storehouse association," which he controlled completely. The ZLG had its office at the Josef Neckermann laundry and clothing factory at Utrechter Straße 25–27 in Berlin-Wedding. The Reich Office passed on the requests from the users of the service to this office, and Neckermann then awarded the orders to the manufacturers. The profits of the ZLG are said to have gone to the Reichsstelle.

Under Neckermann's direction, the ZLG was soon entrusted with the task of carrying out further large-scale orders, for which delivery points were set up throughout the Reich and "purchasing offices" were established in occupied countries. The ZLG was commissioned by the general representative for labor deployment to supply foreign forced laborers with workwear from old clothing collections.¹²⁶ The Wehrmacht was supplied by the ZLG with winter-proof uniforms for the Eastern Front, and bombed-out persons in German cities were supplied with linen and outer clothing.¹²⁷

At the same time, Neckermann moved to have a laundry and clothing factory constructed on a large scale in the Łódź ghetto (then Litzmannstadt) in Poland. With around 30,000 Jewish inmates who had to work to survive, what was probably the largest clothing factory in Europe was established there.¹²⁸ Unlike Neckermann, Karstadt and Tengemann's company Heinrich Leineweber, Hertie did not

give any orders to the ghetto's textile department, especially since the corporation did not have much relevant production in this sector. The Hertie department stores did, however, order outerwear from that source. This has been documented for the Alsterhaus, and it was certainly not an isolated case.¹²⁹

In the summer of 1943, ZLG's business had reached a size that made it necessary to limit the shareholders' liability. ZLG GbR, a civil law partnership, was taken over by ZLG GmbH, a limited liability company, which was founded on August 13th by the previous shareholders. The company's managing directors, Wilhelm Hermsdorff and Hans Heilemann, signed the articles of association for *Bekleidungs-Handels AG*.¹³⁰ Two months later, ZLG received a loan of 60 million RM from a consortium led by Dresdner Bank, with which it was able to cover the costs of warehousing and advance payments to the manufacturers.¹³¹ As its business became increasingly difficult due to the damage caused by allied bombing and transport problems, the ZLG received further loans totaling 95 million RM by the end of the war.¹³² Hertie and her *Bekleidungs-Handels AG* were not involved in the management of ZLG. But the company was not a silent partner either. Reports and notes on bombing damage show that the warehouses of the Berlin Hertie department stores on Chausseestraße and Frankfurter Allee were used by the ZLG.¹³³ Such warehouses were also of utmost importance to the ZLG as security for the bank loans it received. As Neckermann reports in his memoirs, Karg had the Hertie Group's shares in ZLG transferred to himself personally in September 1944.¹³⁴ There is, obviously, no contemporary evidence of this.

As a final note, Karg did not expose himself to the Nazi war economy and showed a restraint that does not seem to fit with his behavior between 1933 and 1939. However, it should be taken into account that, as already described, he had failed in his efforts to take over "Aryanized" department stores in Prague, Moravian Ostrava and Amsterdam.¹³⁵ His plans to profit from the expansion of the Hertie Group under occupation rule were also not realized. Karg was not interested in the business of Reich offices and the activities of economic groups. Although he had not sought a stake in ZLG, as a co-owner with a share of 50 percent, he also shared responsibility for this company's morally reprehensible business activities.

4 Emigrated and Plundered. The Tietz Family after the “Aryanization” of the Company

The Affiliated Companies and the Legends about a “Severance Payment”

In the partition agreement of August 13, 1934, the Tietz family received the promise that one group company would be exempt from “Aryanization”. It was the Mechanische Feinweberei Adlershof AG, a Berlin textile company that had not previously been given any particular importance by either the Tietz family or Hertie. In Section 6 of the partition agreement, Georg and Martin Tietz received the assurance that they would be able to acquire this small part of the group’s assets as private property. The transfer was to take place in the form that the brothers would take over the Mechanische Feinweberei Adlershof with all assets and liabilities, i.e. including the buildings, equipment, warehouses, receivables from suppliers and obligations to creditors. For this purpose, Hertie provided the Tietz family with an amount of 1.5 million RM. It also undertook to grant the company in Adlershof the benefits of a purchasing group affiliation for a period of five years.¹

The agreement reached relating to the Mechanische Feinweberei was not only materially the most important promise that the family had received based on the contract for division, but also the only one that was not specifically designed to make emigration easier. The residential and commercial buildings left to the family were chosen specifically so that they could be easily sold when emigrating, and with the accompanying approval of foreign exchange transactions and the exemption from the Reich flight tax, which will be described later in more detail, the connection to emigration is still obvious. Only the time limit of five years reveals that the arrangement for the firm in Adlershof was not intended to be permanent.

In a chain of contracts, the Mechanische Feinweberei was initially renamed “Mefa” Bleicherei, Färberei, Apparatur und Textilhandels AG (hereafter Mefa Bleicherei), based on the name of the company Berliner Bleicherei, Färberei & Druckerei GmbH, with which it had been merged in 1923.² The renaming was apparently intended to differentiate it from the founding by the brothers Georg and Martin Tietz of a new trading company operating under a similar name, and thus the renaming process made sense. The Mefa Bleicherei was founded on November 9, 1934. The Tietz brothers founded Mefa Textilhandels GmbH (hereafter Mefa Textilhandel) with a share capital of 20,000 RM, initially together with Mefa Bleicherei, which was represented by the Hertie staff members Hermsdorff and Steffani. On

the same day, the Mefa Bleicherei shares were transferred to Georg and Martin Tietz, who thus became the sole shareholders of Mefa Textilhandel. They acquired the Mefa Bleicherei business property for 450,000 RM in further contracts and leased this site to Mefa Bleicherei.³ The former Mechanische Feinweberei was subsequently transformed from a commercial operation into a trading company. The Tietz brothers appointed their former chief secretary Charlotte Eigner (later Kücher-Eigner) as managing director in Adlershof.⁴ She had the family's full trust.

Georg and Martin Tietz founded two other companies for foreign trade purposes that – as stipulated in Section 14 of the partition agreement – would be allowed to belong to the purchasing group of the Hermann Tietz or Hertie Group as affiliated companies. There was a bit of a stir surrounding the founding of Tietz Connection and Export GmbH (Anschluss- und Export GmbH) in December 1934, which was already recognizable from its name as an affiliate of the department store group. Since this company was founded and entered into the commercial register almost at the same time as the brothers were forced out of Hermann Tietz & Co., speculation arose. Did the two of them continue to work in the group under different flags? Was their departure just a cover-up? The press was almost more interested in such news than in the long-awaited news of the family's departure. The Hertie management protested against the name and distanced itself from the new Tietz company in a press release. It was “a personal founding by Messrs. Georg and Martin Tietz, which has nothing to do with the business operations of Hermann Tietz & Co.” The brothers were now “complete strangers” to the Tietz Group. However, Hertie had to admit that the Tietz family's new company belonged to the firm's purchasing group.⁵

Georg and Martin Tietz founded another affiliated company for export business in London under the name Tietz Ltd. With the approval of the Berlin Foreign Exchange Office, they were able to raise the share capital of 10,000 British pounds through a loan from a Belgian financier.⁶ Tietz Ltd. was managed by the two brothers together with the British merchant Arthur Vandyk and the Dutchman Erik Emmer.⁷ Within Tietz's export business, the roles were probably distributed in such a way that Tietz Ltd. in London acquired orders for deliveries from Germany and Tietz Connection- und Export GmbH then concluded contracts with German manufacturers from Berlin. For such transactions, loans were essential, since the Tietz companies had to pay the German manufacturer before receiving payment from the client.

For the export business described above, Georg and Martin Tietz thus received a special permit from the Reich Office for Foreign Exchange Management on September 28, 1934. At this time, the Reich's chronic foreign exchange shortage was exacerbated by the increasing trade deficit. The beginning of an upswing in the domestic economy after the global economic crisis led to an increase in im-

ports, while exports stagnated. The new Reich Economics Minister Hjalmar Schacht, who replaced the ailing Schmitt in July 1934, responded to this situation as part of his "New Plan" by expanding the management system to include the entire foreign trade administration.⁸

It was in accordance with this policy that the Reich Office for Foreign Exchange Management was persuaded to use the Tietz family's connections to improve the foreign trade balance. On October 9, 1934, Georg, Martin and Betty Tietz received approval from the foreign exchange bureau of the State Tax Office in Berlin, in reference to the mentioned decree from the Reich Office, "to grant loans to two trading companies you set up abroad to sell department store items for the purpose of generating additional funds to purchase goods in Germany worth up to RM 9,000,000 (Reichsmark Nine Million)."⁹

At first glance, this approval of the Foreign Exchange Office appeared to be an extraordinary benefit that only a few Jewish entrepreneurs were granted to support their emigration, similar to the exemption from the Reich flight tax promised in the partition agreement. The Tietz family was faced with the problem of not being able to convert their remaining assets into foreign currency when they emigrated. According to the then current regulations, their assets, including the proceeds from the sale of the remaining properties, would have remained in blocked accounts in the country. It therefore sounded promising when the Foreign Exchange Office assured the Tietz family in its decision of October 9, 1934 that it would be allowed to use freely the foreign exchange proceeds from the approved export transactions.¹⁰

In this decision, the Foreign Exchange Office also stipulated that a total of 50 percent of the foreign exchange proceeds had to be paid to the tax authorities. The earned foreign currency was to be distributed between the Tietz family and the state according to a fixed key that varied with the amount. For example, with foreign exchange proceeds equivalent to 1 million RM, only 35 percent had to be delivered to the State Tax Office; if the business reached a volume equivalent to seven million RM, then 80 percent was to be paid out to the tax office. The export business of Tietz Anschluss- und Export GmbH and Tietz Ltd. was also subject to restrictive requirements from the Foreign Exchange Office: these transactions had to be orders from foreign companies that had not previously purchased in Germany and goods that were primarily made from German raw materials.¹¹

Only a small amount of data has survived regarding the business of Tietz's affiliated companies, especially since Georg and Martin Tietz refused to keep professional accounting, because they only saw themselves as representatives of the companies and not as owners in the sense of a general partnership.¹² The surviving report, however, an audit carried out by the Foreign Exchange Office in June 1937, clearly shows that the Tietz brothers' export business remained on a

**Der Präsident
des Landesfinanzamts Berlin
(Devisenstelle)**

Gefch.Nr. 2401/320 Dr.Bg.

Witz:

In der Antwort ist die Angabe der Geschäftsnummer
und der Witz nicht erforderlich.

Berlin NW 45, den 9. Oktober 1934

Neue Kongstr. 28-36

Telefon: 2 : Nummer 0014

Edelstr. 10 10 13 14

Erstausgabe 9. Okt. 1934

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Eing. 12 Okt 1934 mo

PI BI

Herrn
Georg Tietz, Martin Tietz und
Frau Betty Tietz,
z.Hd. des Rechtsanwalts Dr. Wilhelm
Beutner,

Berlin W.
Markgrafenstr. 46, II.

Gemäss Erlass der Reichsstelle für Devisenbewirt-
schaftung vom 28. September 1934 -Dev. A. 38542/34-
erteile ich Ihnen die Genehmigung zwei von Ihnen im
Auslande zu gründenden Handelsfirmen zum Vertrieb von
Warenhausartikeln Kredite zum Zwecke des zusätzlichen
Ankaufs von Waren in Deutschland im Werte bis zu
RM. 9.000.000.-- (Reichsmark Neun Millionen)
zur Verfügung zu stellen.

Der Nachweis der Zusätzlichkeit der Warenbezüge
der noch zu gründenden beiden Firmen ist in der Weise zu
führen, dass Sie Bescheinigungen deutscher Auslandsver-
tretungen (Konsulate, Botschaften und dergl.) darüber
vorlegen, dass die in Frage kommenden Abnehmer der
beiden neuen Handelsfirmen bisher nicht in dem beab-
sichtigten Umfang oder in letzter Zeit überhaupt nicht
deutsche Waren unmittelbar oder mittelbar gekauft haben.
Diese Bescheinigungen müssen auch genaue Angaben über
die Art der zu bestellenden Waren enthalten. Die Ent-
scheidung darüber, welche Waren in Rahmen dieser Regu-
lung ausgeführt werden dürfen, behalte ich mir vor.

Sie

Die. 478 A 4

Fig. 22: Notice from the Berlin State Tax Office (Foreign Exchange Office), October 9, 1934.

- 2 -

Sie haben aus den Devisenrückflüssen, die aus dem Verkauf dieser Waren im Auslande entstehen werden, die in Spalte 2 der nachfolgenden Liste angegebenen Hundertsätze der Eingänge abzuliefern, während Sie über die in Spalte 3 angegebenen Hundertsätze für Ihre eigenen Zwecke verfügen können. Mindestens in Höhe der Beträge, die danach abzuliefern sind, haben die beiden ausländischen Firmen die Kredite an Sie in Devisen zurückzuzahlen.

Betrag:	Abzuliefern:	Nicht abzuliefern:	Es bleiben nicht abgeliefert:
RM. 500.000	--	100%	RM. 500.000.--
x " 1.000.000	35%	65%	" 650.000.--
" 1.000.000	20%	80%	" 800.000.--
" 1.000.000	35%	65%	" 650.000.--
" 500.000	20%	80%	" 400.000.--
" 1.000.000	40%	60%	" 600.000.--
" 1.000.000	70%	30%	" 300.000.--
" 1.000.000	80%	20%	" 200.000.--
" 2.000.000	80%	20%	" 400.000.--
durchschn.....	50%		RM. 4.500.000.--

Zwecks Abwicklung des vorstehenden Warengeschäftes erteile ich Ihnen die allgemeine Genehmigung, dass Sie

a) vor Ihrer Auswanderung nach Ablieferung des für den einzelnen Abschnitt geforderten Devisenanteils über den Ihnen belassenen Anteil der zu erwartenden Devisenerlöse sowie über von Ihnen im Auslande gegen Sicherstellung aufzunehmende Kredite frei verfügen dürfen und

b) nach Ihrer Auswanderung, zunächst auf sechs Monate von der Auswanderung ab gerechnet, über Ihre inländischen Konten und Forderungen in Reichsmarkwährung in den einem Inländer gezogenen Grenzen frei verfügen dürfen,

insoweit

Fig. 22 (continued)

very manageable scale. Within a year and a half, Tietz Anschluss- und Export GmbH and Tietz Ltd. had acquired only three larger orders; two other cases, an intended trade in Siemens teleprinters and an export contract to deliver coal to France, did not materialize.¹³

One of the orders received was from Robert Cassel & Co. Ltd. in Port Elizabeth, South Africa for the establishment of a perfum factory. In order to pay the German manufacturer, Tietz's export companies had claimed the approved loan of 30,000 RM. Payment, however, could only be expected in the course of 1938. Another deal was a contract to deliver an order of machines worth six million dinars to Serbian Mining and Metallurgy Ltd. (Serbische Berg- und Hüttenindustrie AG). Georg and Martin Tietz's affiliated companies had placed orders for the contract in Germany worth 473,000 RM and paid 429,000 RM of this amount with bonds. The third larger deal was a contract with the Drach Mitteleuropäische Holzaktiengesellschaft in Vaduz/Liechtenstein, an international sawmill group, for the delivery of wood processing machines at a price of 5,250 British pounds.¹⁴ The Tietz companies had already paid the manufacturer, the Fleck company in Berlin-Reinickendorf, 122,950 RM. Later some difficulties arose in this transaction because the Mitteleuropäische Holzaktiengesellschaft could no longer pay for the order.¹⁵

It remains open as to whether Georg and Martin Tietz had high expectations regarding this export business. After emigrating, they were not dependent on the foreign exchange proceeds, since they had long had sizable deposits at banks in Switzerland and the Netherlands. Although the company owners' securities account with the Swiss Bank Association was included in the partition agreement, the securities account with the Zurich bank Blankart & Cie. had been left with them, and likewise their deposits with the Amsterdam bank N.V. Transandine Handel Mij. They were able to keep these accounts secret from the German authorities, the first one worth around 500,000 Dutch guilders, and the second around one million Swiss francs.¹⁶

It is reasonable to assume that Georg and Martin Tietz saw the affiliated companies as more than just a basis for a future professional existence abroad. The regulations on export transactions were nevertheless important because they enabled them in a transition period to sell their villas and to transfer other assets abroad. It also turned out to be important that the brothers were able to continue to act as company owners, which proved to be particularly advantageous abroad. German entrepreneurs who carried out business with the approval of the Reich authorities had an easier time outside Germany than emigrants whose citizenship had been revoked.¹⁷ Expanding the Mefa Textilhandel in Adlershof may also have nourished the hope that conditions in the Reich would change again in the foreseeable future.

Two years after the partition agreement had been signed, this hope was gone. The Tietz family decided to emigrate despite the ongoing business of their affiliated companies. As the persecution of the Jews became more and more radical over the course of the year, the agreements made in the settlement agreement became worthless. Hertie terminated the affiliation contract with Tietz Connection and Export GmbH five days after the pogrom night of November 9, 1938 with immediate effect: "Since you are undoubtedly a Jewish company, we can no longer be expected to maintain the current business relationship with you that we had to enter into at the time in connection with the severance package for Georg and Martin Tietz."¹⁸

According to later information from Tietz's lawyer, Aldenhoff, Mefa Textilhandel's business is said to have developed well.¹⁹ The assurances contained in the partition agreement were also broken here. In May 1939, on the instructions of a liquidator appointed by the Treptow district in Berlin, Mefa Textilhandel as a "Jewish company" was forced to close down. The remaining assets were forcibly auctioned off at bargain prices.²⁰ Since the Tietz family had already emigrated, they were spared the worst. The Zwillenberg family, however, had not joined them. After being forced out of the Hermann Tietz Group, Hugo Zwillenberg had no plans to emigrate and did not participate in the affiliated companies. In vain he relied on the promise that Jewish front-line fighters in the First World War like him would be spared from persecution.

In the restitution proceedings initiated after the war, Karg explained: "The Tietz family received assets amounting to around 6 million Reichsmarks, most of which, as far as is known, they were able to transfer abroad under favorable conditions."²¹ In 1970, after an interview and subsequent biographical sketch of "Herr von Hertie," written by Eglau about Karg, the amount had already doubled: "Oscar Tietz's heirs emigrated with a severance payment of twelve million marks."²² These claims were repeatedly accepted without question, even though it has long been known that no evidence of such a "compensation" can be found.²³ The research for this study has also confirmed that it is a legend from the post-war period. The suggested impression that the Tietz family had received an appropriate price to freely dispose of during the "Aryanization" of their firm thus corresponded fully to the requirements that the restitution legislation placed on proof of legal acquisition.²⁴ Against this background, Karg now wanted to see the settlement agreement recognized as "a generous and decent settlement for the Tietz family."²⁵

The legend of a "compensation" of this amount may have alluded to the credit line of nine million RM that the Berlin Foreign Exchange Office approved for Georg and Martin Tietz in October 1934. However, this was by no means a payment to the Tietz family, but rather a trade credit that the two brothers' affiliated

companies were allowed to use to pay the manufacturers until payment from the client was received. Even later Karg would have known this exactly, especially since he is said to have had an almost photographic memory.

The approval of the Foreign Exchange Office for Georg and Martin Tietz was nevertheless unusual; with later “Aryanizations” such an agreement between the authorities and the expropriated Jewish entrepreneurs was no longer conceivable. If it had been possible to fully utilize the credit limit approved by the Foreign Exchange Office, then the Tietz family would actually have been able to transfer assets of 4.5 million RM abroad. But that did not happen. Because of the Foreign Exchange Office’s requirements for the brothers’ export business, no significant foreign exchange earnings were achieved until the family emigrated.

The other promises stipulated in the partition agreement also did not put the family in a position to transfer millions of Reichsmarks abroad. In total, these assurances were valued at 2.5 million RM in the Hertie management’s motivation report from October 1934, but a large part of this was attributable to costs arising from the Mefa contracts.²⁶ Incidentally, neither the transfer of the business in Adlershof nor the transfer of individual properties stipulated in the partition agreement can be considered as “compensation” for the Tietz family. Ultimately, these values came from the company’s assets, which the family had to forego in favor of Hertie.

Overall, as will be described below, the Tietz family was only able to transfer a portion of their domestic assets abroad, because the radicalization of persecution caught up with them when they sold their properties.

The Costly Farewell to Germany

The Tietz and Zwillenberg families already had suffered multiple experiences of discrimination and persecution in the early years of the Nazi regime. They had to watch as their Jewish employees were harassed every morning by SA thugs during the April boycott to deny them access to the service entrances of the department stores.²⁷ Furthermore, the owners were personally in the crosshairs of the smear campaigns of the National Socialist press, which translated into violence on the streets and visible defamatory graffiti on their business premises. As shown, the anti-Semitic pressure from the party base complemented itself in a more formal, but by no means less aggressive, guise in the coercion of the Reich authorities and banks to exclude the family from their company. With the gradual “Aryanization” of their commercial property, by 1934 at the latest, the family members were faced with the question of whether life would continue to be possible in Germany, and if so, under what circumstances. Weighing up this question

rationally was extremely difficult, as numerous aspects had to be taken into consideration amidst great uncertainty about the path that German politics, the economy and society would take.

On an economic level, this included the extent to which the former highly respected department store owners would be able to find a new professional livelihood after the loss of the family business. In 1934, Georg and Martin Tietz as well as Hugo Zwillenberg shared the hope that by withdrawing from the department store group they would also remove themselves from the crosshairs of anti-Semitic hostility, but could continue to be entrepreneurially active in the background. The Tietz brothers had therefore specifically pushed in the “Aryanization negotiations” to take over the majority share in the “Mefa” Textilhandel plant. The company could, they hoped, become the new platform for their business engagement.²⁸ With similar ulterior motives, Hugo Zwillenberg largely moved to his *Dominium Linde* estate in West Havelland from 1933 onwards, where he believed himself and his relatives were in greater safety from the everyday hostilities in the Reich’s capital. He spent most of his time as a farmer managing his estate. At the same time, he founded several smaller, unspecified manufacturing companies in the surrounding area, in which he remained involved until 1938.²⁹

The behavior of all three former Tietz owners reflected not only an unbroken entrepreneurial spirit, but also the quiet confidence that conditions in their homeland would perhaps stabilize again after what was hopefully a short period of radical upheaval. However, this hope, which was always filled with concern due to early experiences of persecution, was in no way combined with innocence. As previously described, Georg and Martin Tietz had only signed the settlement agreement in 1934 on the condition that they would be exempt from the Reich flight tax in the event of their emigration and could transfer their capital abroad at preferential conditions. This was an agreement officially agreed to by the Berlin State Tax Office, allowing the former owners to make provisions to be able to leave the country with as little loss of assets as possible.³⁰ The fact that the brothers were still able to negotiate such special conditions in 1934 testifies to the prominent position that Tietz’s “Aryanization” was given at the highest government level. At the same time, it becomes clear that the corset of state deprivation for Jewish persecutees had not yet fully developed at this point in time. The Nazi state still resorted primarily to an emergency decree that had already been issued in the wake of the global economic crisis in 1931: the Reich flight tax was originally intended to prevent foreign exchange controls from being undermined through arbitrary capital transfers abroad. When emigration due to persecution increased as the Nazis came to power, this measure was easily exploited by the Nazi regime in a pseudo-legal manner as a special anti-Jewish tax. Accordingly, the exemption limits were reduced in May 1934 and the search for foreign ex-

change was intensified. From that point on, Jews willing to emigrate were criminalized solely on the pretext of potential tax evasion. Their assets could be blocked and ultimately confiscated by means of official security orders.³¹ Georg and Martin Tietz were probably very aware of this increasing tax persecution, discrimination and discrediting during the negotiations in the summer of 1934, so that they were already steering towards a ruling in advance of their departure that would address the tax concerns for their possible emigration.³²

The economic consequences were only part of the considerations on the basis of which the Tietz and Zwillenberg families had to consider the pros and cons of their emigration. The everyday discrimination that they, like all Jewish fellow citizens, were exposed to in the early years of the regime did have an impact. Harassment was increasing everywhere, even before the so-called Nuremberg Laws were passed in 1935. The extensive exclusion from social life, the ban on using theatres, cinemas, swimming pools or parks, or even being treated by “Aryan” doctors, were just some of the experiences of discrimination that made those affected people feel demoted to the status of second-class citizens. With a heavy heart, the family had to witness how long-standing employees of their company, as well as personal friends and acquaintances, lost their jobs and faced an uncertain future.³³

The sociologist and historian Wolfgang Seibel explains that in the 1930s, the persecution situation gradually became more and more stressful due to an interplay between formal ideologically radicalizing state persecution structures and an anti-Semitic attitude climate that spread informally in society, which ensured that the scope for moral behavior available in everyday life became increasingly disadvantageous for ethno-religious, social and political fringe groups.³⁴ This image aptly describes the joint effect of state disenfranchisement and limitation of everyday personal life, in which discrimination became a largely accepted social practice.

Unfortunately, there are no concrete sources that would provide insight into how the Tietz and Zwillenberg families dealt with these experiences. It is all the more valuable that Roe Jasen, the daughter of Edith and Georg Tietz, born in 1924, was available for a contemporary witness interview in which she shared some of her memories with the authors. According to her accounts, she saw herself – the nine-year-old Rösli Tietz – from 1933 onwards confronted with prohibitions and new rules of behavior that her parents were hardly able to explain to her. Above all, what remains in her mind are the numerous school changes that she had to experience.³⁵ While her uncle Martin Tietz had been abroad frequently since the Nazis came to power, her parents were initially hesitant about taking their school-age children Rösli and her three years older brother Hans Herrmann abroad. While their son was already attending high school in 1933, their daughter

went to a bourgeois public elementary school in Berlin-Grunewald, where she was exposed to increasing harassment from teachers and classmates. When it was time to move to a secondary school in 1934, the entrepreneur's daughter was denied access to almost all educational institutions in Berlin.³⁶ Her parents only found a place for her in the Dahlem Ursuline School, a former convent school run by Catholic sisters with secular teachers who were known for their religious liberality and who continued to teach students of Jewish origin. Rösli remained in this enclave until 1936.³⁷ There are already indications here that the individual family branches of the Tietz owners left Germany at different times for familial, emotional, but often also very pragmatic reasons. As it turned out, her future fate was to be largely linked to this decision.

Until the mid-1930s, the Tietz family owned modern business-owner villas in Berlin. Betty Tietz, her son Martin and his wife Anni lived in the above-mentioned house at Kaiserallee 184/185, built around 1900 and surrounded by large parks, which the company's founder, Oscar Tietz, had acquired before the First World War and expanded into a family home. By means of a purchase agreement dated December 28, 1936,³⁸ Betty Tietz sold this villa, presumably under duress, to the Kingdom of Bulgaria, which set up its embassy office there. The purchase price amounted to 286,500 RM.³⁹ In the following months she herself rented a guesthouse at Pücklerstraße 2 in Dahlem. Martin and Anni Tietz probably also moved from the villa to an apartment on Gelfertstraße in Berlin-Dahlem in 1936. It was within walking distance of the mother's accommodation.⁴⁰

Edith and Georg Tietz lived in a representative city villa at Koenigsallee 71 in the prominent Grunewald district, very close to the villa of Walther Rathenau, the Reich Foreign Minister who was murdered by right-wing radicals in 1922. The upper-class terraced building with two side wings and guest bungalows is embedded in a spacious green area with a tea temple and access to the lake.⁴¹ As was usual with their commercial property, the private property holdings were also grouped together in a separate management company called Grundstücksgesellschaft Koenigsallee 71 mbH. In addition to the approximately 4,800 square meter site, the company managed an adjacent waterfront property on Hundekehlee and an area at Gustav-Freytag-Straße 17. Edith and Georg Tietz made use of the latter in 1928 to expand their domicile by around another 5,000 square meters; they had purchased it at a price of 125,000 gold marks.⁴²

After their emigration, the couple sold their house with a contract dated July 19, 1938 to the up-and-coming Berlin manufacturer Willy Vogel, who had set up his own business for central lubrication systems in 1929. The deal was arranged through the real estate agent Kurt Nünnik. The "Aryanization" of the private property took place with all adjacent properties, including part of the inventory, which encompassed numerous built-in furniture and furnishings, such as: high-quality desk ensembles, car-

pets, lighting fixtures, but also gymnastics equipment, a rowing shell and a pool table.⁴³ A flat rate of 233,000 RM was set for the “Aryanization” of the entire property. The purchase price of 139,520 RM estimated for the property at Koenigsallee 71 alone was still significantly below the standard value of 157,000 RM. The property was still recorded in the balance sheet of the Koenigsallee real estate company at the end of 1936 with a value of 183,300 RM.⁴⁴ The secondary properties were sold for 76,700 RM (Gustav-Freytag-Str.) and 6,700 RM (water property) at the standard value. The inventory, valued at an extremely small amount of 10,000 RM, was included in the total price.⁴⁵

In concert with the numerous approval authorities that were involved in the assessment of the “Aryanization procedures”, the takeover took place subject to the approval of the Berlin district economic advisor and the responsible foreign exchange and price control office of the chief finance president. Consequently, the purchase price never reached the direct hands of the sellers, who were treated by the authorities as “non-Aryan” foreign currency holders. Instead of being paid out, the purchase money went into an escrow account with the notary Oswald Freisler and was blocked for payment of the resulting Reich flight tax. As early as July 1937, as part of their emigration, the Tietz couple was forced by the Foreign Exchange Office to deposit a security mortgage on their property in the amount of 220,000 RM at the responsible Tax Office in Wilmersdorf-Süd.⁴⁶ In this way the Nazi tax administration sought to guarantee in advance their access to the assets of the former department store owners. It was certainly no coincidence that the sales price estimated later corresponded almost exactly to this security amount.⁴⁷ The buyer of the property took advantage of the Jewish owners’ predicament created by the authorities to sell their property as quickly as possible and at a minimum price equal to the tax obligations. This type of interaction between the Nazi state and private buyers of the property of the persecuted was also common practice.

Georg Tietz and his wife had no way to resist these machinations, on the contrary: as can be seen from internal letters between Edith Tietz and her representatives Charlotte Eigner (later Kücher-Eigner) and Bruno Bley, who handled the sale in Germany for them, they had to accept all conditions in order not only to ensure a rapid transaction and to enable a quick payment of their tax liability, but also to protect those family members remaining in Germany from feared repression. Bley wrote shortly after the purchase contract was concluded:

It is naturally unavoidable that the handover of the property brings or will bring with it a certain amount of unrest, etc. [. . .] On the other hand, you must always keep in mind that we are very happy that the property has been sold and that we have the greatest interest in a smooth transaction; [. . .] We also have to keep in mind that if this smooth process is not

successful, the difficulties that have already existed could become much greater, including for your mother and Thea. Based on the negotiations I have conducted so far with the authorities involved in the purchase matter, I would rule out the possibility that they would try to block the resolution of the sale. Nevertheless, we are also dependent on the buyer, who could perhaps – if he wants to – create difficulties (although I don't think he wants to cause us any trouble).⁴⁸

The degree to which the Tietz family was taken advantage of in the course of this “Aryanization” is revealed a little later in a report from the pricing office of the district mayor of Wilmersdorf, which was prepared after the purchase contract was presented. In this case, the office accused Willy Vogel of having made excessive “de-Jewification profits” when purchasing the Tietz Villa, since only the standard value was taken into account, but not the significantly higher market value. In particular after the numerous forced sales of Jewish property following November 9, 1938, intensive debates developed among the Nazi authorities as to the extent to which the German real estate market could be protected from collapsing prices and personal enrichment.⁴⁹ The pricing offices were tasked with monitoring such negative developments and also taking regulatory action in individual cases. Hence, in the Tietz case, it only approved the purchase agreement on the condition that the purchaser paid a further 51,000 RM to the Reich Treasury in order to skim off the excess profits from “Aryanization” for the benefit of the regime. For the Jewish owners, this process only showed how badly they were robbed of their assets.⁵⁰

Since the much smaller apartments of Betty, Martin and Anni Tietz in Dahlem hardly offered enough space and the entire family initially had no new home after emigrating, they stored their household items, which they had put together over the years with effort and a great deal of art appreciation, at Spedition A. Schäfer in Berlin-Wilmersdorf. In addition to all the furniture, which ranged from high-quality furnishings to garden seating, the interim storage facility also included from their belongings a valuable library and a collection of historical paintings.⁵¹ There was still the faint hope that at least parts of the collections would later be released to them from Germany.⁵²

The First Stage of Emigration and the Financial Naturalization of the Tietz Family in Liechtenstein

The Tietz family did not emigrate in one step, but gradually, initially while still maintaining their residence in Berlin. In January 1937, the couples Georg and Edith Tietz and Martin and Anni Tietz registered a second home in Budapest.⁵³ It cannot be determined whether a move there was planned, but it must be viewed as unlikely since already in the spring of 1937 signs of a plan for emigration to

Switzerland began to appear. At that time, Georg and Edith Tietz placed their children in Swiss boarding schools.⁵⁴ On this occasion, they will have made some contacts and found out about financial naturalization in the Principality of Liechtenstein, which at that time helped a growing number of emigrants from the German economic elite to obtain new citizenship.

As early as March 28, 1937, Georg Tietz applied for membership in the citizens' association of the municipality of Triesen for himself and his family in the Principality of Liechtenstein.⁵⁵ His brother and sister-in-law followed this move in August 1937.⁵⁶ Georg and Edith Tietz left Germany permanently after selling their villa at Koenigsallee 71 in June 1938. Six months later, Betty Tietz also moved to Switzerland, to a guesthouse in Lucerne. The Berlin tax authorities dated their emigration to December 15, 1938.⁵⁷

In the 1920s, in order to consolidate its finances, the Principality of Liechtenstein expanded financial naturalization, through which people without residence in the Principality and without family connections to Liechtenstein could obtain citizenship in return for paying a tax. This procedure, which was initially practiced by the communities, was now used by the princely government as a source of money for the budget by issuing its own tax. In Vaduz it was hoped that this would also attract investors, which the area, still largely agricultural at the time, desperately needed. The principality's finances were shattered by the effects of the First World War and inflation in the protective power Austria, with which there had been a currency alliance. The principality therefore concluded a customs treaty with Switzerland in 1923, introduced the Swiss franc as its currency and from then on was represented diplomatically by Switzerland. Due to pressure from abroad, financial naturalization was reorganized in 1934; new citizens were now subject to a three-year residency requirement in Liechtenstein, which could only be waived in exceptional cases. The tax rate for naturalization was subsequently increased to 15,000 Swiss francs for the respective municipality and 7,500 Swiss francs for the state, then at the end of 1936 to 20,000 Swiss francs for the municipality and 10,000 Swiss francs for the principality.⁵⁸

Applicants for financial naturalization in Liechtenstein were almost all wealthy entrepreneurs or aristocrats from Central and Eastern Europe. In 1931, a temporary high of 36 financial naturalizations was reached due to the introduction of the Reich flight tax in Germany. After 1933, an increasing number of emigrants from Germany's Jewish business elite applied for financial naturalization; those naturalized included the major industrialist Paul Silverberg (1936), the entrepreneur Alfred Merton (1937) as well as the bankers Siegfried Bieber (1937) and Herbert James Beit von Speyer (1939) and Georg Solmssen (1939). The number of financial naturalizations of German emigrants rose to 30 in 1937.⁵⁹

When the Vaduz lawyer Ludwig Hasler submitted the naturalization application for Georg Tietz in March 1937, he praised his client highly. The applicant had paid taxes on assets of 1.4 million RM in Berlin, was also a “co-owner of Tietz Limited in London,” had large assets abroad and was “in complete compliance with the German authorities.” Tietz had a dual residence, Hasler explained, and would maintain his residence in Berlin until his business there is wound up. As supporting evidence, he enclosed a tax assessment, certificates of reputation for the couple from Budapest and a copy of the assessment from the Berlin Foreign Exchange Office for Georg and Martin Tietz.⁶⁰

Hasler's statements must have impressed the community meeting in Triesen. The community, which had around 1,100 inhabitants at the time, was under heavy strain due to the construction of an inland canal along the Rhine and the improvement of the community's land in the Rhine Valley, which also served to create jobs. The naturalization tax of a wealthy entrepreneur from Tietz Ltd. London was very welcome. Although there were also critical voices regarding financial citizenship in Triesen and the conservative Fatherland Union was strongly represented here, the community citizens' assembly voted on April 11, 1937 for the naturalization of Georg, Edith, Hans Herrmann and Rösli Tietz with 115 yes votes, 69 no votes, and 18 abstentions.⁶¹

Now the request had to be approved by the state parliament and the prince. The princely government obtained information about Georg Tietz from the family's banks in Amsterdam and Zurich. Transandine Handel Mij., whose owner Samuel Siegfried Fritz Hochheimer was a former Leonhard Tietz employee, certified that Tietz had assets of more than one million Swiss francs.⁶² The bank Blankart & Cie. confirmed that he had been known “for many years as a worthy, wealthy merchant.”⁶³ Impressed by this information, the state parliament attempted to secure from the “applicant” a naturalization tax of 30,000 instead of the usual 20,000 Swiss francs, but Georg Tietz did not want to agree to that demand. On May 7, 1937, the state parliament voted on his case. The Vice President had previously warned the opposition not to reject this proposal and not to make the – apparently common – accusation that “we would buy every Jew.” A majority, nevertheless, rejected the application. According to the ensuing debate, this was intended to set an example against the naturalization of Jews. The vote result was a disaster for the Triesen community. Its leader Ferdinand Heidegger (Fatherland Union), who was also a member of the state parliament, immediately pointed out the consequences: “The community of Triesen is in dire need, and now we'll have to stop working. We have already taken an advance on this expected tax.” He was accused of “blackmail” because of this clarification, but the well-being of the community of Triesen outweighed this maneuver. A “reconsideration of the decision” was requested, and the MPs now voted for the motion with two abstentions.⁶⁴

Fürstentum Liechtenstein.

Zl.

Familien-Heimatschein

von der untenzeichneten Ortsvorstehung wird hiemit beurkundet, daß

T i e t z G e o r g

geboren zu G e r a Fürstentum R e u s a n 10. Jänner 1889

sowie dessen Ehefrau E d i t h geborene G r ü n f e l d

geboren zu B e r l i n am 25. Juli 1894

endlich dessen eheliche Kinder:

T i e t z H a n s H e r m a n n geb. am 21. Jänner 1920 zu B e r l i n

T i e t z R ö s l i M a r g geb. am 8. Jänner 1924 zu B e r l i n

geb. am zu

geb. am zu

geb. am zu

geb. am zu

Bürger der liechtensteinischen Gemeinde T r i e s e n sind und jederzeit in dieser ihrer Zuständigkeitsgemeinde Aufnahme finden.

Ortsvorstehung T r i e s e n

am 14. M a i 19 37.

Die Echtheit nebenstehender Unterschrift und des beigedruckten Amtssiegels wird hiemit beglaubigt.

Fürstl. liechtenst. Regierung.

Vaduz, am 15. Mai 1937 19

Fürstl. Regierungskanzlei

Ferd. Heisigger

Vorsteher

Gemeindevorsteher
Triesen
Fürstenth. Liechtenstein

REGIERUNG DES FÜRSTENTUMS LIECHTENSTEIN

Fig. 23: Homeland certificate of the Principality of Liechtenstein, May 15, 1937.

Georg, Edith, Hans Herrmann and Rösli Tietz were accepted on the 14th of May 1937, “with the highest resolution of His Serene Highness the Sovereign Prince,” into the Liechtenstein State Citizens’ Association and were granted the civil rights of the municipality of Triesen.⁶⁵ Taxes and fees totaling 32,600 Swiss francs had to be paid for this – an amount equivalent to four times the annual salary of the head of Liechtenstein’s government. In addition, a security deposit worth 30,000 Swiss francs was established.⁶⁶

In August 1937, the lawyer Hasler submitted an application for the naturalization of Martin and Anni Tietz to the Triesen municipal council. He claimed that the applicant “can still stay in Berlin without being harassed and has also received permission from the German Reich to transfer part of his assets.”⁶⁷ Again he was able to obtain certificates from the banks N. V. Transandine Handel Mij. and Blankart & Cie. and the fact that the couple had no children was also considered an advantage, as in this case the Principality did not have any obligations for the next generation.⁶⁸ The Triesen community assembly approved with 110 votes to 41, and the application was routinely passed in the state parliament on October 26, 1937, as one of seven naturalizations, including that of the banker Hans Arnhold, his wife and daughter.⁶⁹ Three days later, Martin and Anni Tietz were granted the citizenship of the principality at the same price as Georg and Edith.⁷⁰

Georg and Edith Tietz never actually planned to move to Liechtenstein. They fulfilled the residency requirement that had in fact existed in the first years of citizenship by staying in hotels and a guesthouse in Vaduz for longer periods.⁷¹ However, no other permanent address can be determined in the surviving correspondence from 1937 to 1939. The couple apparently lived in hotels, alternating between Zurich, Liechtenstein and France.

The Tietz family initially did not inform the German authorities of their new nationality. Only after the German consulate in Zurich found out about this in the spring of 1938 and inquired with the princely government in Vaduz did they return their German passports.⁷² How useful the new citizenship turned out to be was to be shown when the mayor of the Treptow district in Berlin in December 1938 threatened to close the Mefa Textilhandel as a “Jewish company.” Hertie had previously terminated the company’s connection rights promised in the partition agreement for the same reasons. Georg and Martin Tietz asked the Princely Government for diplomatic representation through the Vaduz lawyer Alois Ritter and hoped to be able to prevent the closure by transferring the company to the non-Jewish managing director Charlotte Eigner and a Swiss businessman.⁷³ Although the Swiss embassy in Berlin considered the matter to be unpromising, it intervened with the German authorities. As a result, Theo Freimuth, the liquidator employed in Adlershof, was recalled and the ordered closure

was revoked.⁷⁴ When the district mayor then again appointed the commercial judge Freimuth as liquidator and he closed the company on May 6, 1939, the Tietz brothers' new citizenship was no longer of any use. The Swiss embassy in Berlin informed Bern that a new intervention would be utterly hopeless because these were German emigrants.⁷⁵

Georg Tietz and his family were released from the Liechtenstein state association on March 31, 1947 at their own request because they had now received American citizenship.⁷⁶ Martin and Anni Tietz did not emigrate to the USA and therefore developed a stronger bond with Liechtenstein, and Martin retained citizenship of the principality until his death. In a letter to the princely embassy in Bern dated September 7, 1949, he stated that he had lived in Triesen since his naturalization and assured the embassy that he would not move back to Germany.⁷⁷ Nevertheless, he would never have lived permanently in Triesen. He wrote a letter dated July 1938 with the address "Zurich, new castle," and, according to a certificate from the Liechtenstein government dated December 2, 1938, the couple lived in Zurich, Leonhardstraße 1.⁷⁸ After the war, Martin Tietz was involved in the restitution proceedings and his place of residence was consistently listed as Havana, even though he assured the Liechtenstein authorities in 1949 that this address in Cuba was merely a second residence, where he "stays" for three to four months every year.⁷⁹ Later residences in Locarno and Munich were added, but one cannot deny that Martin Tietz had a personal connection to Liechtenstein: In 1951 he purchased a house in the Ebenholz district of Vaduz, and his legacy later gave rise to the Martin Tietz Foundation for Educational and Family Counseling in Vaduz.⁸⁰

When they emigrated, the Tietz families parted ways with the Zwillingenbergs permanently. The Tietz brothers were still close during the transition phase of the time they spent in Switzerland and Liechtenstein, but they were unable to establish a new home for the family there. And they were unable to build a new professional life in any country after emigrating, even though both were in their prime in 1938, aged 47 and 42 respectively. Tietz Ltd. in London still existed, but with the termination of its affiliation status, it lost its basis for business operations.⁸¹ The forced "Aryanization" of the department store group and their expulsion from Germany led to the Tietz family being completely uprooted.

Presumably shortly before the outbreak of the Second World War, Georg Tietz and his family fled to England for a few months before setting off on an almost year-long odyssey in 1940 to finally reach the USA via Cuba.⁸² Due to her American citizenship, which had been reinstated at the end of 1938, Betty Tietz was probably the first of their family to emigrate to the USA. According to the correspondence of her Berlin general representative Walter Bernhard, she was already living in New York at the beginning of January 1941.⁸³ While Georg, Edith, Hans Herrmann and Rösli Tietz followed her there, Martin and Anni stayed in

Cuba, which at that time was one of the few countries still open to Jewish emigrants. The couple settled in Havana, where it was almost impossible for Martin to find professional employment commensurate with his previous experience, but their lives were at least secure.⁸⁴

From Camp to Camp: The Emigration of the Zwillenberg Family

Hugo Zwillenberg, his wife Elise and their two young children Lutz Oscar and Helga Henriette Linde were not blessed with this luck. The former co-owner of the department store group, who had fought for Germany in the First World War, did not want to give up his homeland and especially his estate, which he had built up as a farmer with great meticulousness over the years. His hope that his largely secluded life at Dominium Linde could protect him from repression was dashed at the latest with the brutal riots of the night of November 9, 1938. During the pogrom, Hugo Zwillenberg was arrested in his Berlin office, where he wanted to protect his business documents from the mob. His work rooms were completely vandalized and looted. On that same day he was taken to the Sachsenhausen concentration camp in the north of Berlin. While in prison, he was pressured into selling both his residential property on Berlin's Hohenzollerndamm 100/101 and his estate in Westhavelland. Only when he agreed to a sale and also paid a little more than 50,000 RM in so-called smithers money for the damage that the Nazi henchmen had caused to his business premises, was he released again on November 26, 1938 after more than two weeks of imprisonment.⁸⁵

Forced to sell his private real estate, Zwillenberg had to part with the Dominium Linde on January 20, 1939 at a purchase price of 268,000 RM. The rural estate, including the country residence and 1,500 hectares of fields and forests, was valued at around 640,000 RM in 1933.⁸⁶ A little more than a month earlier, the family had already lost possession of their modern home on Hohenzollerndamm in Berlin. On December 9th, the "Aryanization Contract" was signed directly by the Reich Treasury in the person of Chief Paymaster Friedrich Gebert. He, in turn, acted on behalf of the Wehrmacht High Command, which set up a new Site Administration II on the property under the direction of General Hoepner.⁸⁷ The Zwillenberg House was taken over along with all of its furnishings. Gebert dictated the purchase price for both the property and the furniture. He presented the family with an inventory list "with approved prices" and pointed out that there was no scope for negotiations. Gebert's listing came to a purchase price of 31,077 RM, with the real value of the furniture alone being 93,000 RM, i.e. it was estimated to be more than three times as much as the purchase price.⁸⁸ Not all

the money from the sale was made freely available to the Jewish owners, but rather was immediately offset against the burden of taxes and compulsory contributions in a blocked account.⁸⁹

Under constant fear of being forced into camp detention again, Zwillenberg and his family emigrated to the Netherlands on March 3, 1939. When they arrived in Rotterdam, he immediately started working as an entrepreneur again. He acquired the majority shareholding of N. V. Eerste Nederlandsche Snaren- en Catgutfabriek, which manufactured and sold internationally natural strings for string instruments. The contact with the long-established company and its Hakkert family, which was also Jewish, probably went back to his passion for classical music, which he had already pursued in the 1920s as a committed supporter of the Society of Music Friends of Berlin.⁹⁰ In the same year, 1939 Zwillenberg was also appointed Honorary Consul of the Republic of Nicaragua in Rotterdam. This diplomatic position came with a certain level of protection when the Netherlands was occupied by German troops in May 1940. Constantly harassed by the Security Service (SD) and the Reich Commissioner for the Netherlands, the radical anti-Semite Arthur Seyß-Inquart, Zwillenberg was able to avoid being arrested again for almost three years. At the end of October 1943, however, he and his relatives were arrested and taken to the notorious Kamp Westerbork transit camp, from where they were to be deported to one of the extermination camps.

The family only escaped this fate through an intervention by the Swiss embassy at the Berlin Foreign Office. Instead, in March 1944, Hugo, Elise and the children were transferred to an internment camp for so-called privileged prisoners in Vittel, France.⁹¹ "Vitell too," Hugo Zwillenberg later reported, "was a German camp with a German camp commandant, guarded by the German Military with Gestapo surveillance over the Jewish captives and similar prisoners. The Gestapo also arranged for their removal from the camp, which was ordered by SS officers. Before this transport, around 40 people and families had been transported from the Vitell camp to an extermination camp, a process that led to considerable distress and suicides among those affected."⁹²

In May 1944 the Zwillenberg family was finally loaded onto a freight train, initially with a destination that was unclear to them. How great the relief must have been when they were finally exchanged for German prisoners of war near Barcelona.⁹³ Having now been made a citizen of the country of Nicaragua by an emergency decision of the President, Hugo Zwillenberg found passage for himself and his family on the Swedish passenger ship Gripsholm, which was supposed to bring diplomats and wounded soldiers to New York.⁹⁴

But this was not the last stop on their difficult escape route. During a stopover in Algiers, the ship was intercepted by the British Navy and all passengers were subjected to a check of their origins and political reliability. While Elise Zwillenberg



Fig. 24: “Boulevard des Misères” of the Westerbork camp in the Netherlands, around 1943.

and her almost 14-year-old daughter were briefly housed in a hospital, Hugo Zwillenberg and his son were interned for a few days in the POW 203 Fort de l'Eau prisoner of war camp. When the identity check was finally completed, the family discovered that their transport ship had already set off for the USA. The Zwillenbergs laboriously searched for other travel opportunities, and on June 30, 1944, they only managed to reach Lyauty near Casablanca, where they lived in emergency accommodations provided by the United Nations until November 15, 1944, before finally moving to another, now French, camp of the United Nations Relief and Rehabilitation Administration near Philippeville.

On August 26, 1945, the family returned together to the now liberated Netherlands and Hugo Zwillenberg took over the management of the Nicaraguan consulate in Rotterdam.⁹⁵ The family finally found some peace after years of torture and various imprisonments and internments. Ultimately, they too had survived and had managed to escape the Shoah several times at the last minute. However, the Nazi state had appropriated a large part of their assets in the course of their escape and emigration.



Fig. 25: The Swedish diplomatic ship Gripsholm anchors with emigrants in Algiers, May 20, 1944.

Robbed and Expropriated: The Confiscation of Family Property

In addition to the private profiteers from the “Aryanization” of commercial enterprises, real estate and land, by 1936 at the latest the Nazi state moved into the position of enriching itself from the assets of the persecuted. The starting point for the confiscatory access was formally the abandonment of the domestic residences of the Jewish emigrants, later of the deportees. The monitoring of the payment of the Reich flight tax was further tightened. With the entry into force of the notorious Paragraph 37a of the Foreign Exchange Act, from the end of 1936 onwards a security order could not only be imposed on the tax debt incurred, but the entire assets of suspected emigrants could be transferred to blocked accounts and withdrawn from the control of the owners. Whereas up to that point, at least a suspicion – often fabricated by the financial or police authorities – was required to initiate the harassing tax collection, from the spring of 1938 onwards the Nazi regime had discarded any restraint it had previously exercised out of

consideration for possible foreign trade consequences. The state expanded its confiscatory toolbox with new tax and property control rules, such as the anti-Jewish compulsory levies and stricter requirements for the transfer of goods and capital.⁹⁶ In April 1938, a collective reporting and blocking obligation was issued for Jewish assets, which were now systematically recorded and prepared for state access.⁹⁷ A few weeks later, a decree was issued that officially registered all Jewish businesses and their shareholders. This also included the real estate companies that remained in the possession of the Tietz family after the department store “Aryanization”: Mefa, Königsberger Grundwert AG and Grundstücksgesellschaft Koenigsallee 71 GmbH as real estate companies.⁹⁸

After the November pogrom, the registration step was followed by suppression and robbery. On the same day, November 12, 1938, the closure of the remaining Jewish commercial, trade and industrial companies was legally decreed and all Jewish citizens were subject to a special levy totaling collectively one billion RM. In order to achieve this “contribution sum,” the state demanded 20 percent of the respective assets of each Jewish taxpayer, initially payable in quarterly installments starting on December 15, 1938. In the summer of 1939, a further five percent of the Jewish asset levy (Judenvermögensabgabe) was collected by the chief finance presidents of the State Tax Offices, so that a total of 25 percent of Jewish assets went into the public purse.⁹⁹ Even if the Jewish asset owners had ultimately managed to cope with this approximately 50 percent tax and levy burden, the Nazi regime again seized their property when transferring the assets. Similar to the Reich flight tax, the state here also instrumentalized foreign exchange management to hide special levies. As part of the foreign exchange controls, every foreign transaction involving cash or securities was subject to registration and approval by the Reichsbank. Payments had to be processed through its subsidiary, Deutsche Golddiskontbank (Dego). For this purpose, the assets were parked in so-called emigrant blocked accounts at specially approved foreign exchange banks, from where they could be exchanged for convertible currencies, so-called free Reichsmarks. For this exchange, Dego demanded an ever-increasing discount on Jewish assets. While “Aryan emigrants” were offered a constant exchange rate of around two blocked marks to one free RM, the rate for the persecuted fell from 100:30 (1935) to 100:13 (January 1938) to just 100:4 (September 1939).¹⁰⁰ In the three-step process of the Reich flight tax, the Jewish asset levy and transfer deductions, the persecuted Jewish citizens were financially plundered on a comprehensive basis. If assets were still held in German blocked accounts, they were ultimately deemed to have been forfeited to the Reich under the Eleventh Executive Order to the Reich Citizenship Law of November 25, 1941.¹⁰¹ In this rough outline of the instruments of

confiscation, it becomes clear that the intensity of the confiscatory action was also closely linked to the time of emigration.

This also applied to the Tietz and Zwillenberg families, who, after losing their family business, were now directly robbed of large parts of their assets.

Tab. 11: Confiscation of the Tietz family's private assets, 1936–1942.¹⁰²

	Assets 1936	Reich flight tax	Jewish asset levy	Transfer loss	Confiscated property/ enemy property
Zwillenberg, Hugo & Elise	1,058,500	267,208*	312,250	247,898	unknown
Tietz, Georg & Edith	1,384,067	325,180	not taxed as a foreigner	unknown	180,000
Tietz, Martin & Anni	997,795	249,449	not taxed as a foreigner	unknown	200,000
Tietz, Betty	1,760,200	440,050	352,041	158,905*	370,000

*calculated from information provided

Table 11 shows the asset losses of the four Tietz family branches in the course of the repressive tax and levy collection by the National Socialist tax authorities. It reveals the enormous, but unfortunately quite typical, level of state enrichment. It should be noted that the table only offers an incomplete insight into the actual confiscation measures, due to the still incomplete sources. Nevertheless, it may at least help to orient oneself on the types and intensity of confiscation.

The starting point for the tax assessment for all family members was the wealth tax notices from the summer of 1936. According to these notices, the assets of the family group totaled just over 5.2 million RM. Betty Tietz recorded the highest individual assets of around 1.7 million RM, followed by Georg Tietz, the last senior partner of Hermann Tietz OHG, who was assessed together with his wife at 1.38 million RM.¹⁰³

It is striking that all branches of the family were fully subject to the Reich flight tax. The special tax treatment in the case of emigration promised by the ministry in 1934 was ignored by the responsible tax authorities barely three years later. One of the central demands of the Tietz owners was not met and simply ignored in the increasingly radical climate of discrimination and enrichment.¹⁰⁴ Georg and Martin Tietz were forced to pay the Reich flight tax on a quarter of their assets immediately after their official emigration on November 5, 1937 and January 1, 1938.¹⁰⁵

Betty Tietz and the Zwillenberg couple, who remained in Germany until after the November pogrom of 1938, had to pay the confiscatory combination of the Reich flight tax, Jewish net assets levy, and transfer disagio. In the months following their emigration, they lost around 50 percent of their assets to the tax authorities. In addition, there were transfer losses when exchanging the remaining assets, which, at least in the case of Betty Tietz, can only be partially reconstructed today.¹⁰⁶

The confiscation steps in the case of Hugo Zwillenberg and his wife were much more closely documented. In February 1939, the family assets were valued at 1,058,500 RM on the basis of a tax assessment that was now almost three years old. This sum included cash assets of 707,161 RM, fixed-interest Reichsbahn bonds worth 350,000 RM and an undeclared gift of 1,339 RM.¹⁰⁷ The first four installments of the Jewish asset levy were demanded in December 1938, and then a further quarter of the remaining assets were collected for the Reich flight tax. Including the fifth installment of the special tax, known in Nazi jargon as the “atonement levy,” which was later applied, the confiscated value amounted to around 515,000 RM.¹⁰⁸ The contemporary calculation did not include additional arbitrary demands, which Hugo Zwillenberg had already agreed to under the pressure of his imprisonment in the autumn of 1938. His assets according to the assessment status of 1936 had already been noticeably reduced by these demands. In detail, this involved an emigration tax of a further 20,000 RM and the obligation to make a so-called Helldorf donation of 65,032 RM.¹⁰⁹ This was a compulsory tax declared to be voluntary, but was legally completely illegitimate. It was imposed on wealthy Jewish citizens in Berlin by the police chief Wolf-Heinrich Helldorf. The city of Berlin had confiscated Hugo Zwillenberg’s passport during his imprisonment, and the donation served as a trigger to retrieve the documents. The money was supposed to go into an emergency fund for Jewish welfare recipients, according to Helldorff’s claim. In fact, the board of the Jewish community was forced to issue a receipt labeling the donation as an “extraordinary contribution (emigration tax).”¹¹⁰ In reality, the police chief paid the money directly to the Reich Ministry of Economics.¹¹¹

Added to these losses was the loss incurred when the remaining private assets were transferred from blocked mark accounts to free Reichsmarks. The Zwillenberg family participated in a special procedure with the Netherlands under the so-called Rheinmetall-Borsig transfer agreement, which was arranged for Jewish emigrants by the N. V. Hollandsche Koopmannsbank. In order to obtain permission to take assets to the Netherlands, the German Foreign Exchange Offices demanded an exchange fee of 80 percent. The Zwillenberg family declared a total of around 310,000 RM for the foreign exchange transfer, which meant that the Nazi financial administration alone withheld around 248,000 RM. The 61,975.68

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§ 218 Abs. 4 AO. A. Steuerfestsetzung und Fälligkeit

Nach den Feststellungen des Finanzamts haben Sie Ihren inländischen Wohnsitz — gewöhnlichen Aufenthalt im Ausland — aufgegeben. Sie haben daher gemäß § 1 des Reichsfluchtsteuergesetzes* eine Reichsfluchtsteuer zu entrichten. — Die gleiche Verpflichtung haben die mit Ihnen ausgewanderten Angehörigen (Ehefrau, Kinder), soweit sie mit Ihnen zur Einkommensteuer oder zur Vermögenssteuer zusammen veranlagt worden sind oder zusammen zu veranlagten sind.

Nach dem letzten Ihnen vor der Auswanderung zugegangenen Vermögenssteuerbescheid vom 1. Nov. 1938 betrug das Ihnen und Ihrer Ehefrau wie Ihre Kinder zugehörige Gesamtvermögen 909 151 R.M.

Dem Gesamtvermögen sind gemäß § 3 Absatz 3 des Reichsfluchtsteuergesetzes hinzuzurechnen:

Die zu Ihrem Vermögen-zum Vermögen-Ihrer Ehefrau gehörenden Stücke der Reichsbahn-anleihe 1931 mit 88 644

Hierzu ist der Anteil Ihrer Ehefrau an dem zusammengezeichneten Vermögen R.M.

abzuziehen, mit Summe 997 795 R.M.

Hierzu ist der Anteil Ihrer Ehefrau und Ihre Kinder an dem zusammengezeichneten Vermögen mit R.M.

abzuziehen; es verbleiben als steuerpflichtiger Anteil am Gesamtvermögen 997 795 R.M.

Die Reichsfluchtsteuer wird hiermit gemäß § 3 Absatz 1 des Reichsfluchtsteuergesetzes auf ein Viertel dieses Betrages

= **249 449 . — R.M.**

festgesetzt. Die Reichsfluchtsteuer ist gemäß § 5 des Reichsfluchtsteuergesetzes am 1. Januar 1938 fällig geworden;

sie ist gemäß § 6 des Reichsfluchtsteuergesetzes mit einem Zuschlag von 1 vom Hundert für jeden auf den Zeitpunkt der Fälligkeit folgenden angefallenen hundert Monat an die Finanzkasse zu entrichten.

* Reichsfluchtsteuerb. 1934 §. 599; Reichsfluchtsteuerb. I 1931 §. 609; 1932 §. 571; 1934 §. 392, 941; 1935 §. 850.

Der Zuschlag beträgt mindestens 2 v.H. des Rückstands.

Reichsflucht Nr. 2
Reichsflucht Nr. 2 (Reichsflucht Nr. 2) 4. 37. 10000

Fig. 26: Reich flight tax notice for Martin and Anni Tietz on 1 January 1938.

RM remaining after the transfer deduction was to be transferred to the applicant in 4,200 British pounds.¹¹² However, after the German occupation of the neighboring country, this agreed-upon payment never took place. Ultimately, the family emigrated to the Netherlands with very little cash. In January 1940, Hugo Zwillenberg was finally given a tax clearance certificate from the Wilmersdorf-Süd Tax Office. This confirmed that all existing and future claims of the Reich were covered by retained funds and secured blocked accounts.¹¹³

Unfortunately, there is no information about the amount of Zwillenberg's assets that remained in Germany after 1940. However, it can be assumed that the rest of his property also fell to the Reich in full in accordance with the Eleventh Executive Order at the end of 1941. Hugo and Elise Zwillenberg still had German citizenship in the Netherlands at this time, which now served as leverage for the Nazi regime. The family was stripped of their citizenship, and their blocked assets were confiscated. In principle, the "forfeited assets of the Jews," the law stated, "should be used to promote all purposes related to the solution of the Jewish question."¹¹⁴

In the cases of Georg and Martin Tietz, it was more difficult for the Nazi state to enforce its confiscatory intentions directly. Both were already citizens of Liechtenstein in the autumn of 1938 and for this reason, as foreigners, they could not be required to pay the anti-Jewish property tax. The Berlin Finance Office levied the first four installments of the fine that had been introduced shortly before against Betty Tietz, who renewed her US citizenship in December 1938. Around a year later, the legal basis for a notice to pay the fifth installment was lacking, as the Reich Finance Ministry determined after a thorough examination of an objection by Konrad Breyer, Betty Tietz's legal representative in Germany.¹¹⁵ The apparent legalism of the Nazi tax authorities in dealing with the assets of the now foreign emigrants only slowed down their fiscal access, while their greed diminished hardly at all. In the context of the preparation of the Eleventh Executive Order, a lively exchange developed as early as the summer of 1941 between the Reich ministries, the Gestapo and the financial administration on how the gaps in the confiscation laws could be closed and thus the assets of the three branches of the family, whose accounts were registered and blocked in several foreign and emigration accounts – including at the Dresdner Bank, Hardy & Co. in Berlin and the Bankhaus Seiler & Co. in Munich – could be appropriated for the Reich. It is evident that the police apparatus in particular urged the responsible Berlin Tax Offices to expropriate the property. The Chief Finance Presidium initially rejected this request, arguing that it was not possible to denaturalize foreign citizens on the basis of the Eleventh Executive Order and thus allow their assets to be forfeited.¹¹⁶ However, the legal alternative already existed for declaring Tietz's property as so-called assets hostile to the people and the state. The basis for this

legal pretext was a law passed in the summer of 1933, which originally focused on limiting undesirable domestic political activities.¹¹⁷ With the so-called Enemy Assets Ordinance of January 1940, the scope of the law had already been extended shortly after the invasion of Poland to include the properties of warring states, their citizens or persons classified as enemies of the Reich per se, all of which could be placed under compulsory administration. From May 1941, a direct Führer decree regulated the responsibilities for the administrative process, in which, in addition to the office of the newly created Reich Commissioner for the Treatment of Enemy Assets, the Ministry of Finance, the Ministry of Economics and the Interior and their sub-organizations were also involved.¹¹⁸

In the specific cases in question, the domestic assets of Betty, Georg and Martin Tietz were probably confiscated at the same time on June 27, 1942 by individual orders from the Gestapo headquarters in Berlin.¹¹⁹ For further administration, the immovable and movable property was from then on under the control of the Reich Commissioner and trustees appointed by him and by the court, who had to approve each account movement individually in close cooperation with the Foreign Exchange Office of the Chief Finance President.¹²⁰ It is striking that the confiscated “enemy assets” of the Tietz family were apparently not liquidated to the advantage of the state by the end of the war. This corresponded to a basic guideline of the Nazi government in dealing with cash assets, real estate and company property owned by foreigners still in Germany. The Foreign Office in particular intervened strongly against open exploitation, as, based on the experiences from the First World War, there was a fear that German assets abroad would be expropriated just as ruthlessly in response.¹²¹ With regard to the property of Jewish emigrants, this legalistic logic led the Nazi regime to resort to comprehensive “forced Aryanization” and fiscal confiscation until the property in question was declared enemy property in 1942. From that point on, the state continued to manage real estate, securities, cash, and even patents and copyright claims in trust. Access was only to be granted after the war had been won, when there was no longer any need to exercise consideration. In practice, however, these boundaries became blurred. It was still possible to circumvent or abuse the trusteeship if individuals, party officials or authorities expressed a particular interest in the sale or squandering of the property of Jewish citizens of so called “enemy countries.”¹²²

The Tietz family had only residual assets, which were placed under compulsory administration in 1942. In a later compensation procedure, Martin Tietz estimated that by 1942 he had private assets of around 200,000 RM left in Germany.¹²³ Georg Tietz’s assets were roughly the same, at around 180,200 RM, and consisted of a balance of around 60,200 RM in a blocked account at the Hardy & Co. bank and around 120,000 RM in a Mefa GmbH escrow account at the Dresdner Bank.¹²⁴ The assets of the two Tietz brothers had thus essentially been reduced to their

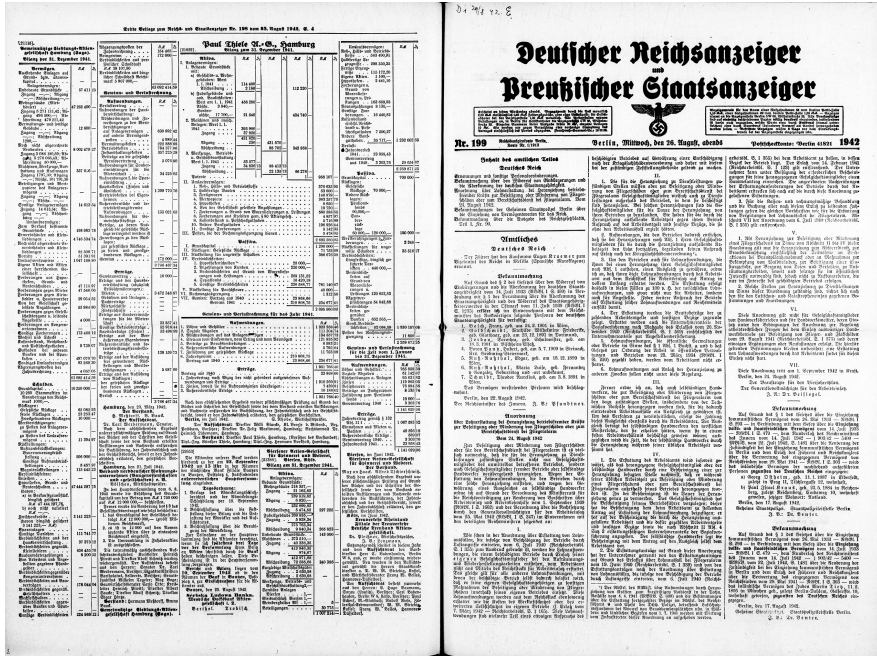


Fig. 27: Notice of the confiscation of Martin Tietz's assets, August 17, 1942.

former company assets, which had, however, been almost completely used up after various sales of real estate, equipment and warehouses between 1938 and 1942. The company remained in the ownership of the former department store owners during the Hertie division negotiations in 1934 and was managed by Charlotte Kücher-Eigner on their behalf. After the ban on Jewish businesses, the managing director was replaced in 1939 by the Berlin tax authorities without the consent of the owners by the party-compliant commercial judge Theo Freimuth, who immediately took the company into liquidation. The liquidator gradually sold off the inventory and the properties belonging to the business, "without taking into account the true value. Despite the lack of flawless and acceptable goods at the time, the large inventory was not even sold at the purchase price, but rather almost entirely squandered at less than that."¹²⁵ In a compensation procedure in 1963, the Tietz family estimated the loss from the forced sale of Mefa's equipment and warehouse at 150,000 DM.¹²⁶ In fact, when the company was deleted from the commercial register on December 23, 1941, Freimuth noted that only around 13,300 RM was transferred to the blocked accounts for Georg and Martin Tietz as the remainder of the share capital.¹²⁷ In the list, the official liquidator also recorded loan repayments and interest worth around 105,000 RM for Georg Tietz

and 263,000 RM for Martin Tietz, which had already been distributed. The amounts in other accounts, including the assets stored in the Dresdner Bank's "Dep. K 64" account were confiscated by the OFD's asset realization office on July 7, 1942 (Georg Tietz) and August 11, 1942 (Martin Tietz), and the accounts were later closed.¹²⁸ Overall, the company was thus liquidated well below its value, and the two Tietz families had to use the funds released to cover the regime's flight tax demands.¹²⁹ Their property had thus already been largely plundered before it was declared "hostile to the Reich."

A similar observation can be made for Betty Tietz's assets, which, according to a list from 1944, amounted to around 371,000 RM. This involved cash assets of around 36,000 RM, which were stored in blocked accounts at the Dresdner Bank, Hardy & Co. and Seiler & Co. Rental income, maintenance costs and property taxes for four remaining properties in Berlin (Graudenzstr. 15, Gubener Str. 60 and 61) and Munich (Schützenstr. 1a) were also carried in these accounts. Betty Tietz's greatest asset, however, was the entire share capital of 300,000 RM of Königsberger Grundwert AG.¹³⁰ At that time, however, this enterprise was also only a kind of rump company, since significant parts of the extensive private property holdings had already been "Aryanized" under pressure since 1938 in order to free up money for paying taxes and compulsory contributions.

As already described, Königsberger Grundwert AG, founded in 1923, also remained with the family in the course of the partition in 1934, more precisely in the hands of Betty Tietz. For several years, the company initially remained largely untouched and managed six properties in Königsberg.¹³¹ In the company register of the Berlin Chamber of Industry and Commerce, the legal consultant Dr. Kurt Jacobsohn¹³² from Königsberg and the former Danat bank official Hermann Rachelmann from Berlin were still listed as board members. Both were long-time confidants of the family, to whom Betty Tietz had entrusted the management of the real estate company. The supervisory board was chaired by her son Martin Tietz, now living in Zurich, as well as the lawyers and bankers Walther Bernhard, Dr. Hans Rosenkötter and Franz Benezet from Berlin, and Dr. Alfred Mosler from London.¹³³

The first attempted seizure by the Nazi regime took place in October 1940. It was the Chamber of Industry and Commerce that classified Königsberger Grundwert AG as "not worth preserving" at the request of the Berlin police chief. The Chamber recommended that the owner be ordered to sell all of the properties.¹³⁴ Accordingly, the Gestapo requested the forced closure and confiscation of all assets, citing the Ordinance on the Use of Jewish Assets. The Reich Ministry of Economics intervened against what it called a "forced de-Jewification procedure" and justified its decision by saying that it had to take into account the American citizenship of the sole owner.¹³⁵ After the USA entered the war, the Reich Commis-

sioner for the Treatment of Enemy Assets finally initiated compulsory trust administration in May 1942.¹³⁶ On his orders, Konrad Breyer, who had been acting as legal representative and foreign exchange advisor for the emigrated Betty Tietz since 1938, was appointed as enemy asset administrator.¹³⁷ He was succeeded in the autumn of 1943 by the former Senate President Dr. Kurt Nowomiejski from Berlin-Nikolassee, who from then on kept the company's books, prepared the annual financial statements and handled all foreign exchange matters. On October 25, 1944, Nowomiejski reported that all six Königsberg properties had been bombed and the building structure destroyed. The value of the buildings brought into the company, around 210,000 RM, had thus been lost; the annual rental income of 42,500 RM was likewise lost. With a balance sheet total of 385,000 RM and a remaining property value of around 100,000 DM, which was burdened with over 20,000 RM annually in taxes and mortgages, he now classified the company as financially distressed.¹³⁸ After the end of the Second World War, the asset manager handed over the property and all company documents to an Allied trustee. The Königsberger Grundwert AG was presumably treated as American foreign assets to the benefit of Betty Tietz.¹³⁹

In addition to the large property company, Betty Tietz could no longer control the individual properties in her private possession, let alone benefit from the rental income to which she was entitled, which was strictly booked to blocked special accounts.¹⁴⁰ Documents are only available for the properties on Graudenzer Straße and Markgrafenstraße in Berlin. When she emigrated, Betty Tietz placed the residential building at Graudenzer Straße No. 15 in the hands of the property manager Auguste Rachelmann, the non-Jewish wife of the chairman of the board of Grundwert AG. The monthly rental income amounted to around 3,750 RM.¹⁴¹ In contrast, she sold house No. 14 in September 1938 to the master plumber Wilhelm Bock from Berlin and the businessman Robert Döhler from Reichenbach in Vogtland. The amount of the purchase price is not known.¹⁴² Betty Tietz presumably used almost all of the proceeds from the sale of the house and the rental income that had accumulated in the now-frozen emigrant account to help finance the compulsory contributions that had to be made. There seems to be no other explanation for the fact that as of August 31, 1939, there were only 9,600 RM left in the relevant account. Upon application to the Foreign Exchange Office, Betty Tietz was allowed to transfer 9,000 RM of this to the conversion fund for German foreign debts in Lucerne. However, this did not mean that the funds were at her free disposal. The payments to which she was entitled from rent, interest and repayments were simply transferred to interest-bearing Reichsmark bonds of the German Reich, so-called funding bonds, and were subject to further high transfer discounts.¹⁴³

In a particularly perfidious way, the Berlin financial authorities ensured at the end of 1938 that the emigrant's assets, which were tied up in the property on Markgrafenstraße, were included in the fiscal plunder. The residential and commercial building with a lucrative monthly income was rented out to two families and the textile trading company Hielscher & Co.¹⁴⁴ In order to cover the anti-Jewish taxes and compulsory levies, the persecution authorities pressured Betty Tietz to sell her property just two days before she was due to leave for Switzerland. In order to speed up the process, the German Reich, represented by the Reich Finance Ministry, acted as an "Aryanizer" itself. On December 13, 1938, the takeover contract was concluded on the basis of a purchase price of 460,000 RM. These proceeds went directly into a Dresdner Bank escrow account, from where 357,400 RM were transferred to the Berlin-Zehlendorf Tax Office and a further 11,500 RM to a property management company commissioned by the Reich, Wilhelm Droste & Co.¹⁴⁵ The remaining funds were used in 1939 for the additional "atonement levy" and the last remainder was finally placed under enemy property administration in 1942. These reconstructable cases of the Tietz family alone show how closely "Aryanization" asset freezes and fiscal plundering went hand in hand and how public and private beneficiaries enriched themselves equally from them. Particularly painful for the Tietz family was the loss of their private homes and personal belongings, which they had to leave behind when they fled Germany.

The Callous Exploitation of Household Goods and Collections

In the course of his rushed flight from Germany, Hugo Zwillenberg had no choice but to leave behind many of the art objects in his private house on Hohenzollern-damm. These included several paintings by Konstantin Cretius, Paul Meyerheim and Eduard Hildebrandt, among others, as well as a bronze animal sculpture by the well-known sculptor August Gaul, which alone was valued at 14,000 gold marks.¹⁴⁶ These art treasures were placed in the care of the Army High Command on the basis of a commission confirmation that was not worth the paper it was written on.

Some paintings were presumably distributed to various army officers' messes between 1939 and 1941, where they were later destroyed in air raids or had previously passed into unknown hands. After the Zwillenberg couple's assets were declared forfeited to the state on the basis of the Eleventh Executive Order, the Army High Command filed a claim with the Reich Finance Minister to four paintings and Gaul's elephant sculpture from the estate. "To simplify" the process, the claimant wrote under the heading "Transfer of former Jewish property" in January 1943,

“the Army High Command requests that the aforementioned paintings and the bronze cast [. . .] be transferred free of charge.”¹⁴⁷ The Asset Management Office of the Chief Finance President of Berlin-Brandenburg then began examining the application. It commissioned the art appraiser Ludwig Schmidt-Bangel, whom it often consulted, to evaluate the objects and brought in the special representative for the construction of a Führer Museum in Linz, Hermann Voss. The latter classified the art objects as particularly valuable and thus took over the sale of the Zwillenberg collection under Führer reservation.¹⁴⁸ However, the trail of the works of art goes missing here. All that is known is that Gaul’s bronze sculpture was taken to a monastery near Hohenfurth in Austria. It was apparently intended to be part of the Führer Museum, which was largely made up of looted art objects, but which was never realized.¹⁴⁹

A similar fate ultimately befell the goods to be moved and the art collections of Martin and Georg Tietz. After their property was declared “hostile to the Reich” in the late summer of 1942, the Berlin tax authority’s asset realization office set about selling the objects at auctions and direct sales, but not without first securing the state and its cultural institutions’ access to particularly valuable pieces. Historical provenance research has already described this pillage of the Tietz collections, in which a large number of public institutions and private beneficiaries were involved, with many details for individual objects, so that the complex processes will only be roughly outlined here.¹⁵⁰ In May 1940, Charlotte Kücher-Eigner commissioned Schmidt-Bangel, who also worked for the tax authorities, to re-record and evaluate the goods to be moved on behalf of the Tietz brothers. His report was intended to replace the rough inventory of the moving company and provide the basis for an application by the owners to be allowed to transfer the objects abroad, which never happened. The expert listed a total of 94 art objects from Georg Tietz’s collection. He estimated the total value at 105,680 RM.¹⁵¹ In addition to a few ornate carpets, the majority of the items were oil paintings, but above all an extensive portfolio with hundreds of etchings, graphics and designs by the prominent Berlin engraver Daniel Nikolaus Chodowiecki (1721–1801), as well as twelve early drawings by Vincent van Gogh (1853–1890) and works by Max Liebermann (1847–1935).¹⁵² The high quality of the pieces aroused rapacity. Schmidt-Bangel urged that at least six of the paintings be classified as national cultural assets and that German museums or collectors should be able to acquire them.¹⁵³ At the same time, the director of the Berlin Print Cabinet, Friedrich Winkler, had been urging the immediate acquisition of the Chodowiecki works since 1941, in order to free them from the poor storage conditions at the shipping company. In fact, the six prints were finally sold in early 1943 to an exhibition house at the list price.¹⁵⁴

This sale was in a way the start of a veritable race to sell the items. The regional finance office sold the pieces to the highest bidders, interested art collectors and antique dealers who came from all over Germany and even from the then “Axis power” Italy. In most cases, the list prices set in 1940 were significantly exceeded in such individual sales of paintings and arts and crafts objects. The same applied to collective auctions in which the property of both Georg and Martin Tietz was offered. The latter had had an almost equally extensive collection of paintings, fine tableware, porcelain and arts and crafts from his parents’ villa in the shipping company’s depot, which was now being liquidated. In the process of selling the items, a clear distinction between the collections was increasingly lost, so that the brothers’ property was often sold off without any further classification. In addition, the art and antique dealers ensured that Jewish property was distributed further and its origins were often concealed beyond recognition.¹⁵⁵

As early as 1942, the realization office of the Regional Finance Directorate also worked directly with auction houses. For example, the authority transferred 19 paintings to the Berlin auction house Hans W. Lange, which itself had emerged from the “Aryanization” of Paul Graupe’s long-established business. The auctions proved to be very profitable for both sides, as the works of Dutch masters owned by Tietz often fetched prices twice or several times higher than the original estimate. In the opening bids, the auction house had already added more than 50 percent to the original value of the picture collection, which had been estimated at around 25,500 RM.¹⁵⁶

Just like the art collections, Georg Tietz’s extensive book collection was also systematically disposed of. In the autumn of 1943, the Regional Finance Office commissioned the sworn expert Max Niederlechner to evaluate the library. The expert reported shortly afterwards that he had seen one of the most beautiful collections he had ever had the privilege of examining, and particularly highlighted the density of rare editions of novels, writings on economics, almanacs and various historical works from the 18th and 19th centuries. He estimated the value at around 20,000 RM and recommended that the book collection be transferred to the Reich Exchange Office (Reichstauschstelle), i.e. to the procurement office of German libraries. Individual valuable pieces were subsequently sold to collectors or auctioned off at the Munich art antiquarian bookshop Karl and Faber; the majority of the library, however, remained in a depot at the Reich Exchange Office in Bautzen and was incorporated into the local city library after 1945.¹⁵⁶

Overall, it should be noted that after the forced surrender of their company, the Tietz family gradually lost the vast majority of their private assets through



Fig. 28: Signet of the Edith and Georg Tietz book collection.

the “Aryanization” of their real estate and, in the last of the interlocking stages, through state confiscation. The example of the moving goods in particular illustrates once again how much not only the Nazi regime, but also a large number of silent partners and open profiteers in the German population profited from this robbery, for which all attempts at so-called *Wiedergutmachung* could in no way compensate. Only the fact that no member of the closest circle of the business family fell victim to the Shoah may have outweighed the material losses and serious emotional effects of the persecution.

5 Rebuilding and Safeguarding. The Hertie Waren- und Kaufhaus GmbH in the Post-war Period 1945 to 1974

Loss and New Beginnings

After the end of the Second World War, Georg Karg and Hertie GmbH began a rocky reconstruction process. Most of the company's department stores and warehouses had suffered major damage in the bombardment phase of war due to their prominent location in city centers. The Berlin flagship stores were largely destroyed. In November 1943, an Allied fighter plane crashed into the famous atrium of the KaDeWe and set the entire building on fire. The magnificent buildings with their monumental facades, built around 1900 on Leipziger Straße and on Alexanderplatz, lay in ruins. This meant that an important part of the legacy of the builder and founder Hermann Tietz, literally carved in stone, had disappeared from the Berlin cityscape.¹

Unfortunately, the surviving sources tell very little about these first post-war years. Georg Karg apparently began selling merchandise in the autumn of 1945 in hastily restored sales areas in Berlin. The same was true for the Union branch in Stuttgart, which was already reporting small sales for the third quarter of 1945. The rare reports from the Allied property offices, which supervised and partially managed the Hertie business in a fiduciary capacity, are only available for this branch.² Like all companies, the department store group was subject to the control laws of the Allied and Soviet occupation administrations after the end of the war in order to identify the entanglements between the German economy and the Nazi regime during the war with its plundering financial system.³ The management of the Hertie companies remained for around four years under the supervision of trustees appointed by the property control authorities. Only after the Tietz family's restitution claims had been settled by means of an agreement in October 1949 was Hertie released, at least in the western zones, from the so-called property control.⁴

However, these measures did not mean that sales stopped. When the guns fell silent, retail stores and department stores in the western zones and sectors were given permission to reopen their doors in order to ensure supplies for the suffering population. Hertie branches therefore began to sell food, clothing and shoes in particular to customers with ration coupons. Karg was able to draw on his contacts with suppliers and his own stocks to procure these goods. Every evening, goods were delivered to Berlin in the company's own trucks from the often-distant production and storage facilities. In 1945, Karg commissioned his son Hans Georg to get the Hertie department store in Munich up and running



Fig. 29: The war-torn Hertie department store on Berlin Alexanderplatz, around 1945.

again. The group's second largest branch in terms of floor space had served as soldiers' quarters during the war. Here, too, sales began before the turn of the year under provisional conditions. The department stores developed into central distribution points for essential needs goods, especially since the retail trade was recovering very slowly and there was a lack of skilled tailors, hat makers, etc.⁵ In Stuttgart alone, the branch in the city center achieved a turnover of 1.4 million RM in the second half of 1945. In 1946, goods worth around 7.2 million RM were sold over the whole year. This was a sure indication of the high demand and the slow but steady resumption of the consumption of essential goods.⁶

The biggest burden on the new beginning of business was the massive loss of company substance due to the division of Germany. A look at the organizational chart of Hertie Waren- und Kaufhaus GmbH makes it clear that the group had previously concentrated its activities in Berlin and eastern Germany. In the autumn of 1945, the group structure was divided into a total of eleven operating companies under the umbrella of the Hertie GmbH central administration in Berlin. Seven of these were regional companies of Union Vereinigte Kaufstätten GmbH, whose department stores in turn were subordinate to a Union head office as a direct subsidiary of Hertie GmbH. In addition, there were two purchasing

centers in Chemnitz and Plauen, the Saxon and Vogtland Textilgesellschaft, with particular proximity to suppliers in this central production area (Fig. 30).

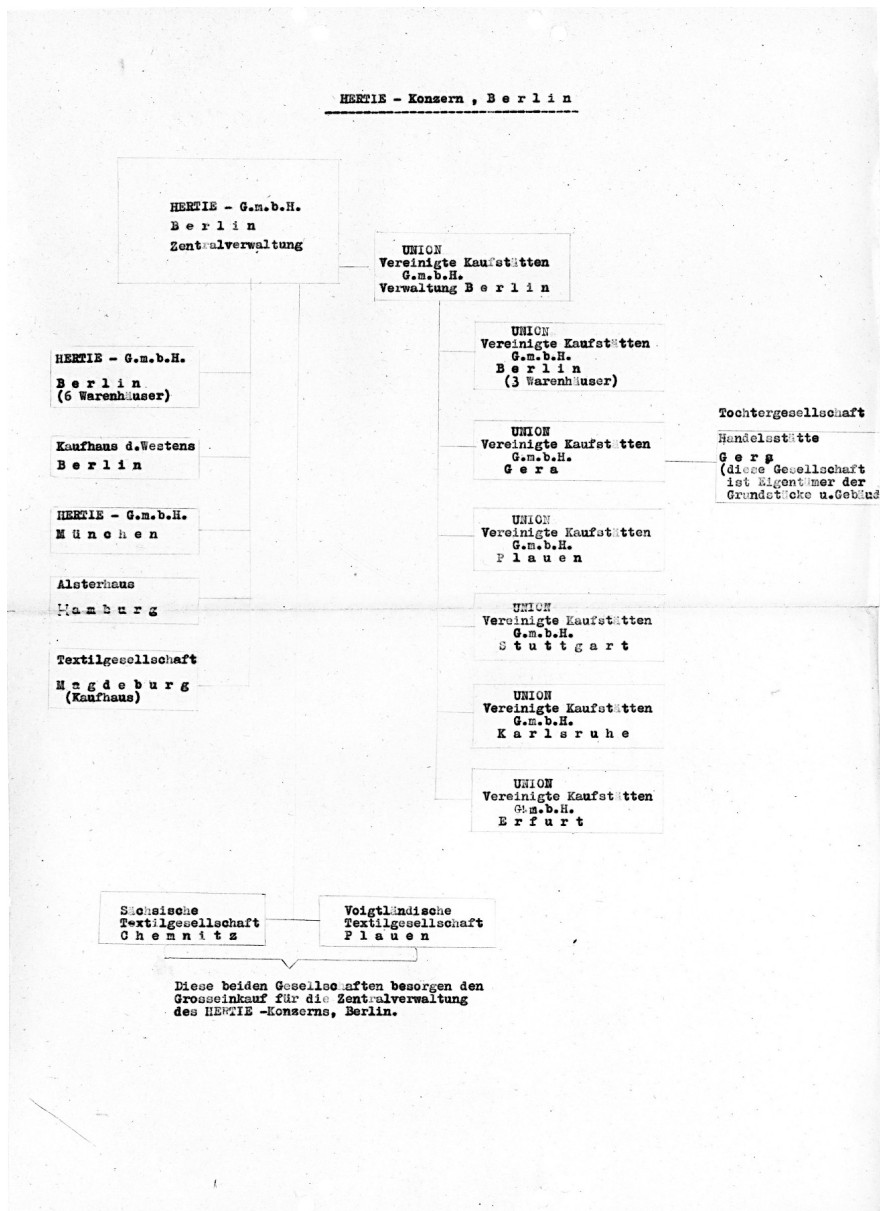


Fig. 30: Organizational structure of the Hertie Group, November 1945.

In comparison to the pre-war organization of the Hertie Group, a crucial innovation can be discovered in this organizational chart: The Union Vereinigte Kaufstätten GmbH in Berlin had previously functioned simply as a so-called name company in order to allow the branches to operate under the established brand label. On January 1, 1945, however, Georg Karg had arranged for the Union department stores to become independent. The regional companies were then considered independent companies with their own management and accounting under the Hertie umbrella. This was a targeted defensive measure to protect the stores from complete access in view of the foreseeable end of the war, in the worst case, by the Soviet troops in Berlin.⁷

On this organizational basis, Hertie GmbH operated four department stores in the Allied western zones: the Alsterhaus in Hamburg, the Hertie department store in Munich and two Union stores in Karlsruhe and Stuttgart. In the Soviet occupation zone (SBZ), department stores existed in Gera, Magdeburg, Weimar and Plauen, among others. The clear regional focus of the group, however, was the total of eleven department stores in Berlin. The vast majority of these were now also in the eastern sector, including the large commercial buildings on Alexanderplatz and Leipziger Straße. The same applied to the main administration in Krausenstraße.⁸

In October 1945, the Hertie subsidiaries in the East were sequestered by Order 124 of the Soviet Military Administration (SMAD). The occupation authorities justified this step by stating that the Hertie Group was owned 25 percent by “the war criminal von Papen” and had financed the NSDAP’s election campaign in 1932 with seven million RM. It was also argued that there was a financial connection to the warmongering Astrad Group in the Rhineland. These accusations turned out to be completely fabricated, especially since no company with the name Astrad could be identified in West Germany.⁹ In the spring of 1946, the official confiscation of Hertie’s assets in East Berlin was initially lifted, out of consideration for the supply shortage. However, the Economic Office made it clear that the flawed justification for expropriation could be “canceled due to Aryanization” at any time.¹⁰

This transitional phase ended in 1948/49 with expropriation without compensation. All of Hertie’s assets were transferred to state-owned resources, with the seizure not only of the shares but also of the real estate. The management of the property in the Soviet occupation zone and East Berlin was, as is traditional in the department store business, separated from the department store operating companies. They were in the hands of a total of four subsidiaries: Brandenburgische Grundwert AG, Handelsstätte Gera AG, Magdeburgische Grundwert AG and Deutsche Boden und Kaufhaus Verwaltungsgesellschaft mbH, all based in Berlin. According to a later statement by the group in the context of the Equalization of

Burdens Act (*Lastenausgleichsgesetz*), the loss from expropriation alone amounted to an estimated value of the land totaling 22.3 million RM. In addition, there were also lost inventory values of around 10.1 million RM.¹¹ The loss hit the company hard. The hope of being able to regain possession of the Eastern companies at some point played a strong role in Georg Karg's future considerations, especially at the end of the 1940s and the beginning of the 1950s. At times, he even planned to rebuild the Alexanderplatz building in order to have a head start when the situation returned to normal. Meanwhile, in the immediate post-war years, he even worked with the Soviet occupying forces, sometimes profitably. Plans for the construction of two Russian department stores in Karlshorst were apparently in the drawer.¹² With the division of Germany and the deepening of the political divide during the Cold War, however, this confidence increasingly faded, without completely disappearing from his future plans.

In practice, however, the Hertie boss had to face the reality that he had to start the reconstruction of the group with a clear competitive disadvantage. The major competitors Karstadt, Kaufhof and Horten had already occupied the prime locations in central city centers in most West German cities. Hertie was only centrally represented in Hamburg and with its three branches in southern Germany, although the latter were still subject to the retention of title for the pending restitution claims of the Hermann Tietz family. Karg addressed this dilemma by – as will be shown – quickly pushing for a solution to the restitution issue and at the same time, putting the company on a course of strong expansion.

As early as 1948, Georg Karg moved to Hamburg and relocated the head office of Hertie GmbH to the Alsterhaus in order to coordinate the urgently needed expansion of the sales areas in West Germany. Barely a year later, Hertie began to take over smaller competitors. It acquired the “Kaufstätten für Alle” (KfA)¹³ in Stuttgart, which had only opened in 1945, from the young founders. With the “Volkswarenhaus”¹⁴ in Wiesbaden and the “Warenhaus Joh. Biebler”¹⁵ in Hamburg-Bergedorf, two established department stores were added, which were located in the suburbs or outskirts. The most important factor here was the land on which modern Hertie representative offices were to be built in the following years. In addition to so-called 1b locations, the new openings of Hertie or Union stores were concentrated in medium-sized towns and medium-sized cities in order to avoid direct competition with the big players in the industry.¹⁶ The first new Hertie building after the war opened in 1951 in Neumünster, a city with an original population of around 40,000, to which almost twice as many displaced persons had now been added. Karg specifically recognized consumer potential in this situation.¹⁷ In 1951 and 1952 alone, further takeovers and new openings took place in Braunschweig, Wuppertal-Elberfeld, Bamberg and Landshut, as well as

the “Ringkaufhaus” in Bamberg and Göppingen. Locations in Hameln, Detmold and Salzgitter followed shortly afterwards.¹⁸

Integration of Hansa AG and AWAG-Wertheim Holding: A Digression

Hertie’s two most important expansion steps finally took place in 1952 with the takeover of Frankfurt’s Hansa AG and the Berlin-based Wertheim Group. Both were formerly Jewish companies in whose “Aryanization” Georg Karg and Hertie were not involved. In the course of restructuring, not least in the context of the restitution proceedings, the opportunity arose at the beginning of the 1950s to bring both traditional department store companies under the umbrella of the Hertie Group.

Hansa AG was founded by Hermann Wronker (1867–1942), a nephew of the brothers Oscar and Leonard Tietz. In 1887 he opened textile department stores under the name S. Wronker & Co. initially in Mannheim, and a little later also in Pforzheim, Nuremberg and Hanau. However, the department store that opened in 1891 on the Zeil in Frankfurt am Main became the largest branch and soon also the headquarters. While the Frankfurt properties were owned by the non-Jewish Winterhelt family of entrepreneurs from the Odenwald, the Wronker operating company was converted into a stock corporation in 1921 and experienced rapid growth for several years.¹⁹ By 1929, the company was already in an existential crisis and, as a result, sold off the smaller branches. A makeshift restructuring was only possible with massive support from the Dresdner Bank, the company’s long-standing main bank. After the Nazis came to power, Hermann and his son Max (1892–1966) were easily forced out of the company due to the high debt burden; they left in November 1933. With a company capital of 978,000 RM, almost 800,000 RM were owned by the Dresdner Bank or were mortgaged to it. The remaining shares were widely held or deposited as loan collateral. The bank took over all the shares and renamed the department store Hansa AG.²⁰ The department store was now run solely by the non-Jewish director Walter Sack. He had been a member of the company’s board of directors since 1931, alongside Max Wronker. Trabart Reichsfreiherr von und zu der Tann-Rathsamhausen served as deputy supervisory board member of Hansa AG in the following years. This connection meant that there was at least a loose contact with Hertie. In 1943, the department store in Frankfurt’s Zeil had to be closed due to persistent indebtedness. The business was concentrated entirely in the Hanau and Mannheim branches, with moderate success.²¹

In 1949, the Wronker family tried in vain to have the company's shares restituted. Due to the high level of debt, the company was already considered to be no longer in their possession before 1933. Instead, the Rhein-Main-Bank, one of the successor institutions to the Dresdner Bank, began looking for a buyer for its majority stake in the department store chain in 1952. According to an internal memo, Hertie's competitors were also interested in Hansa AG. Karg then privately sought a conversation with bank director Hugo Zinsser, put an appropriate wad of money on the table and quickly reached an agreement. In the same year, Hertie thus acquired 91 percent of the shares in Hansa AG with its valuable branches on Frankfurt's Zeil, in Hanau and Mannheim.²²

The historical background of the Wertheim Group was a particularly spectacular and complex "Aryanization" in which Georg Karg was initially only an interested spectator in the 1930s. The Wertheim case has already been dealt with in detail in the existing research literature. Since hardly any sources and findings on the processes of "Aryanization" and *Wiedergutmachung* have been added in the course of our research, this case will only be outlined briefly in this excursus. Even before 1932, Wertheim AG for trading interests had the structure of a holding company, in which the real estate of the eight department stores, most of which were based in Berlin, and the company shares were incorporated. The share capital of twelve million RM was divided 95 percent between the three brothers Georg, Wilhelm and Franz Wertheim, who had also played a key role in the rise of their parents' company, which had been founded in 1852. Like all other department stores, the Wertheims were confronted with the boycott measures of the Nazi regime after 1933, but in contrast to Hermann Tietz or S. Wronker, they were considered to be largely economically stable. The Wertheim brothers turned in confidence to Deutsche Bank und Disconto-Gesellschaft as their main bank, as they knew about the banks' good party contacts, particularly of the board member Emil Georg von Stauss. The aim was to develop a strategy to protect themselves from the Nazi smear campaigns by downplaying the presence of the Jewish owners. From 1934 onwards, the path was taken to transfer more and more company shares into the hands of non-Jewish family members. More and more shares went to Georg Wertheim's wife Ursula in particular. They were managed by a trust commission chaired by the Deutsche Bank director, who soon also personally took over a ten percent share package. The entire restructuring process was already being overseen at this point by Arthur Lindgens, head of Wertheim's legal department. At the beginning of 1937, the family was completely pushed out of the company, which was now renamed "Allgemeine Warenhausgesellschaft AG für Handelsbeteiligungen" with the abbreviation AWAG, based on the old name of A. Wertheim AG. In 1939 under perfidious promises, Georg Wertheim was finally forced to divorce his wife, who by then held the majority of shares. This

severed the last ties between the company and the founding family. Arthur Lindgens became chairman of the AWAG trustee board and ultimately successfully sought the hand of the ex-wife of his former senior boss. The marriage took place in 1941. Ownership of the holding company had thus shifted completely into the hands of the former “advisors.”²³

Lindgens played an equally dubious role in the restitution proceedings from 1950 onwards. Günther, Franz and Klaus Wertheim, some of the heirs of the next generation, submitted restitution claims on time. Now a Swedish citizen, Lindgens began to negotiate with the individual branches of the family, Jewish and non-Jewish shareholders in the USA and Great Britain, and also with the heirs of Stauss about the fate of their shares in AWAG. He managed to buy these shares and claims from them – underlining the difficult situation in Germany and the confiscation of further parts of the Wertheim assets by the SMAD in 1949. In November 1951, during the ongoing restitution proceedings, he finally reached a settlement in which the applicants were satisfied with a payment of 40,000 DM or 9,000 US dollars. At this point, Lindgens had already conducted negotiations with Georg Karg in the background about taking over the former Wertheim holding and had established the conditions in a preliminary agreement. In the end, the majority shares of Ursula and Arthur Lindgens, the shares transferred to them by Ursula Froeb (she was one of Georg Wertheim’s children, along with Albrecht Wertheim), the estate of Emil Georg von Stauss and the shares of other smaller owners became the property of Karg and Hertie GmbH. The only information available about the agreed upon purchase price is that of Olaf Ossmann, Klaus Wertheim’s legal advisor in the 1990s. As the takeover contract, which was apparently handwritten, is not available as a historical source, the agreements cannot be verified at this point. We can only assume that Georg Karg paid 100,000 DM for the shares deposited over 20 years. In addition, there were annual dividend obligations of 24,000 to 60,000 DM and later pension payments to Ursula Lindgens and her children of 48,000 and 18,900 DM respectively. At the same time, Karg promised to employ the descendants of the Lindgens and Froeb families in suitable positions at Hertie. Joachim Lindgens, Arthur’s son from his first marriage, ultimately headed up, among other activities, the Hertie department stores in Berlin until 1984.²⁴

The board of the holding company, which was now operating again under the name “Wertheim AG für Handelsbeteiligungen” introduced in 1922, was made up of the Hertie representative Hans Heilemann and Elisabeth Zirpel from the Wertheim subsidiary Globus Bank AG. In addition to Arthur Lindgens, the supervisory board included Douglas Froeb from New York and Albrecht Wertheim, as well as Hans-Georg Karg and his brother-in-law Count Norman. Hertie managing director Guido Schell was deputy head of the board.²⁵

It should be noted that the former Wertheim Group, as a result of a similarly east-oriented expansion of its business activities as Hertie GmbH, lost the majority of its department stores in the course of expropriation by the SMAD. The so-called eastern assets were therefore unusable for an indefinite period. Nevertheless, in negotiations with members of the Lindgens and Wertheim-Froeb families, Hertie was assured that their potential claims would be transferred to the new owner. This at least gave them the option of later restitution. But there were also other important reasons for Georg Karg's interest in the property of the former competitor. AWAG still owned some very valuable properties in West Berlin, which – like the rights to the still resounding name Wertheim – were useful for Hertie's new start. In the “economic miracle years,” new Wertheim department stores owned by Hertie opened in Berlin-Steglitz, Bochum, Essen and Kaiserslautern, among other sites.²⁶

Growth and First Signs of Crisis

In the course of the takeovers, the Hertie Group consolidated itself and continuously expanded its competitive position. The rapid expansion of the sales areas was motivated by Georg Karg's plan, pursued with great personal ambition, to bring Hertie back into the ranks of the big three German department store groups, Karstadt, Kaufhof and Horten, as quickly as possible. In the new department store boom of the 1950s, the company was to be positioned at the forefront of the department store movement again, where it had already had its standing in the “Golden Twenties” as Hermann Tietz.²⁷ The impetus for the expansion offensive, in which Hertie opened almost twice as many branches as its competitors every year until the mid-1950s, did not come solely from external acquisitions. Hertie also grew from within. After the basic needs of the population had been met, the department store group focused on continuously expanding its product range. In the central area of clothing and home textiles, high-quality and luxury goods were now offered alongside highly practical off-the-shelf products made with better materials. Small and large household appliances, electronics and lamps, sporting goods, jewelry and accessories rounded out the selection with a high level of depth and breadth. In this way, department stores followed the trend of mass consumption, becoming more differentiated and moving into higher quality and price segments.²⁸

In order to round off the product portfolio in the lower price segments alongside the large full-range stores, Hertie founded its own low-price chain in 1952 under the name “bilka” – an acronym of the terms “billig” [cheap] and “Kaufhaus” [large store]. The compact branches usually had only one sales floor and

were specifically designed for suburbs, and small and medium-sized towns in order to win over customers directly on site and at the grassroots level. With this concept, the Hertie subsidiary Kaufhaus bilka GmbH, managed by Hans-Georg Karg, soon found itself competing for the best locations with similar low-cost department store chains such as Kaufhalle (Kaufhof), Kepa (Karstadt), DeFaKa – Deutsches Familienkaufhaus (Horten) and Woolworth. Hertie also relied on quick action in this market area. Since the opening of the first branch in Berlin in 1952, the group built a further eight bilka branches within three years.²⁹



Fig. 31: Festival atmosphere at the opening of a Hertie branch in Dortmund, June 22, 1955.

Having started in the west with four department stores, by the end of the 1950s the company had 34 Hertie department stores and 14 bilka branches. According to a contemporary estimate, the workforce was over 20,000 employees. Annual sales increases of over ten percent were the norm well into the next decade.³⁰ The group's growth was thus significantly above the average for the entire retail sector, which received a significant boost after the market was freed from all state management measures and under moderate competition and price control regulations, growing by an average of around eight percent annually.³¹ In general, the four leading department store companies, now again the most prominent ones nation-wide, profited particularly intensively from the waves of consumption in the 1950s and early 1960s. Their production and sales concept was simply best adapted to the universal flood of demand in the first years of prosperity and the flow of consumers into the newly rebuilt inner cities. Between 1950 and 1959, the market share of the large corporations in the entire retail market rose from 3.3 to 7.7 percent.³² In this second boom period for department stores, the share was even higher than the values of the interwar period, when the cor-

porations traditionally had four to five percent of the market share. In some product groups – such as women’s fashion, fabrics and home textiles – up to a third of all goods sold came from department stores.³³

Hertie senior boss Georg Karg and his son Hans-Georg, together with managing director Dr. Guido Schell, steadfastly stuck to their expansion course. In 1956, Hertie’s head office moved from the Alsterhaus in Hamburg back to Berlin, and there were always considerations of making further changes. With the construction of the Berlin Wall in 1961, at the latest, the old concerns about being too close and spatially restricted in Berlin to the heart of the political conflicts that had now escalated into the Cold War seem to have resurfaced. Hertie moved its headquarters again. This time to Frankfurt am Main in the Zeil street, later to a new building in the Niederrad district, in order to take advantage of better transport links.³⁴ With the founding of Hertie Italiana S. r. l. in Milan and the acquisition of the majority shares in the two Viennese department store companies, A. Gerngross AG and A. Hermansky AG, the first steps into neighboring countries were taken in 1957. Above all, the branches scattered throughout Germany, which Georg Karg regularly visited by car or private plane, were now easier to reach from southern Hesse.³⁵ And here too, the expansion of the branch network continued. Shortly before Karg’s death in 1972, the hundredth department store of the group of Hertie and bilka opened. The entire company, with a sales area of 760,000 square meters and up to 60,000 employees, recorded an estimated annual turnover of around five billion DM.³⁶

Against this background, the investment sums that the group has raised since its new beginning in 1944 just for the construction and expansion of its department stores must have been enormous. When it came to financing this mammoth task, Hertie, as a family business, had a structural advantage. Unlike its competitors, who were run as corporations, the group was not under pressure to pay out annual dividends. As far as can be seen, the family reinvested the annual profits almost exclusively in the interests of their company, so that the expenses could be financed largely from their own resources.³⁷

More precise data that would allow a closer look at the balance sheets and financing patterns of the Hertie Group between 1949 and 1974 are lacking. Even the major banks seem to have lost track of the complex company structures by the 1950s at the latest. In 1958, the economic department of the Dresdner Bank made an exemplary effort to create a company profile in order to unravel the internal connections within the group. After extensive efforts to gather more detailed information, their verdict was: “German law makes it possible to conceal financial results and financial transactions in the best possible way. The Karg family makes extensive use of this.” It continued: “The management of HERTIE is extremely hostile to publicity. It admits that quite openly.” The statement referred



Fig. 32: bilka department store in Berlin, around 1956.

to several requests for basic corporate data, to which the company responded in a friendly but firm manner, pointing out that it was a family business “in which there is hardly any public interest.”³⁸

This attitude of Hertie’s management was and is by no means unusual. Rather, it is generally applicable to the type of family business that relies on the greatest possible entrepreneurial independence in ownership and management, as well as on privacy in business and on the personal ties of the management. Georg Karg fit the traditional image of a patriarch, which was a widespread corporate model, especially in post-war Germany.³⁹ In the many descriptions of his person and his management style, he was depicted as an entrepreneurial personality of the “old school,” either as a person of respect or as a tireless patriarch who subordinated his entire private life completely to the business. He was the sole decision-maker and shied away from public appearances. Every morning, he received the sales figures from the branches and responded promptly by calling the responsible branch manager if the data did not meet his expectations.⁴⁰

These often idealized and extremely subjective assessments certainly only give a rough picture of Georg Karg as a person, who left behind hardly any personal documents that allow historians to take a closer look behind the curtain.

Nevertheless, there is evidence that at least supports the style of his management. The corporate headquarters was entirely tailored to the company director in a hierarchical top-down model. There were only a few functional departments, for example for finance, legal and real estate matters. There were no central departments for marketing, market research or public relations, which meant that hardly any information was collected on consumer trends and buyer behavior until the 1970s.⁴¹ The main focus was on the purchasing department, which was directed by Hans-Georg Karg from the 1950s onwards on the basis of specialized subsidiaries. When the head office moved to Frankfurt am Main, he also became managing director of the Hertie Group.⁴² Recommendations for sales and advertising in the individual branches were also made from this office. The company was thus managed largely from the perspective of goods procurement, which was clearly tailored to the senior boss's professional socialization experiences. The information from the branches converged in Georg Karg's office itself. This is where the strategic and operational decisions were made, with the patriarch constantly ignoring the poorly defined areas of responsibility of the departments and dealing with many detailed questions himself. For example, until Georg Karg's death, the group manager himself insisted on designing the layout of the sales areas and the way the goods were presented in the newly opened department stores.⁴³ This meant that his personal style was immediately recognizable when visiting a Hertie department store. This created a certain recognition value and unconsciously shaped the company's image. At the same time, however, the interior design style, which was strongly based on the company owner's individual ideas, also entailed the long-term risk of not being flexible enough to adapt to the changing preferences of consumers. By the mid-1960s if not sooner, the department stores, which were equipped with high-quality fine wood parquet and large, dark service counters, were considered conservative. Their appearance was reminiscent of the classic consumer temples of the 1930s, and they rarely used modern sales instruments such as displays or shop-in-shop areas, and then only very late in the game. Instead, for a long time they still had expansive fabric departments for sewing at home on the best ground floor areas, just like in the early years of the former textile buyer.⁴⁴ In the early 1970s, the business journalist Hans Otto Eglau judged that Georg Karg ran the billion-dollar company "like a medium-sized family business" with his own "specific style that the old department store king had stamped on his trading empire."⁴⁵

This fixation on the person of the patriarch, who had been so successful during the reconstruction years, was to reveal itself to be part of the problems that affected the company in the 1970s. Under the changed overall economic conditions of the stagflation crisis in 1972, the group's sustained growth broke off for the first time. With the population's reluctance to spend in the context of the oil

price shock in 1974/75, sales fell for the first time. Around a third of the branches were now in the red. For the first time in its post-war history, Hertie reported a negative operating result, but this was offset, at least for a certain period, by the profits brought forward from the profitable previous years.⁴⁶

The reasons for this first shadow on the success story of the department store group in the Federal Republic were manifold. One of the main sources was governance problems, which became clearly apparent after the death of Georg Karg. The complexity of the group's structure required a long overdue restructuring of the organization, which would delegate responsibility for individual areas of business more equably to specialized departments. Hans-Georg Karg also recognized the strengthening of a consumer-oriented corporate culture through the integration of targeted marketing management as an important task. It replaced his father's one-sided focus on offerings and sales, which – very similar to the fate of competitors Neckermann and Karstadt – had led to a neglect of cost control.⁴⁷

The need for internal modernization intensified due to a profound structural change in the retail sector, which fundamentally challenged department stores.⁴⁸ The large corporations and “top dogs” in the inner cities faced new competition on several levels. On the one hand, from around the mid-1960s onwards, large chain stores emerged, revolutionizing the specialist trade, which had traditionally been run by individual companies. First of all, new competitors appeared on the scene with textile department stores from companies such as Peek & Cloppenburg and C&A, which now positioned themselves in the city centers.⁴⁹ From the 1970s onwards, specialist retailers copied this model in other product areas. Distinct specialist stores such as Saturn-Hansa, Photo Porst, Juwelier Wempe, Christ and Douglas emerged, for electronics, perfume and jewelry, among others. In addition to the specialist stores, which often expanded according to the US franchise model, retailers also increasingly joined together to form purchasing groups and sales rings such as Intersport, Vedes or Expert. The department stores lost their comparative cost advantages compared to these specialist stores and chain stores, which now also had strong capital backing and operated in a coordinated manner. On the other hand, there were the supermarkets and in particular the new self-service department stores (Real, Allkauf, Massa or Globus) on suburban sites, which offered a full range of products, including food and non-food items, over large sales areas. The department stores lost market share, initially slowly, then noticeably, to these new forms of operation, which were easier for motorized consumers to reach, especially in the outskirts of cities.⁵⁰ The challenges for the Hertie Group were exacerbated because the company had never been able to fully compensate for its locational disadvantages despite massive expansion efforts. This poor starting position now had a major impact again in the challenges posed by the new competitors. As with all department store groups, Hertie also reacted

with cost savings and a significant streamlining of the product range, while entering into a tough price war with the competition, using more and more special offers.⁵¹ Under these changed circumstances, Georg Karg's successors had to lead the group through rough waters in which it had to assert itself not only against the classic competition with the other department store groups, but also against new competitors in an increasingly saturated and increasingly differentiated market. The company consistently retained its family-oriented character as the "silent giant"⁵² of the industry. When the Karg family finally withdrew from the group in 1993 with the sale to Karstadt, the Hertie name was retained outside of the department store trade. Georg Karg, a figure who shaped the company's fortunes for over four decades, had already ensured this in 1953 by establishing a foundation that initially served as a platform for the family to manage the company and protect it against outside interference. Under this cover, significant restructuring of the assets and shareholdings of the subsidiaries were carried out, giving the foundation the character of a family-based holding company.

Reorganization as a Foundation-owned Company, 1953 to 1974

After the restitution settlement with the Tietz family was concluded in the autumn of 1949 and important company acquisitions were made, Georg Karg turned his attention to the legal and financial reorganization of his company. On August 26, 1953, he established the Karg Family Foundation with headquarters in Hamburg.⁵³ The statutes stipulated that its purpose was to provide financial support to the founder, his wife and his descendants in securing their livelihood if they should find themselves in financial difficulties through no fault of their own. The foundation thus fulfilled the legal requirement to serve a social goal, even if this task was expressly defined as private and limited to the family circle. However, the preamble already contained a passage that indicated a combined asset arrangement for the family and the company. Georg Karg initially endowed the family foundation with capital of 20,000 DM to enable it to acquire shares in the seven purchasing companies of Hertie GmbH. The foundation's assets were to be supplied and increased from the business profits.⁵⁴ In this connection, the family and the company entered into a new institutional liaison, which today is considered a hybrid governance model of a company-affiliated foundation.⁵⁵

Georg Karg was one of the first German family entrepreneurs to convert his company into a foundation in this specific form. There were indeed well-known historical role models, such as the much older Carl Zeiss Foundation. However, the Hertie Foundation was characterized by the fact that the foundation itself became the legal form of the company, merging the social and economic institu-

tions. After long legal debates about whether such company structures were at all compatible with the basic idea of a foundation's charitable work, an amendment to German foundation law in 1950 declared that the company's purpose in itself was no longer permissible if it was the sole reason for the foundation.⁵⁶ Nevertheless, the legislature deliberately did not close all loopholes for entrepreneurs to combine their companies with a foundation via auxiliary structures and continue to assign operational functions to it. The company-affiliated family foundation was one such model, which Georg Karg immediately resorted to. Contemporary observers put forward a wide range of possible reasons that motivated entrepreneurs to take such a step. They either referred to idealistic goals of social welfare and preserving the entrepreneur's life's work, or to mundane material interests such as saving taxes or preserving business control.⁵⁷ What is certain is that the transfer of private company assets to a foundation is a radical change for both the family and the company. In the continental European legal tradition, foundations were subject to the so-called concept of perpetuity. This meant that their establishment created an independent, permanent legal personality. It ensured that the purpose of the foundation was pursued indefinitely, even after the death of the founder. The assets contributed were formally withdrawn from the family and the company and depersonalized, but at the same time placed in the "protected hands" of the foundation. In this sense, the creation of a foundation has and had a strong protective character. The company assets were protected from external access, for example, in the course of takeover attempts by competitors. In addition, internal family risks of fragmentation or withdrawal of operating capital in the course of inheritance disputes or succession problems could also be avoided. The founder himself regulated the company's financial resources and provided for the next generations of the family in a bequest that had long-term impact.⁵⁸

This was also true from a tax perspective. Here, the foundation had the advantage of making the company's assets immune to inheritance law in the long term. A one-off and unavoidable gift or inheritance tax was indeed payable at the moment of the transfer of assets. However, once the assets were in the hands of the enduring legal figure, all further inheritances were cancelled. In this way, a family foundation avoided the problem of many partnerships in which recurrent inheritance disputes repeatedly posed the risk of liquidity being drained away. Immunity from inheritance law was by no means the same as general tax exemption. The company's income was still subject to corporate tax, and pension payments to the family were also taxed individually according to the half-income method. Nevertheless, a foundation solution significantly reduced the tax burden, which was further reinforced by the fact that a business asset allowance of at least 35 percent could be claimed when transferring large holdings.⁵⁹

In addition to protecting and consolidating the property, the founder of a foundation owned company also had the opportunity to allocate control and management rights over the long term. The most important instrument was the statute, which not only specified who would occupy the foundation's administration and take on management functions, but also which basic principles, values and goals the management should be guided by. The founder was thus able to make not only material and primarily business provisions, but also to establish an ideal model for the preservation of his life's work. Here, too, the creation of a foundation had both conservation and design components. The challenge was that once a foundation's statute had been formulated, it was very difficult to change it under the strict eyes of the public foundation supervision of the state authorities. The specific design of the foundation therefore had to take into account its long-term anchoring – and this without knowing what specific challenges would await the company and the family in the next 20 or 50 years.⁶⁰

We can only speculate about what motivated Georg Karg to establish the family foundation. Personal documents that provide information on this do not seem to have survived. Nevertheless, an attempt will be made to get closer to his intentions using clues from the catalog shown below. The most important clues are provided by the wording of the Karg Family Foundation's statutes. In contrast to many earlier or later "refounders" of a foundation held company, there are no passages that attempt to formulate a mission statement for the Hertie Group. Emotional elements that allude to the preservation of his life's work and his entrepreneurial ideals are missing. This is certainly not enough to completely rule out such motives, but they seem to have been of secondary importance, which seems to correspond to Georg Karg's pragmatic and business-focused behavior in other contexts. The references to the family's social security and thus the foundation's orientation towards the benefit of others or, in this case, the family, were clearly formulated in accordance with the legal requirements. It is striking, however, that the foundation was only intended to act as an emergency fund if Karg's descendants were unable to support themselves due to unforeseen circumstances. The promised support was not excessive, with a maximum sum of 1,000 DM.⁶¹ The Hertie Foundation later also decided that there was little incentive to rely on the foundation alone. It was clear between the lines of the statutes that Karg firmly believed that his family members would finance their own lives and contribute their work to the company.⁶² It is fitting in this context that Georg Karg had already integrated his brothers Willy and Walter into the administration of Hertie GmbH in the 1930s in the classic manner of a family business. After the Second World War, at the latest, he put his son Hans-Georg in the position of his designated successor. He gave him responsible tasks in the reconstruction of the Munich department store, in the management of central purchasing, and later as

one of two managing directors of the entire group. The founder was apparently not faced with an immediate problem of finding new talent in the next generation.



Fig. 33: Georg Karg and his son around 1965.

First and foremost, Georg Karg nevertheless anchored his role as senior boss and patriarch by making himself the only director of the foundation for the rest of his life. It was his sole responsibility to choose his successor in the board function and to expand the board to up to three people as he saw fit. Behind this clause lay the option of integrating non-family experts into the management of the foundation and thus into the steering of the company.⁶³

In addition to the executive board, a legally obligatory board of trustees was established as the foundation's second body. It is striking that the board of trustees was to be formed immediately, but its "activities only begin after the founder leaves the board of trustees." Karg thus created the future organizational structure, but exempted himself from any third-party control during his own term of office. None of the comprehensive regulations on the governance of the founda-

tion and the company show more clearly how carefully Karg cemented his position as sole decision-maker for life. Any kind of supervision or input was eliminated and only deemed necessary for the next generation. Regardless of this, however, Karg kept a close eye on the family ties within the foundation held company. After his departure, the foundation's executive board joined the board of trustees, which also had a maximum of three members. The other members of the board of trustees were to be elected from the circle of those involved in the foundation, i.e. the family, and to be appointed by the respective president of the Hanseatic Higher Regional Court. Assuming that Hans-Georg Karg would take over the board of the foundation from his father, he would also join the board of trustees. Together with a relative, the family thus always had a 2:1 majority in decisions made by the associated committee.⁶⁴ The foundation's control structures enabled the family to keep the company closely under their control in the future. At the same time, the statutes also offered a kind of exit option for the family. Hans-Georg Karg was free to offer the chairmanship of the board and the seat on the board of trustees to a trusted external candidate. Overall, the founder created a clearly family-oriented governance that nevertheless offered a wise degree of flexibility in order to adapt to changing conditions.

If one considers the fact that Georg Karg had already tried in the 1930s to free himself from the corset of a corporation imposed on him in 1934, it must be stated that this step was finally successful with the establishment of the foundation owned company in 1953. As the sole owner for many years, he freed himself from the influence of banks, trustees or other interest groups that he had had to deal with in the GmbH. The Karg family was also able to get rid of the constant reporting obligations and advance the reconstruction of their company under the cloak of the significantly reduced publicity and transparency obligations of a foundation. The foundation not only shielded the company from the outside world in this respect, but also protected the material integrity of the company's assets against possible attempts to gain access. Hertie itself was the best example of an offensive expansion strategy that was shared by many rivals in the competitive department store industry. The extent to which the preservation and expansion of the company's capital was at the center of Georg Karg's interest is shown by the fact that the founder and his family members waived ongoing income from their property from the time the foundation was established.⁶⁵ In this way, they made it possible for the company's profits to flow directly back to the foundation to the greatest possible extent, and to be used for investments.⁶⁶ In return for handing over their property to the foundation, the family was given the right to have a say and to help shape the company's fortunes. The Karg Family Foundation was thus entirely in the tradition of the classic corporate foundation. The social private benefit only formed the legal bridge to an almost inseparable connec-

tion between the foundation and the company, as a confidant of Hans-Georg Karg later openly explained.⁶⁷

Against this background, it is clear that it was primarily business-pragmatic reasons that prompted Georg Karg to place his company in the care of a foundation. This impression is reinforced on the basis of the Hertie report of the Dresdner Bank from 1958, which, as a newly discovered historical source, outlines the process by which the company and the foundation merged. In contrast to the dominant portrayal in previous literature that Georg Karg had transferred almost all of Hertie GmbH's ownership shares to the foundation immediately after the foundation was established, the bank experts presented the transition as a cautious and gradual process. The report stated that the main aim was to use the foundation as an instrument for the internal reorganization of the fragmented parts of the group. The focus in the years 1953 to 1957 was initially on the centralization of purchasing and thus the functional area of a department store company in which the largest profit margins and rationalization potential lay. With the transfer of the shares of Betex Bergische Textil-GmbH, Ohigs Offenbacher Handels- und Industrie-GmbH and Bekleidungs- und Handels-GmbH, which was anchored in the original statutes, the purchasing companies were brought together under the umbrella of Hertie-Zentraleinkauf Ges. mbH and at the same time placed under the administration of the foundation. In October 1957, Hertie-Zentraleinkauf Ges. mbH was finally liquidated. With this step, "the foundation [. . .] is a fully commercial enterprise," judged the Dresdner Bank report, adding that since then it had openly but unofficially appeared with the addition "Karg Family Foundation – Hertie Head Office."⁶⁸

Parallel to the concentration of the purchasing companies, the Hertie owner began to gradually merge the operating and property companies from the beginning of the 1950s. The containers for this consolidation were Hertie Warenhaus- und Kaufhaus-GmbH on the one hand, and Hertie Vereinigte Kaufstätten GmbH on the other. The latter was founded in 1948 as a new property company for the group in Hamburg under the name Nordhag Waren- und Kaufhaus-Verwaltungs-Gesellschaft mbH. On January 7, 1950, the name change was entered in the commercial register as Hertie Vereinigte Kaufstätten GmbH. Its share capital of four million DM was divided 50 percent between the already established Union Vereinigte Kaufstätten GmbH, and 24.5 percent of the company shares were each held by Georg Karg's two children, Hans-Georg and Brigitte Gräfin von Norman. The Hertie boss himself retained a stake of just one percent. In the following years up to 1957, the real estate assets of all group companies that did not directly own their business premises were gradually transferred to Hertie Vereinigte Kaufstätten. The transaction was concluded with the renaming of the company, now based in a prestigious new building on Berlin's Wittenbergplatz, to Westber-

liner Grundstücksgesellschaft mbH. The second holding company, the actual Hertie Warenhaus- und Kaufhaus GmbH, brought the operating companies together. In order to create the basis for this, the share capital was increased in two steps in March 1955 and July 1956 from 2.5 to a total of 12 million DM. "One branch after the other," according to the major bank's observation, "was transferred to Hertie Waren- und Kaufhaus GmbH."⁶⁹ By the summer of 1958, this included, among others, the property company of the new department store in Dortmund, the Kaufhaus des Westens Vermögensverwaltungsgesellschaft, the Centrum Berlinische Boden GmbH, the Paul Held Nachf. Vermögensverwertungs-GmbH and finally also the Union Vereinigte Kaufstätten GmbH. This merger of companies in the hands of Hertie Waren- und Kaufhaus GmbH and Kaufstätten GmbH or the Westberliner Grundstücksgesellschaft reshaped and consolidated the group structures.⁷⁰ As the diagram showing the breakdown of the Karg family's assets shows (Fig. 34), the company structure was by no means completely slackened. The bilka and Wertheim complexes continued to form their own organizational strands, which were interwoven through the foundation and the family. In addition, there were new foreign companies and commitments or the founding of department stores, which were set up in their own companies, but at the same time had close capital and control ties to Hertie Warenhaus- und Kaufhaus GmbH.

The reorganization of the group ultimately paved the way for the decisive step of transforming the Hertie Group into a foundation. Over the course of the 1950s, little by little, and partly in parallel with the reorganization, Georg Karg and his children contributed 97.5 percent of the shares in Hertie Waren- und Kaufhaus GmbH into the Karg Family Foundation. It thus became the decisive authority in which capital, control and management came together in accordance with the statutes. This development was aptly outlined in the portrait of the Hertie Group in the publication series *Lebensbilder deutscher Stiftungen* from 1986: "The foundation and company assets were thus identical [. . .] and the foundation always exercised a direct and significant influence on the economic activities of the Hertie Group, which was expressed by the renaming of the 'Karg Family Foundation' to 'Hertie Foundation' in 1971."⁷¹ The Hertie Foundation, like its predecessor, remained privately owned. A change occurred only after the death of Georg Karg, who was succeeded, as planned, as long-term chairman of the foundation by his son. It was not until December 10, 1974 that the foundation broke free from the constraints of the 1950s and, as the "Gemeinnützige Hertie-Stiftung" ("Charitable Hertie Foundation"), began to promote science, education, and general and vocational training.⁷² Hundreds of millions of DM from the family foundation were rededicated to charitable work. The founder's business pragmatism was replaced in the next generation by a much stronger commitment to social responsibility.⁷³ Nevertheless, it was the changed legal framework that drove this

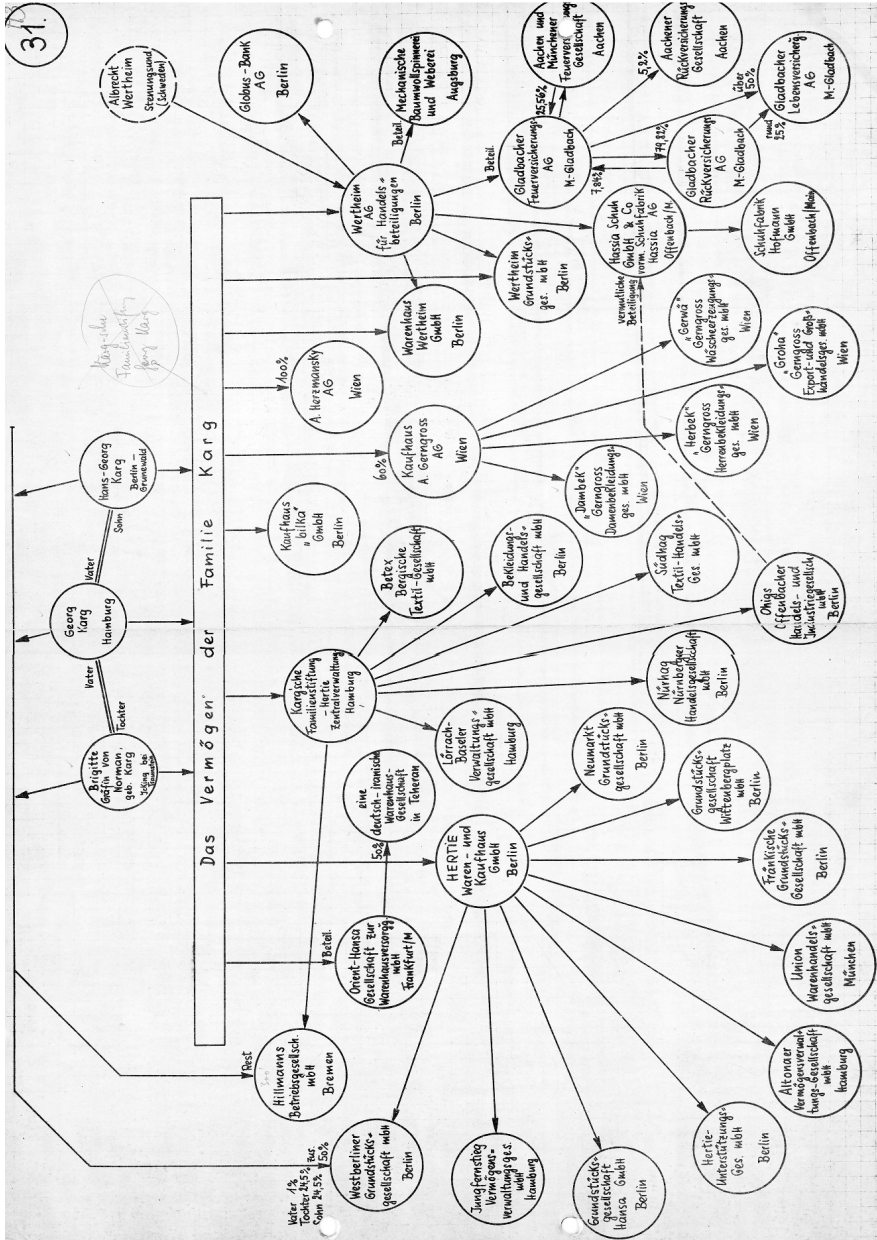


Fig. 34: Organizational chart “The Karg family’s assets” 1958.

step. With the reform of the inheritance tax and gift tax law in April 1974, the legislature re-regulated the long-discussed so-called “dead hand problem” of the permanent inheritance immunity of company-affiliated foundations. The tax advantages were largely withdrawn from all forms of non-charitable structures.⁷⁴ The step into non-profit status was thus a viable way to continue to shield the business assets and to continue the family-oriented corporate control over the foundation.⁷⁵

Overall, the Karg Family Foundation in its original form remained essentially a clever instrument of the foundation’s founder to reposition the Hertie Group as a family business and to protect it against internal and external challenges. From the very beginning, his motives were primarily of a business-strategic nature – an attitude that corresponded to Georg Karg’s constant search for the greatest commercial benefit.

6 *Wiedergutmachung*: Complicated Issues

A Sketch of Special Laws and Rights

The history of the Tietz family under National Socialism shows how extensively the Nazi regime and its accomplices accessed the commercial and private property of those persecuted on “racial” grounds. The “Aryanization” of the department store group in 1933 and 1934 was an essential, but ultimately by no means the only, component of the persecution that the family had to endure in the context of discrimination, persecution and robbery. This was followed by the loss of private real estate, their own home and homeland, and not least the state confiscation of the remaining assets through taxes and compulsory levies. The constant anti-Semitic discrimination and life in an environment of constant hostility – a situation that ultimately led to flight and emigration – robbed the members of the formerly respected business family in more than just material ways. The Nazi regime deprived them of life opportunities, blocked career development paths and restricted personal freedom, even to the point of threatening attacks on health and life. The Tietz family’s example is ultimately just one case of the theft and destruction of livelihoods on a million-fold scale. But it was precisely the vivid impact of the Nazi regime and with it countless private profiteers intervening so massively in the business landscape and property structures of the German economy and society that made the Allies consider how these property restructurings could be reversed or compensated for during the last years of the Second World War. The USA took on a pioneering role, not least on the initiative of the Jewish interest groups that were most strongly organized there. In initial discussions with the British and French allies, agreement was quickly reached that, in addition to collective reparations from the German state, which were already anchored in international law, a form of individual *Wiedergutmachung*, i.e. provisions relating to financial compensation for National Socialist injustice, had to be found. This was to enable confiscated property to be returned from the hands of private beneficiaries to the rightful owners.¹ In addition to material restitution (“Rückerstattung”), personal financial compensation (“Entschädigung”) payments were also included in the considerations at an early stage, which were to give the persecuted the opportunity to claim compulsory payments from the state, but also compensation for the loss of freedom, health and life chances. With restitution and compensation, the field of so-called *Wiedergutmachung* thus acquired a two-part structure.

The general term of *Wiedergutmachung* alone, which in a literal sense implies being able to put things right through financial payments alone and then, in a

sense, drawing a line under it, is seen as problematic in today's historical research and as a difficult but contemporary expression of the attempt to resolve a burning moral issue. According to the Bochum historian Constantin Goschler, from a moral point of view alone there is a "fundamental incongruity"² between the quality of robbery, expulsion and murder and any form of financial compensation. Nevertheless, "Aryanization" and restitution form an inseparable issue and a necessarily strongly connected field of historical investigation. This applies on the one hand to the fact that today we can often only gain decisive clues about what happened during the Nazi era from studying the proceedings of *Wiedergutmachung*. On the other hand, the sources provide historians with key clues about how "Aryanization", discrimination and persecution in the post-war period were materially valued and morally assessed by the German authorities, but above all by the perpetrators and victims, the profiteers and those affected. With this in mind, it seems indispensable to follow the history of encounters between "Aryanizers" and "Aryanized" beyond the break at the end of the war and up to the time of the Federal Republic, in which they faced each other in new roles as those liable and those entitled to make claims on the basis of the new restitution and compensation laws. Here, too, it is important to look at the behavior of the actors on both sides, their scope for action, motives and interests, in order to be able to historically illuminate and classify the early attempts to come to terms with Nazi history.

All of this also applies in particular to the negotiations between Georg Karg and Hertie with the Tietz family and their descendants concerning the "Aryanization" of their department store group. The special circumstances of the relatively early "Gleichschaltung" of the company also gave rise to numerous areas of tension in the restitution process. The question of Georg Karg's responsibility and the role of the banks and Nazi authorities involved was overshadowed by long-simmering suspicions that the Tietz group had already been on the brink of insolvency before the Nazis came to power. As will be shown, the fact of "Aryanization" threatened to be undermined by the interpretation of a restructuring that had only been made possible by the joint efforts of the financiers and the new management in a business environment made difficult by anti-Semitic boycotts. The responsibility for the elimination of the Jewish owners was also blatantly depersonalized and addressed to the Nazi regime in general – a defensive attitude that numerous "Aryanizers" displayed in post-war proceedings. Nevertheless, in the Tietz case, after a few personal discussions, a settlement was reached between Hertie and the family of the former owners as early as 1949. The path to this settlement, the content and disputes, is outlined below. The focus is not only on the question of the restitution of Tietz's company property in the context of the reorganization to form Hertie, but also on the procedures for the restitution of real

estate and compensation for the state's confiscation of assets. Before that can be undertaken, however, it is important to briefly outline the development of the legal framework for compensations within the complex *Wiedergutmachung* laws in order to illustrate the behavior of the actors in these proceedings.

Shortly after the end of the war, intensive negotiations began on the initiative of the US military administration with partners in the British and French occupation zones on the question of how to deal with the massive property-related disruptions that had emanated from the National Socialist regime and in the course of which countless profiteers had made off with the assets of the persecuted. The highest priority was given to developing a legal concept that would enable individual restitution of stolen commercial property. This approach was motivated by the urgent need to provide new legal certainty to the existing civil property order without calling it into question. This point revealed the open confrontation with the Soviet occupation zone, where the first state socialization measures quickly aimed at completely overthrowing the property system and soon undermined any form of private dispute over wealth and property issues.³ Instead, the Allied considerations were directed at orienting themselves on the property relationships before the National Socialists came to power and, if possible, restoring a status quo ante in terms of property law. With the entry into force of Military Law No. 52 "Blocking and Control of Property" in July 1945, the US military administration had not only confiscated Reich and party assets, but also subjected bank accounts and the operations of commercial enterprises to its control. Property assets allegedly confiscated as part of "Aryanization" and confiscation were subject to a registration requirement in all western occupation zones until the origin of the assets and the economic or political involvement of the current owners with the Nazi regime had been clarified.⁴ Even if this requirement – as in the Hertie case – did not necessarily mean that companies had to cease their business completely, their actions were still subject to a retention clause concerning property title. This in turn formed an essential prerequisite for the later enforcement of individual restitution, since the "Aryanizers" in particular were put under pressure to take action themselves. In their attempt to introduce the legal concept of restitution into the German legal system on the basis of the existing property order, the Allied negotiating partners encountered the problem that the traditional legal concepts of robbery or immorality were not sufficient to adequately reflect the characteristics of "Aryanization". In addition, there was the problem that in the immediate post-war years it was difficult to predict when and to what extent a German state of any kind would be able to deal with the claims of the persecuted. The result was that the Allies decided to implement restitution on an independent legal basis with new terminology and their own instances and procedures in the German legal system.⁵ While the military governments agreed on

this basic path, a dilemma arose: they could not agree on all the defining details of the claims and obligations involved. The more time passed and the more urgent the restoration of legal certainty became in order not to endanger economic recovery and thus Germany's integration into the western alliance, the more intensively the US military government pressed for solutions. Finally, they dared to go it alone.

On November 10, 1947, Military Law No. 59 concerning the "Restitution of Identifiable Assets to the Victims of National Socialist Repression Measures," USREG for short, came into force in the American occupation zone.⁶ While a regulation that differed in essential points was issued in the French control area on the same day, it was to take until May and July 1949, respectively, before corresponding legal regulations were available for the British occupation zone and for the western sectors of Berlin. However, the so-called BrREG (Law 59) and the Restitution Ordinance of the Allied High Command in Berlin (REAO), in their only slightly simplified versions, were almost entirely based on the American model, which thus had both pioneering and exemplary character.⁷

The Allied legislators placed all legal transactions between 1933 and 1945 "with persons persecuted on the grounds of race, religion, nationality, ideology or political opposition" under a general presumption of confiscation. In doing so, they deliberately avoided the term "Aryanization". Instead, they defined a new type of persecution offense of "giving away assets under pressure of persecution." On the basis of this legal formula, any legal transaction with persecuted persons was labeled unlawful, and the discriminatory circumstances of the property transfers were thus classified as sufficiently legally binding for a claim of restitution. This relieved the claimants in individual cases of the often difficult task of proving that a sale or transfer had been made unlawfully. German legal experts vehemently opposed this approach, as they did not want to rule out the possibility that there had been fair legal transactions in accordance with common commercial standards of conduct. The restitution regulations overrode this objection in favor of those affected. They relieved the victims of the burden of proof by assuming a causal chain between the situation of persecution and "Aryanization". Instead, it was up to the purchasers to refute the legislators' presumption of confiscation if they doubted the unlawful nature of a purchase transaction. The requirements for such a claim were strictly regulated: in legal transactions concluded before the Nuremberg Race Laws were passed in 1935, the purchasers had to prove that they had paid an appropriate purchase price and that the proceeds had actually been freely available to those affected. For transfers of ownership concluded after 1935, the purchaser had to document that he had also tried to actively and with special measures to protect the financial interests of his counterpart. The hurdles for documenting a lawful acquisition were therefore high.⁸

As compensation for the surrender of commercial, real estate or movable property, all Allied laws and regulations provided for restitution in kind, on the condition that the assets were still physically present and could, therefore, be returned in their original form. This meant, at least in theory, that the victims should ideally retain the company shares taken from them in order to restore the original ownership situation with all rights and obligations during the period before 1933. Additionally, the former owners would be returned to their roles as managing directors or shareholders. In practice, however, this idea was not without its drawbacks: firstly, in this case, the claimants had to pay back the purchase price paid during the “Aryanization” to the purchasers – a farce when you consider that many members of the business families had been murdered, robbed or had become destitute while fleeing and emigrating. Secondly, this step would have generally meant a willingness to return to the country of the perpetrators in order to do justice to the administration of the returned assets. Understandably, this was out of the question for most victims, even just on purely emotional grounds.⁹ However, the USREG and the BrREG also provided for the determination of compensation by private settlement if the financial loss was irreversible or if it was not the applicants’ wish to take over their businesses or residential property in Germany again. The alternative was to calculate their claims as the difference between the value of the property at the time of transfer and the purchase price actually paid. This meant that the profits and losses, in particular any war damage from the Nazi era, also went to the liable parties.

In order to assert claims, those affected had to comply with an application deadline of June 30, 1950.¹⁰ Once a refund application had been received by one of the registration authorities set up in all three western occupation zones, the procedures followed a standardized process. First and foremost, compensation offices (Entschädigungsämter) were specially set up at the administrative district level. Here, the applications were examined, statements requested, and evidence collected. In addition, the offices were supposed to mediate between those entitled and those liable in order to bring about a private settlement. However, the restitution regulations failed to require the offices to conduct investigations on behalf of the injured parties. With the aim of leading the proceedings to a private settlement, the right to compensation remained part of the targeted procedural code. Those affected, therefore, had to inform themselves or rely on lawyers who supported them in the proceedings.¹¹ Only at the second level did three further, actual judicial instances follow: special restitution chambers were also set up at the regional courts and separate restitution senates at the higher regional courts. While these two instances were embedded in German civil jurisdiction and operated with German judges, the highest restitution courts in the occupied zones – the United States Court of Restitution Appeals of the Allied High Commission for

Germany (CORA) in Nuremberg, the British Board of Review (BOR) in Herford and the French Cour Supérieure pour les Restitutions (CSR) in Rastatt – were headed exclusively by Allied judicial bodies until 1955.¹²

Despite the great effort made by the Allies to establish the new restitution law, it literally reached its limits outside the western occupation zones. Notwithstanding numerous supplementary provisions, which were expanded to include the state confiscation of property by the Federal Restitution Act of July 19, 1957, those affected could only make claims for the restitution of assets located in the territory of the Federal Republic or the western occupation zones. A territorial principle of the place of removal applied to all restitution cases. Due to that, ultimately until the fall of the Berlin Wall in 1989/90, restitution for companies and properties in the eastern part of the country was still pending. This meant a significant restriction, particularly for the corporate property of the Tietz department store, which had focused its activities particularly in the eastern regions, and this fact was also repeatedly addressed in the restitution proceedings.

In parallel to the restitution laws, compensation law developed from 1947 onwards as a second area of *Wiedergutmachung*. In the immediate post-war years, the introduction process was initially characterised by a great inconsistency of various regulations issued by the states and occupation zones.¹³ However, they had the common goal of giving those affected by National Socialist persecution the opportunity as individuals to declare the attacks on their life and physical integrity on the one hand and interference with their property rights as a result of persecution on the other. As with the restitution regulations, a draft from the US military government also proved to be groundbreaking for the establishment of compensation law. The “Compensation Act of the South German State Council” (Gesetz zur Wiedergutmachung nationalsozialistischen Unrechts) of April 26, 1949 (USEG), developed jointly with the German regional authorities, structured the complex field of experiences of persecution into three overarching categories of damage. The first group was made up of “damage to life and limb,” for which those affected or their relatives could claim compensation, for, among other things, deprivation of liberty in camp imprisonment, for acts of violence and even murder. The second category encompassed “damage to professional and economic advancement.” This included the hindrance to free exercise of a profession, the loss of training opportunities or the restriction of earning potential. As a third group, “damage to property and assets” was included in the compensation law and further differentiated. On the one hand, losses of assets due to boycott measures, destruction or looting, as well as the forced abandonment of money or valuables during flight occurrences were considered to be eligible for compensation, and on the other hand, special levies or Reich flight taxes paid, also qualified for compensation.¹⁴ These “facts” were found from 1950 onwards in the first com-

pensation regulations of the French occupation zone as well as in the “Law for the Compensation of Victims of National Socialism” (Gesetz für die Entschädigung der Opfer des Nationalsozialismus) for the western zones of Berlin, which was announced on January 10, 1951, and enshrined shortly thereafter.¹⁵

In the negotiations leading to the Bonn Transition Treaty and the Hague Agreements, the government of the young Federal Republic finally committed itself to the Western Allies, Israel, and the Jewish Claims Conference in 1952 to incorporate compensation into the German legal system and to standardize it nationwide. Barely a year later, on 18 September 1953, the Bundestag passed a still incomplete “Federal Supplementary Act on Compensation for Victims of National Socialist Persecution” (BErgG),¹⁶ which in turn was replaced in 1956 by a now detailed “Federal Act on Compensation for Victims of National Socialist Persecution” (BEG).¹⁷ The new regulations stipulated that the claims of those affected should be materially compensated either through monetary and capital compensation or through pension-like benefits. The salary and pension tables of German civil service law were used as a guideline for the amount of compensation, according to which the benefit was paid in accordance with a comparable classification and at a conversion rate of 10 RM to 2 DM.¹⁸ In the case of income and property losses, the state was liable up to a maximum of 75,000 DM. The various categories of damage were continued from the first Allied regulations. The circle of those entitled to make claims was necessarily limited to those persecuted who had a residence in West Berlin or in the area corresponding to the Federal Republic before their emigration or deportation.¹⁹

For the Tietz family, the basic patterns of compensation and restitution law outlined here formed the basis for asserting their claims against Hertie, the German state, and numerous beneficiaries and second purchasers of their former property from 1949 onwards. The claims they made were also individually distinct, in keeping with the different emigration histories and experiences of persecution of the family members after the “Aryanization” of their company. The focus of their efforts was clearly on an adequate settlement of their reimbursement claims, which they brought forward together and which led to a very rapid agreement by way of a settlement. However, even after this settlement, the history of their encounters with the former “Aryanizers,” and especially with the German authorities, was not free of conflict and continued well into the 1960s.

Claims and Objections: Early Restitution Negotiations

After the war, the Tietz family was scattered across the world. Emigration meant that their formerly close coexistence and daily exchange in Berlin were lost. After

a veritable odyssey, Hugo Zwillenberg and his family were now living (again) in Amsterdam. Martin Tietz had been living in Cuba with his wife Anni for several years without being able to find an adequate professional position there, while the house of Betty Tietz and her son Georg's family in New York was now the center of family life, where they met several times a year.²⁰



Fig. 35: Hertie department store in Munich in the 1930s.

Nevertheless, the family soon made contact with Germany again after the collapse of the Nazi regime. In the summer of 1946, Rösli, born in 1924, traveled to the now largely destroyed Berlin for the first time with her father Georg. A few months earlier, on Christmas 1945, the daughter of the former department store owner had married Kurt Jasen, who was stationed in Germany in the US military and was helping to coordinate reconstruction efforts. Her husband's family had owned a successful construction company in the German capital under the name Jacobowitz until 1937 and had also had to give it up. The two families, who were good friends, met again in New York after their escape, and the Jakobowitz family changed their name to Jasen, which was more easily understood there.²¹ In 1948 and 1949, Rösli and Kurt Jasen spent several months in Germany and Switzerland. Georg in particular, but also Martin Tietz, also travelled to Germany several times during these years and explored the possibilities of making compensation claims for their lost private and business property. Kurt Jasen, who had studied law in

Germany and Switzerland before the war and received his doctorate in Basel, advised them on this undertaking.²²

On July 23, 1948, the Tietz family submitted three applications for restitution to the responsible Central Registration Office (Zentralmeldeamt) in Bad Nauheim on the basis of the American Military Law 59 (USREG). The applicants were Georg and Martin Tietz and Hugo Zwillenberg, and the New York lawyers Dr. Hans Kaliski and Dr. Fritz Moses acted as the executors of the estate of Betty Tietz, who died in 1947. The subject of the restitution claims, each submitted separately, was the return of the family's assets located in Munich, Stuttgart and Karlsruhe.²³ The applications focused explicitly on the real estate that was eligible for restitution in kind and, therefore, seemed most likely to be returned. The claims were consequently directed against both Hertie Waren- und Kaufhaus GmbH and the corresponding real estate companies, which managed this real estate as subsidiaries in the complex Hertie corporate structure.²⁴

The fact that the family concentrated on the restitution of their assets in southwest Germany was due to the still uncertain legal situation. The Hertie stores were under the jurisdiction of US occupation law, which at that time was the only one offering a binding framework for restitution and thus for a first step towards *Wiedergutmachung*. Even though corresponding regulations were already being prepared for the British occupation zone and West Berlin, it was difficult to predict when they would be implemented. When the further restitution laws were finally published in the summer of 1949, the family submitted further applications in Berlin, Hamburg, Wuppertal, and subsequently in Frankfurt am Main.²⁵ The former owners thus consistently pursued their claims, which can be interpreted as an indication of how much they considered the circumstances of their withdrawal from their own company in 1933/34 to be persecution-related, unlawful, and unfair. Nonetheless, the focus of the negotiations with Hertie remained the dispute over the restitution of the assets in the three southwest German cities, since it was in the mutual interest of the parties and the restitution authorities to arrive at the most comprehensive overall solution possible, which promised rapid financial compensation and legal certainty, rather than a lengthy process involving numerous individual proceedings. However, the path to this end proved to be rocky both procedurally and interpersonally.

In the autumn of 1948, the Central Registration Office duly forwarded the individual applications to the three responsible regional authorities. After months of examining the claims filed, the restitution offices in Stuttgart, Karlsruhe, and Munich agreed in March 1949 to merge the individual proceedings and transfer them to the jurisdiction of the Upper Bavarian Restitution Authority (*Wiedergutmachungsbehörde Oberbayern*) in Munich. From a purely formal point of view, this also seemed justified by the fact that immediately after the end of the war,

Hertie GmbH was headquartered in Munich as well as in Berlin.²⁶ Informally, however, it also played a role that the applicants found a trustworthy environment around the Bavarian authorities in which to pursue their claims. This was particularly due to the person of Dr. Philipp Auerbach, who was probably already well known to them and who – himself an Auschwitz survivor – acted in Munich as Attorney General for *Wiedergutmachung* and State Commissioner for those persecuted for racial, religious, and political reasons.²⁷ Auerbach supported the ambitions of the Munich Restitution Authority to persuade the parties to reach a settlement outside of court proceedings and acted as an intermediary between the Tietz family and the representatives of Hertie GmbH. There was evidently an intensive exchange from April 1949 onwards. In the background, the negotiations were conducted by the Munich lawyers Fritz Neuland for the applicants and Dr. Otto Lenz for the Hertie Group. Georg Karg and the Tietz brothers also contacted each other directly, at least by telephone.²⁸

At this point, the two parties' ideas about the basis for a possible agreement were still very divergent. Georg and Martin Tietz demanded the return of all commercial and private properties in the three cities and a one-off payment of 22 to 25 million DM to compensate for all losses of assets and lost purchase price payments suffered during the "Aryanization" of Hermann Tietz OHG.²⁹ However, the family did not express any interest in returning permanently to Germany, the country where they had experienced persecution and wartime destruction, nor were they interested in again running a department store group themselves.³⁰

For Georg Karg and Hertie, these demands must have seemed like another major mortgage on top of reconstruction costs. There was little hope of regaining ownership of their large commercial buildings in Berlin, Gera or Weimar, which were now in the Soviet zone. This meant that all of the Hertie GmbH branches in Karlsruhe, Stuttgart and Munich, which were run under the established brand name "Union," as well as the Alsterhaus in Hamburg, formed the core of the remaining business base.³¹ Still, a great deal of capital had to be invested in the reconstruction and repair of the in many instances badly damaged branches, while consumption in the "collapsed society"³² only began to pick up very slowly. The demands for reimbursement therefore appeared difficult to meet, regardless of any legal or moral considerations.

Against this background, the Hertie side showed a double face in dealing with the restitution claims in the spring of 1949. While Georg Karg tried to have a calm, personal exchange with the former owners, the lawyers launched a legal frontal attack against the restitution applications. On May 25, 1949, Otto Lenz filed an objection to the restitution claims on behalf of Hertie GmbH and rejected all claims.³³ In a first step, he formally questioned the jurisdiction of the Upper Bavarian Restitution Authority, since it concerned the restitution of GmbH shares of



Fig. 36: Union department store in Karlsruhe, 1958.

a company based in Berlin. This was a legally legitimate but, due to the preliminary negotiations, flimsy legal maneuver to move the applicants into a worse negotiating position. Much more important, however, were the substantive justifications presented in a second step, which downplayed the “Aryanization” with stereotypical arguments claiming that it was just restructuring and, at the same time, shifting the company’s responsibility for every form of discrimination and persecution of those affected entirely to the Nazi state and to unchangeable circumstances. According to an account by Hans Otto Eglau, Georg Karg shared this view. In order to underpin it legally, he commissioned the lawyer Lenz, who shortly afterwards rose to become State Secretary in the Chancellery in the Adenauer government, to collect evidence for this view from the banks and authorities involved at the time.³⁴

“There is no claim for restitution,” Lenz ultimately ruled dryly in the objection letter.³⁵ In 1932, the Hermann Tietz company, Lenz claimed, had only been able to put off its creditors and simply could no longer pay the bills that had come in. The company had therefore been without liquidity even before the Nazis came to power, which was particularly evident in the fact that it could no

longer meet its repayment obligations to the banks with its total debt burden of 94.5 million RM.

"The applicants," wrote Lenz, "also admit the 'difficulties' – or more accurately, their insolvency – and merely claim that the Tietz family had been prevented from creating their own credit, or that the Deutsche Bank und Disconto-Gesellschaft had not granted a loan that had been promised in 1929. The claim that the Tietz family was able to obtain credit for themselves is downright absurd for anyone who knows the situation even slightly."³⁶ Even with the Jewish creditor banks, Mendelssohn, Warburg, and Hirschland, all creditworthiness had already been lost by 1932, the Munich lawyer explained without any evidence. With this argument, he probably wanted to underline that even the most well-intentioned creditors had turned away from Hermann Tietz – without noticing that he was also carelessly repeating anti-Semitic stereotypes from the Nazi era about the supposedly particularly close Jewish financial networks. He was certain that – if Deutsche Bank had actually withdrawn its loan agreement – Hertie GmbH could not be held responsible, because "this could not possibly have had anything to do with persecution measures."³⁷ The Hertie representative carefully concealed the anti-Semitic resentment that had already started in 1933; the massive consequences of the boycott of department stores, which broke out violently in 1933, or the direct interventions of government and party bodies to force the Tietz family out of the company. In Lenz's account, the banks, the Hertie management and even the Reich Commissioner had made great efforts to restructure and thus save the company, in the course of which "a new management structure was implemented at the same time."³⁸

In the end, Lenz went so far as to completely reverse the roles of the victims, which was not uncommon among German company representatives who were confronted with demands for reimbursement in the post-war years. The heavy burden of restructuring and the achievement of the new managers in steering the company through such a difficult time were emphasized. Lenz not only implicitly, but quite openly suggested that without the Hertie solution, the Tietz family would "certainly have lost all their assets." It is therefore not surprising that "the Tietz family themselves wanted to withdraw and leave the restructuring of their group to the banks." In return, the former owners received an extraordinarily high settlement of seven million RM, "if one takes into account that the restructuring of the company only had to be carried out after the departure of the Tietz family [sic!] and that the creditors were forced to make considerable sacrifices in the process."³⁹ Here the lawyer deviated from the facts or reinterpreted them with the aim of justifying the behavior of the company and all those involved in its "Aryanization". After all, according to the letter of the USREG law, he was concerned with documenting a passive role of Hertie GmbH, in which they had treated the founding family of the department store group in a commercially

fair way and within the bounds of a common business standard. In this context, Lenz also mentioned that the new management of Hertie had campaigned for the Tietz family to obtain special permits to transfer their assets abroad. Hertie was not to blame for the fact that the official permits had not achieved “the desired result.”⁴⁰

Even if it cannot ultimately be clearly documented, it can be assumed that the Tietz family was informed in detail about the relativizing content of the objection letter. It was not only the discrepancies in the perception of the events of 1933/34 and the different views, for example, on the amount of the purchase price paid – the Tietz family assumed three million RM – that must have been perceived as an affront by those entitled to restitution. Rather, it was the choice of words and the sharp tone with which Lenz described the applicants literally as “activists” for restitution that must have been perceived as disparaging and insulting by those affected.⁴¹ With this in view, it is surprising that the negotiations by no means stalled, but were quickly led to an out-of-court settlement. The compensation board played a major role in this, signaling to Hertie’s representatives at an early stage that their line of argument would not hold water in court.⁴² Not least in view of this circumstance, the parallel discussions at the level of the current and former managing directors took place in a different, entirely objective, and constructive atmosphere, according to a later statement by both sides.⁴³

On May 25, 1949, the same day that the objection was filed, Georg Karg met personally with the Tietz brothers and Hugo Zwillenberg in the Munich office of Attorney General Auerbach. Georg and Martin Tietz traveled from New York for these talks and settled in the Bavarian metropolis for a few weeks in anticipation of an expected marathon of negotiations.⁴⁴ At this meeting, Karg presented a very specific settlement offer.

It was based on USREG No. 59, to which direct references were made. The core of the offer was that the Hertie company would transfer the Union department stores in Karlsruhe and Stuttgart in the US zone, as well as the Hertie department store in Munich, back to the Tietz heirs. The prerequisite was that all mortgage charges on the commercial buildings were to be paid off by Hertie in advance. Only the Munich branch was to be left with a burden that had already been placed on it when it was taken over in 1933. This stipulation was to fulfill a key point of the USREG, the restoration of ownership to the status quo before the Nazis came to power.⁴⁵ The draft also provided for a settlement regarding compensation for lost use of the commercial assets. Here, too, Georg Karg gave in by acknowledging that the Tietz owners had not been able to continue running the department stores due to the persecution measures. The compensation for this so-called loss of use was not to be made in monetary terms. No additional payment was planned. Instead, all investments that had changed the asset value of

the property over the past 15 years were added up. The construction investments that had been made in the buildings in 1933 and 1948 were, in a sense, compared with the reconstruction measures that Hertie had invested in the structural substance of the buildings in 1948/49. The Tietz representatives were, therefore, supposed to acknowledge that Hertie GmbH had invested around 2 million RM in modernization between 1934 and 1945 and at the same time declare their willingness to compensate for these services by assuming around 1.25 million DM of the recently incurred maintenance costs as the “new old” property and estate owners.⁴⁶ In this way, the so-called restitution clause of USREG No. 59 was seen to be implemented, which provided for the return of identifiable assets in accordance with their condition before seizure. At the same time, this stratagem was supposed to allow the parties to take into account the asset value of the properties and the difference between the higher market value of the properties located directly in the city center, which had not been measured in the “Aryanization process”. At the same time, it was meant to offset the lost benefits of use of the old owners during the regime years against the mortgage debts they were burdened with at the time of transfer. This was an extremely pragmatic concept that spared the parties the difficult task of retroactively assessing the value of each individual property unit. For the Tietz family, such an approach also ensured that they would now receive back their three commercial houses without any mortgages and in good overall condition.⁴⁷

The actual core of the settlement proposal, however, was that the Tietz heirs would lease the commercial buildings that had been restituted to them back to the Hertie company immediately after the contract was signed. The basic idea was that this would enable the department store group to continue using the branches. At the same time, a long-term lease, calculated on the basis of a percentage share of sales, would allow the founding family to participate in the company’s future success and compensate them sequentially for the loss of their family firm.⁴⁸ Such a solution restored legal certainty and gave the Hertie Group time to reduce its restitution obligations in installments, as it were, in view of the still difficult economic situation.

On the basis of this settlement proposal, further consultations between the parties took place over the next two days. The negotiations took place in the Munich office of Fritz Neuland, who had already run a successful law firm in the 1920s together with the later Bavarian Prime Minister Wilhelm Hoegner. During the Nazi era, Neuland, like all Jewish lawyers, lost his license to practice, but continued to represent Jewish victims of persecution as a legal consultant. From 1942 onwards, he was forced to do several years of forced labor. Then, shortly before the end of the war, he went into hiding with family and friends, and in the summer of 1945, he reopened a law firm that increasingly specialized in *Wiedergut-*

machung cases.⁴⁹ Thanks to a historical coincidence, we have access to a closer look at the course of the negotiations concerning the Tietz claims at the end of May 1949: Fritz Neuland's daughter, Charlotte Knobloch (born 1932),⁵⁰ took part in the discussions as a 16-year-old listener. In a contemporary witness interview, she reported that, among other things, long-time president of the Zentralrat der Juden in Deutschland (Central Council of Jews in Germany) and the Israelitische Kultusgemeinde München und Oberbayern (Israelite Religious Community of Munich and Upper Bavaria), in addition to Georg Tietz, Martin Tietz and Hugo Zwilkenberg, Charlotte Kücher-Eigner and, on the side of those liable for restitution, Georg Karg and presumably Guido Schell and Otto Lenz took part in the meetings. From her memory she stated, that she was surprised and – given her immense knowledge of the thousands of robberies and murders during the Nazi era – at the same time annoyed at how friendly and conflict-free the negotiations were. It was obvious that the parties had known each other personally for a long time and were looking for a pragmatic solution together in a relatively agreeable atmosphere. Georg Karg and the Hertie representatives no longer denied the legitimacy of the restitution claims at the large wooden negotiating table, but rather cooperated in meeting the Tietz family's demands. During the talks, they hardly dealt with the past and the circumstances of "Aryanization" anymore, but instead sought a mutually acceptable conclusion aimed at the future.⁵¹ On this constructive basis, the negotiations were quickly successful. On the evening of May 27, 1949, Auerbach finally reported that the deal had been concluded. The parties had agreed in principle to reach a settlement on the basis of Karg's proposal. He commented with relief: "I believe that we are providing our economy with a great service by doing this."⁵²

Not only the mediator, but also the Tietz family welcomed the agreement. This is evidenced by private letters from Georg Tietz in which he informed his children about the progress. At the beginning of June, he reported that after long, exhausting negotiations, "some calm had finally set in. The current status is that, as requested, all of the properties of the department stores in Munich, Stuttgart and Karlsruhe have been obtained, along with warehouses in the southwest and two residential buildings each in Munich and Karlsruhe. To settle the claims relating to their displacement from Hermann Tietz OHG, Hertie will pay up to a sum of 30 million DM. However, this will be in annual installments for twenty years, which will be determined based on a percentage of the turnover from the current business. In any case, I will get back between 12 and 17 million DM for my part,"⁵³ commented Georg Tietz, who evidently felt that his financial expectations had been fulfilled.

From the historian's point of view, it is ultimately difficult to assess commercially whether the payments and restitutions listed here actually corresponded to

an adequate equivalent value of the losses suffered by the Jewish victims of the “Aryanization process”. For such a calculation, the handling of the company assets that have to be considered individually is too complex, and the number of unknowns is too high. For example, the structural condition of properties, renovation needs of buildings as well as regional market prices for the prime locations would have to be considered. After such a long time, these are usually impossible to reconstruct and cannot be identified from correspondence. But what we can say is, that generally the purchase prices for Jewish companies or real estate were – under pressure from the Nazi authorities – calculated on the basis of the significantly lower net asset value after 1933. This meant that only the basic substance values from the company books were taken into account. The significantly higher goodwill value, which would include the potential for future profit and a fair market value, was not considered.⁵⁴ Obviously, the Tietz family and Hertie refrained in the restitution process from a detailed calculation of what would have been a “fair” price for pragmatic reasons, which would have lengthened and complicated the process. In the practice of this restitution case, it was more important to both parties to reach a solution in which both sides could find common ground and see their interests taken into account. This was reflected above all in the respectful way they dealt with each other.

However, overall, Georg Karg and Hertie showed in this, ultimately ethical aspect, both strengths and weaknesses. Reading the sources gives the impression that both sides in the negotiations increasingly switched to a factual mixture of distance and concession. For example, Georg Tietz reported in his private letters how much the long negotiations and the stay in Germany had burdened him: “We are all fed up with Munich and living too close together, and it takes all my competence not only externally and towards Zwillenberg, but also internally to keep us all on course, living together and doing productive work – when everything is finished I will need a vacation.”⁵⁵ The strenuous debates also caused tension within the Tietz and Zwillenberg families, which were ultimately also due to their different experiences of persecution. Hugo Zwillenberg apparently left the negotiating table at times because the discussions seemed like a burden to him. The family members tried to appear confident and consistent towards the defendants, acting in different roles as, literally, “the tough one” and at other times “the lenient one” when it came to the still extremely difficult negotiation of “formulation, details and secondary instruments, etc.”⁵⁶

Regarding his impressions from the meetings with Karg, Georg Tietz admitted that he too had changed roles. At first, Lenz and the Hertie managing director took a defensive stance. But then the discussions took place in a more pleasant atmosphere, “since Karg has made every effort to be friendly towards us from the moment of our substantive agreement, and we are also able to tolerate him.”⁵⁷

Wherever common interests were touched upon in the negotiations, the parties quickly found a forward-looking form of cooperation. This related, for example, to a construction project in Berlin, about which Tietz remarked: “We have already taken steps against the second purchaser at his [Karg’s] request in order to thwart the construction of a commercial building on 2nd Kant-Joachimsthalerstrasse in Berlin that Victoria wanted to build there.” The property was a former Tietz property in an excellent location in West Berlin that Viktoria Versicherung had taken over from Hertie following the group takeover. “Perhaps the new K.D.W. [Kaufhaus des Westens] will be built on the second or third floor on this site,” said Georg Tietz, describing the informal joint plans.⁵⁸ Similarly, Tietz and Hertie found a common line regarding how to deal with any tax burdens that arose from the settlement. On this point, it was easy to reach an agreement since potential taxation undermined both Hertie’s efforts to rebuild the company and the idea of *Wiedergutmachung*: “[. . .] the Germans normally make amends by giving something with their right hand and taking everything back with their left fiscal hand,”⁵⁹ criticized Tietz. In fact, the applicants were threatened with high tax burdens in Germany as well as in the USA, since the benefits paid to them were subject to income and wealth tax. A one-off payment was hardly feasible for the applicants in view of the high tax burdens to be expected. Even dividing direct compensation payments into installments would have only minimally reduced the tax amount. In contrast, the idea put forward by Karg and his advisors of a “filigreed leasing scheme”⁶⁰ for the restitution-related claims appeared to be significantly more advantageous in tax terms. Ultimately, this solution was a clever tax maneuver by the two negotiating parties, which is documented here for the first time and was specifically based on the models of asset organization in the hands of separate operating and property companies that are common in the department store industry. However, this special approach required a legal review and the approval of the responsible Bavarian tax authorities, since there was a need for further clarification in the context of the lease regarding the handling of land, value improvement and related separation tax obligations. As it turned out, the Bavarian state government was open to the chosen alternative. With the support of Georg Karg, the family began negotiating with an interministerial commission headed by Philipp Auerbach and the Bavarian Minister of Finance, Hans Kraus,⁶¹ in the summer of 1949. Despite the complex nature of the matter, both were willing to cooperate and were on friendly terms, as evidenced by the fact that Georg Tietz referred to the members of the commission in his correspondence as “friend Auerbach” and “friend Kraus.”⁶² From this perspective, he soon became optimistic that an amicable solution would be reached.

At the end of July of that year, a viable compromise proposal was finally made: Hertie GmbH committed to paying an annual flat tax of 100,000 DM to the Bavarian Ministry of Finance. This included the Tietz family’s share of tax of

25,000 DM per year, which Karg was also to withhold in advance from the revenue share for lease compensation to the previous owners. In total, the German tax burden of the family members amounted to a moderate 500,000 DM over a twenty-year lease period.⁶³ Hertie GmbH, as the operating company, assumed three quarters of the annual burden, i.e. the remainder of 75,000 DM per year, and thus took on a proportionate share of the land charge and value adjustment levies (*Wertbesserungssteuer*) of the Tietz family, who were now able to take over their properties largely free of encumbrances.⁶⁴ This approach consequently concealed additional restitution payments from the group to the family amounting to around 1.5 million DM.⁶⁵ However, this concession also paid off for Hertie, since in return it also received preferential tax treatment from the Bavarian tax authorities. The latter agreed that Hertie could record the interest payable on the capital value of the debts as well as property taxes and equalization levies as business expenses and thus make them tax deductible. In addition, the value of the Munich department store's business equipment was permitted to be increased to seven million DM and depreciated annually at ten percent. In this way, the restitution payment was subsidized by the Bavarian state in terms of taxation in the long term.⁶⁶ The authorities involved actively worked to balance the claims and obligations of those involved through this preferential treatment. However, it would take until autumn 1949 until all the technical questions had been clarified and the conditions for signing the settlement had been created.

The Settlement with Hertie in 1949: Restitution by Leasing

On October 10, 1949, Hertie GmbH and the Tietz family concluded the restitution settlement before the Upper Bavarian Restitution Authority, which was comprehensively documented in the text of the contract and the minutes of the meeting. Georg and Martin Tietz, their legal representative Siegfried Neuland and Fritz Mosse for the estate of Betty Tietz attended the meeting on behalf of the applicants. Hugo and Elise Zwillenberg were represented by their Düsseldorf lawyer Walter Schmidt. Hertie was represented by Otto Lenz and Georg Karg as well as his son Hans Georg, who had previously been involved in the negotiations at certain points.⁶⁷ In addition to Hertie GmbH and its eight real estate companies, Union Vereinigte Kaufstätten GmbH in Munich joined the proceedings. The company was specifically founded by Hertie before the contract was signed in order to take over the processing of payments and the implementation of tax agreements as a holding company based in Bavaria. Hertie GmbH – “Hertie East” – also transferred its department store operations in Munich, Stuttgart and Karls-

ruhe with all assets and liabilities to the Union GmbH – also referred to as “Hertie West” in the contracts – in order to enable the settlement.⁶⁸

After a brief statement that they had reached a settlement on the requested restitution claims, the participants enshrined one of the central points of their agreement: the determination of the material, temporal, and spatial scope of application. This gave the settlement a generalized character. In return for the settlement of their claims, the Tietz representatives declared themselves willing to waive all future claims within the scope of the current restitution legislation of the western occupation zones and West Berlin.⁶⁹ Such a clause was quite common in the restitution proceedings for commercial assets in the 1950s and 1960s. On the one hand, the general clause was intended to give those liable for restitution legal certainty for the continued operation of their business. On the other, it was often an indispensable way for applicants to speed up the proceedings and avoid being forced into decades of legal disputes by the defendants.⁷⁰ Accordingly, the participants stipulated that the restitution authorities in Hamburg, Berlin, Frankfurt am Main, and Wuppertal would also be informed of the settlement. The restitution applications submitted in parallel in these other cities were thus deemed invalid.⁷¹

At the same time, the parties unanimously requested that all property control measures against Hertie be lifted, the accounts unfrozen, and the restitution notes deleted from the land registers.⁷² However, both sides refrained from commenting on the circumstances of the “Aryanization” and thus on the behavior of the defendants under the conditions of the dictatorship. Consequently, there are repeated examples in the text of the settlement in which the parties asserted that the events were solely due to the discriminatory political circumstances or “the tragic conditions for Jews in Germany”⁷³ under the Nazi regime. However, exempting the purchasers from moral responsibility in this way in order to reach an agreement was apparently out of the question. In the settlement itself, the general stipulation was simply stated: “The Tietz family guarantees that the subsidiaries that remain with it or that were later founded by it will waive any kind of claims for reimbursement against Hertie and its subsidiaries.”⁷⁴ Proceedings against third parties that would be brought based on the contracts of 1933 and 1934 were to be discussed in advance with Union GmbH in Munich and approved by it. At this level, Hertie and the Tietz family declared that they wanted to work together in the future not only as operators and tenants, but also on future issues of reversing ownership in the department store sector. The joint approach in the Viktoria case was, therefore, to serve as a model.

The parties found a similarly cooperative solution with regard to the still open question of how to deal with the currently inaccessible property in the area of the Soviet occupation zone. Due to the circumstances, they agreed in advance

on a settlement solution based on the model of a land swap. In the course of this, the Alexanderplatz property was to serve as compensation for all other Berlin properties owned by Tietz, while the house and land on Frankfurter Allee in Berlin were intended as restitution for all other claims in the greater region of the so-called Eastern Zone. As soon as an option to regain these properties arose, they agreed to inform each other and pursue their interests together.⁷⁵

Tab. 12: Properties returned according to the settlement of October 10, 1949.⁷⁶

Location	Address	Property type
Munich	Bahnhofplatz 7	department store
	Luitpoldstraße 9	residential building
	Luitpoldstraße 10	residential building
Stuttgart	Königstraße 27	department store
	Königstraße 29	department store
	Königstraße 112	department store
	Schmale Straße 6	residential and commercial building
	Steiermärker Straße 5	warehouse
Karlsruhe	Kaiserstraße 92	department store
	Zähringerstraße 79	warehouse
	Herrenstraße 7	residential and office building
	Herrenstraße 9	residential and office building

The focus of the settlement was the detailed procedure for how the claims for restitution were to be fulfilled. As already stated in the preamble, this was done in two steps: firstly, the return of the southwest German properties, and secondly, the leasing back to Hertie GmbH.

In the course of the direct restitution transfer in kind, a total of twelve, partially connected properties from the possession of Hertie-West were transferred to the ownership of the Tietz family (Table 12).⁷⁷

Within the group of those entitled to reimbursement, the family agreed on a distribution key according to which Georg and Martin Tietz each received 35 percent and the Zwillingenbergs 30 percent of the ownership shares. The land register entries were made accordingly. In a memorandum signed on the same day as the settlement, the family agreed to pursue and manage the claims and obligations arising from the restitution agreement in a harmonious manner.⁷⁸ If it were necessary for the family to make joint statements, claims, or approvals for the restitution process, it would be sufficient for two authorized members or heirs from the three family groups of the two brothers Tietz and Hugo Zwillingenberg to give their consent.⁷⁹ This was intended to make it easier to coordinate with one an-

other and to act in unison towards Hertie. However, as will be shown later, this well-intentioned arrangement was to cause problems as early as the 1950s. In order to facilitate the financial settlement of the resolution contents, joint accounts were set up for the most part at the Bayerische Vereinsbank. The former secretary and trusted “right-hand woman” of Georg Tietz, Charlotte Kücher-Eigner, was to coordinate the implementation on-site in Munich and to receive the necessary legal powers of attorney from the family.⁸⁰

In a second step, the “new old” owners established a comprehensive usufruct right over the returned properties in favor of Union Vereinigte Kaufstätten GmbH in Munich. The lease was anchored for a term of 20 years until June 30, 1970. On the date of the settlement, Hertie committed itself to a one-off payment of 130,000 DM. The further restitution payments were made in the form of rent, staggered in quarterly installments, which increased in two stages from July 1, 1950 to June 30, 1960 and from July 1, 1960 to the end of the contract term in 1970.⁸¹

The extent of the lease obligations was also divided into three categories based on the type of use of the property. The highest lease rate was estimated for the most valuable properties with department store development. Hertie paid the Tietz family two percent of the turnover of the three department stores in the first decade and 2.5 percent in the second decade for their continued use.⁸² All parties to the settlement, including the tax authorities, made a rough estimate that future annual turnover would be around 50 million DM with an interest rate of up to seven percent. This calculation could at the time only be based on an extremely poor forecast, to which Georg Karg had raised objection in advance.⁸³ In order to protect the Tietz family’s claims for reimbursement against loss of sales, a clause was introduced that guaranteed them a minimum annual lease payment of 600,000 DM in this negative case. Given the indeterminable entrepreneurial risk, it was agreed that the lower benefit limit would be twelve million DM by 1970. In the positive case of prosperous consumer development, the scale was open at the top.⁸⁴

The rents were lower in the second category of property, residential and commercial buildings. The owners initially received a third of the turnover, i.e., the rental income. For the corresponding Karlsruhe properties, they even waived payments, as Hertie in return assumed all taxes, the costs of adequate building insurance, and all applicable burden equalization payments. For the third group, the warehouse properties, it was only stipulated that a local rent should be paid. If agreement could not be reached on the amount, the Chamber of Commerce was to be called in as an expert.⁸⁵ While the family viewed their ownership of the residential and warehouse properties as a long-term capital investment that could be sold at a profit after the lease expired, the sales shares in the department stores formed the actual basis of the refund as a largely tax-free and continuous

property annuity. In order to ensure that their property retained its value over the next 20 years and thus create the conditions for an increase in sales and continuous rent payments, the Tietz family contributed financially to the necessary construction and maintenance costs. However, they left the practical implementation of these measures to the responsibility of the tenant. In the first phase, the family waived half of the turnover-based rent. At the same time, Hertie committed to investing this one percent of sales directly in modernization. The Tietz family had to be informed of all construction measures that changed the value of the houses and demanded that a concrete investment plan be submitted for approval.⁸⁶ A clause on the exclusion of competition served as a further component to secure the reimbursement payments. Hertie undertook not to operate any new department stores in Munich, Stuttgart and Karlsruhe during the lease period without first obtaining permission from the Tietz family. All subsidiaries in which Hertie owned more than 50 percent were also to be subject to this requirement.⁸⁷ The ban protected the right to a share of sales because it prevented Hertie from relocating its business from the traditional branches to specially founded competing companies and thus circumventing its obligations. In addition, this left the family open to operate the department stores themselves again after the lease expired without encountering strong competitors in their immediate vicinity. The exclusion of competition thus guaranteed the preservation of the value of their properties and the opportunity to become active in the department store sector again.⁸⁸ For Hertie, which agreed to this clause quite unhesitatingly in 1949, the competition clause would prove, sooner than expected, to be an obstacle to further growth and diversification of the group.

When the initial "small prosperity"⁸⁹ in the Federal Republic of Germany in the 1950s developed into a sustained drive towards a modern mass consumer society, the department stores profited greatly. New department stores from competitors were built everywhere. At the same time, low-price chains were winning new customers.⁹⁰ From 1952, Hertie also planned to expand its retail space in the major cities of southwest Germany with its low-price chain *bilka*. From the mid-1950s onwards, this situation was to lead to growing dissonance with, and within the Tietz family.

At first, however, the department store boom also had a very positive effect on the Tietz family. The strong growth of the group was reflected in an increase in sales of the leased Hertie department stores, which quickly exceeded expectations. The lease payments were correspondingly higher. The sales figures of the three businesses in 1950, at around 47 million DM, were only roughly equivalent to the 50 million DM range that had been used as a benchmark for comparison. In 1951, total turnover was already over 80 million DM, and in 1954, it exceeded the 100 million mark level for the first time.⁹¹ In 1961, at the start of the second

lease phase, turnover totalled 188.5 million DM. In one quarter alone, business income reached the long-outdated assessment rate.⁹² As a result, the restitution payments for the Tietz family also quadrupled. Around 4.5 million DM (1961) were transferred to their joint accounts annually on the basis of the now 2.5 percent shareholding. In addition to this, there was the rental income for the residential buildings and warehouses.⁹³ The family clearly benefited from the sharply increasing sales during the years of the “economic miracle.” But Hertie also had no problems paying off its now significantly increased compensation payments, since they were easily financed from the growing profits.⁹⁴

Harmonies and Dissonances: The Implementation of the Settlement

From 1955 onwards, the initially calm settlement was overshadowed by the first conflicts, which moved increasingly from the relationship with Hertie into Tietz family relations. The trigger and driver of the dissonances was the legitimate and economically understandable interest of the department store group in clarifying at an early stage what would happen to the Tietz family’s property after the leases expired, and also from its urgent, growing desire to relax the competition clause in order to adapt its sales areas to the increasing demand.

Georg Karg, now 67 years old, had been working intensively on key issues concerning the future of his company since the early 1950s. After the settlement had stabilized the uncertain legal situation of Hertie, and the inglorious past was now to be put to rest, Karg implemented an aggressive expansion strategy by taking over the Wertheim Group, Hansa AG, and many other, mostly family-run department stores, in order to make his company more competitive in the growing competition within the industry. The integration of the new parts of the group urgently required a reorganization of the company structure. By establishing the Karg Family Foundation in 1953, the Hertie boss cleverly combined this task with the arrangements for his own estate and the upcoming succession. Under the umbrella of the company-affiliated foundation, he reorganized the individual operating and real estate companies, directed the inflow and outflow of profits and capital, and secured the financial security of his family.⁹⁵ Karg’s goal of addressing the outstanding questions from the restitution agreement with the Tietz family also fell within the context of these future plans.

Preemption and Expansion: Future Plans in the Corset of Restitution

In the summer of 1954, Karg began negotiations with the Tietz family about the implementation or mitigation of the two contract points. After the death of Georg Tietz in 1953, however, he encountered a new, more complex structure of a community of heirs in which it was more difficult to coordinate common interests. As part of the inheritance settlement of Georg Tietz's estate, his wife Edith, his son Herman, and his daughter Rösli (Roe) Jasen took over the 35 percent lease claims of the family branch from the compensation settlement on March 16, 1955. Edith received three-quarters of the inheritance share (26.25 percent), and the children each received one-eighth (4.375 percent). Edith Tietz also disposed of her husband's estate as executor by power of attorney from her children.⁹⁶ She thus became Hertie's contact person alongside Hugo Zwillenberg and Martin Tietz, who, as the new "senior" of the family, was now increasingly taking the lead in the upcoming negotiations with Hertie.⁹⁷

Only a short time after the Georg Tietz estate had been settled, Georg Karg and Hertie managing director Dr. Guido Schell approached Edith Tietz and made known their desire to agree as quickly as possible on a pre-emption right for Hertie addressing the southwest German properties. Karg had already had initial discussions in this direction with Martin Tietz and Hugo Zwillenberg, and there was soon agreement that the restitution agreement had to remain untouched. Consequently, the resolution could only be a precautionary arrangement regarding the whereabouts of the ownership shares after the leases expired. The only viable solution for such an undertaking turned out to be that the Tietz family would make an early purchase offer, which Hertie could only legally accept by July 1, 1970. Whether and under what conditions the three Tietz groups were prepared to make such a sales offer had to be clarified individually with the respective contact persons. This also applied to Georg Tietz's community of heirs, which now consisted of three so-called fractional owners. Since Edith Tietz had no objection to an advanced settlement, the testamentary representative had the necessary purchase offers prepared individually for her and her children. From a purely technical point of view, the procedure was to be carried out via a preliminary entry of transfer for Hertie in the land register and the entry of an owner's mortgage. The deposited mortgage was, in turn, to be acquired in trust by the *Hamburgische Kreditbank* and paid out to the share owners.⁹⁸ The drafts, which were available at the end of March 1955, directed the purchase offer to the *Westelbische Grundstücksgesellschaft mbH*, a Hamburg real estate subsidiary of the Hertie Group. With an estimated total value for all the properties of around 26 million DM, the agreed selling price for the three inheritance shares was 5.7 million DM. The purchase price was to be divided accordingly among the par-

tial owners of the family branch. In addition, Hertie was to reimburse the payments that had been invested in the redesign of the commercial buildings up to 1955 at the expense of the Tietz family. This corresponded to a further equivalent of around 1.5 million DM.⁹⁹

When it came time to actually finalize the pre-purchase agreements that were ready to be signed, differences of opinion arose within the Tietz family as to how to deal with Hertie's request. Criticism and skepticism, particularly on the part of Rösli Jasen, Herman Tietz, and their uncle Martin, were not so much directed at the actual purchase option, but rather at a side agreement that Georg Karg had initiated in individual discussions with Edith Tietz. The draft contracts of the Georg Tietz heirs had already included a clause that would allow Hertie to use the adjacent properties of the southwest German department stores to expand the retail space during the modernization process. The family was largely positive about this plan, as larger sales areas would also lead to higher sales, from which they would benefit directly. But now Karg also asked the family for permission to build an additional department store in Munich under the label of Hertie's own *bilka* brand. Although such a store in terms of its low-price range was not in direct competition with the much larger "all-round suppliers" under the Hertie name *Union*, the plan clearly violated the exclusion of competition clause in the 1949 settlement.¹⁰⁰ Martin Tietz warned Georg Karg not to mix up these two central issues and to ensure a consistent flow of information for all parties involved. Herman Tietz and his sister even refused to cooperate on principle under these conditions.

Rösli Jasen, usually represented by her authorized husband Kurt, made her position clear by deliberately withholding her mortgage declarations, which had to be deposited in order to conclude the pre-purchase agreement. The Hertie side reacted angrily to this pressure. In particular, the sharply worded demands of the managing director Schell to sign the papers further poisoned the atmosphere. He wrote in November 1955: "We hope that you will fulfill your obligations in the interests of continued good cooperation, but we would like to leave no doubt that we will abandon our previously always accommodating attitude towards the relatives of Mr. Georg Tietz if you do not keep the obligations you have entered into with us."¹⁰¹ Rösli Jasen then turned to Georg Karg personally. She made it clear that, given that negotiations were being conducted using ultimatums, she was not prepared to continue to correspond on the matter: "This form may be successful for others, but under these circumstances I refuse to make any statements, no matter how insignificant. If you wish that the contracts concluded between me and the *Westelbische Grundstuecksgesellschaft m.b.H* should be cancelled, I am happy to negotiate how this can best be done."¹⁰² Obviously personally hurt, she added: "I am the daughter of Georg Tietz and the granddaughter of Oskar Tietz, the founder of the company whose name Hertie you still bear with pride today."¹⁰³

It is clear that Hertie, from the now self-confident position of a growing large corporation, treated the Tietz family more and more as ordinary contractual partners who were to be induced to act through pressure. This lack of sensitivity had a degrading effect on those affected, whose memories of “Aryanization” and persecution were still very vivid.

At the same time, in the autumn/winter of 1955, Rösli sought close contact with her mother. In an extensive correspondence, she expressed her irritation at their frankness in Hertie matters. In fact, Edith had just reported to her “dear partners,” i.e. her brother-in-law Martin and Hugo Zwillenberg, that she had no objections to new buildings being built in Munich, Stuttgart or Karlsruhe. The only thing that still needed to be negotiated was how the Tietz community would share in the turnover in this case.¹⁰⁴ At this point, the three representatives of the family group had already received informal compensation offers from Georg Karg. In them, he declared himself willing to give the Tietz family a one percent share of future turnover.¹⁰⁵ He rejected the accusation that his move was undermining the restitution settlement. Instead, he insisted on the relevant settlement clause, which stated that the competition provision only applied to companies in which Karg or other holders of Hertie shares owned more than half of the capital. Since this was not the case with bilka, the company could not be assigned to Hertie.¹⁰⁶ Rösli rejected the argument that bilka did not belong to the group – quite rightly – as a clever ploy to mitigate the families’ claims and circumvent the competition clause. In fact, a separate bilka company with appropriately adjusted ownership structures was to be created in Munich. The Berlin-based holding company of the same name, however, was completely under the control of Hertie.¹⁰⁷

With these developments in mind, Rösli warned her mother against getting too close to Karg and Schell. At the same time, she pointed out the potential financial consequences of being too lenient. Ultimately, she argued, it was not just about appropriate compensation for the stolen assets, but more about preserving the intellectual legacy that her ancestors had built up over the years before the war. “Is the name Hertie or Union worth nothing?” she asked provocatively. If you look at comparable cases, Rudolf Mosse, for example, received one million DM and a 20 percent share of the profits just for the successor companies to be allowed to continue using the name Rudolf Mosse Code for telegram encryption. If they were to settle for no compensation or such a small one, “it would mean a gift of many millions to Hertie.”¹⁰⁸ In all negotiations about expansions, it was assumed that Hertie’s total turnover in the city in question would subsequently be included in the calculation of the restitution payments. At the same time, she asked her uncle Martin Tietz “to advise my mother with all her heart not to agree to any changes to the original restitution contract drawn up by you and Daddy.”¹⁰⁹

However, after intensive discussions within the family, Rösli Jasen gave in and finally signed the mortgage documents for the department store group's pre-emption offer in April 1956, a good six months after her mother. The purchase price remained at 5.7 million DM, which was to be paid immediately, but only half of this went to Edith Tietz and a quarter to each of the children, 1.425 million DM.¹¹⁰ This deviation from the original distribution of the share ownership within the community of heirs was not a concession to Herman Tietz and Rösli Jasen, as might have been assumed at first glance. Rather, this branch of the family had agreed in the inheritance settlement to raise the claims for the restituted estate objects to the level of the German compulsory share.¹¹¹

By giving in, the Jasen couple submitted to the majority wish of the family, at least on this point. Overall, it proved to be a difficult task to balance the individual interests and opinions of the six family members involved, along with their respective legal representatives in Germany and the USA. However, Martin Tietz was not the only one who made every effort to act as a mediator, both internally and externally. Charlotte Kücher-Eigner's Munich "family office" became the secret hub, where documents, drafts, and information were collected and distributed. This is where the payment statements were prepared and posted, the monthly sales and investment reports were received, and the numerous trips and telephone and personal meetings of the various family members with the Hertie management were coordinated. As the at least partially preserved correspondence documents for the second half of the 1950s show, the intensity of the dialogue within the family and the frequency of the exchange with the Hertie Group was extremely high, especially during the heated phases of the negotiations. Personal consultations took place monthly, sometimes weekly, to which the Tietz family traveled from their homes in the USA, Switzerland, the Netherlands, or Berlin. In addition, contact was maintained primarily through short letters, which Charlotte Kücher-Eigner regularly exchanged with Edith Tietz in New York, for example. The private secretary was more than just a dutiful employee. For 'Mr. Martin' and Messrs. Zwillenberg and Jasen, she acted as an informal but distant contact person, for Rösli Jasen and especially Edith Tietz, as a close confidant and sometimes also a sounding board.¹¹² Through this method of communication, the family initially managed to maintain the goal it had agreed on in 1949, to act with a healthy degree of unity towards Karg and Hertie and, as happened in this case, to have a collective disciplinary effect. However, this did not mean that the individual family groups did not also come to their own agreements with the company in the negotiations. And thus, shortly after Edith, Martin Tietz and Hugo Zwillenberg also came to an agreement with Hertie about the future fate of their land shares after the lease. The Zwillenbergs likewise agreed to sell their properties to Hertie as a whole package for at least 7.5 million DM.¹¹³

Martin Tietz chose a different path. On February 18, 1956, he made Georg and Hans Georg Karg an offer to extend the usufruct provision until December 31, 1985. In return, the lessee, Union GmbH, would pay 1.1 percent of the annual turnover of the buildings, but at least 700,000 DM annually. Martin Tietz clearly planned to keep this property in his own hands for himself and his heirs and to continue working with the Hertie Group. This supposition is further supported by the fact that he also obliged Hertie to offer him co-ownership as soon as the company expanded its business premises in the cities or opened new sales outlets.¹¹⁴

The emerging tensions from these critical decisions could only be calmed for a short time. The reason was that Edith Tietz, in consultation with Martin Tietz and Hugo Zwillenberg, decided to approve the controversial extension agreement in Stuttgart. Karg's primary concern was to open a restaurant area for the Union department store in an adjacent commercial building.¹¹⁵ The Jasen couple inevitably felt ignored. In their role as joint owners, they also demanded to be heard in all negotiations and decisions. The conflicts thus led to an obvious weakness in the restitution agreement: namely, a personal and thus uncertain regulation of the powers of attorney for legal representation on the Tietz side. Edith Tietz, as the executor of her husband's will, saw herself as authorized to represent her branch of the family in accordance with the settlement agreement together with her brother-in-law and Hugo Zillenberg. It was stated there that the consent of two of the three former owners of Hermann Tietz OHG was sufficient to make joint statements. The Hertie management also followed this opinion, accepting its important negotiating partner as the authorized representative and sole representative of the community of heirs, certainly also for pragmatic reasons.¹¹⁶

Rösli now fundamentally doubted this interpretation. In far-reaching decisions that affected the interests of all owners, every member, she felt, should also be able to exercise their right of consent. Legally, after Georg Tietz's death, an undivided community of heirs took his place. The decision-making rights were therefore indivisible, and had to be exercised individually by the three heirs.¹¹⁷ In her opinion, the executor's authority only extended to the movable parts of Georg Tietz's estate still in Germany, but not to the immovable assets.¹¹⁸

Despite this objection, the Jasen couple ultimately did not openly oppose the Stuttgart project. Nevertheless, the different positions would prove to be a heavy burden for the debates that would arise in the following years about the opening of a bilka department store in Munich.



Fig. 37: Union department store in Stuttgart 1954.

Frictions and Factions: The Battle over the Details of the Expansion Plans

In the summer of 1958, the Jasens again turned to Georg Karg. This time with the message that they had learned from a third party that Hertie was continuing to negotiate new department store openings behind their backs. They made it unmistakably clear that they would treat any kind of agreement without their express consent as a violation of the restitution agreement. Karg must have taken as a threat the suggestion that in such a case the couple would also declare the pre-purchase agreement concluded in 1955/56 null and void.¹¹⁹

In addition, Rösli Jasen rejected her mother's offer to clarify the distribution of rights and obligations within the community of heirs. She rejected the revised draft of an inheritance settlement because Edith as the executor of the will of her husband still wanted to take the lead in dealing with Hertie. The co-heirs were only to be granted a limited right to information and consent. Instead, Rösli Jasen tried to have all the powers of representation that she had given her mother in 1955 revoked.¹²⁰ The Munich Regional Court, which intervened, followed her argument that there was a risk of overstressing these powers in the sense of a permanent testamentary execution. However, the Stuttgart Land Registry rejected an application to delete the note on the testamentary execution as unfounded.¹²¹

Due to this uncertain situation, Hertie began to enter into negotiations directly with the couple Jasen and Herman Tietz about the conditions under which they would be prepared to give up the competition clause in general or in individual cases without violating the 1949 contract.¹²² Both Karg and his legal advisors were aware that the Jasens could permanently block all of his future plans. However, the mood in which the talks were held continued to deteriorate. When Herman Tietz repeated his expectation that in return for approval at the usual rates they would receive a share of the group's total urban turnover, he received the flimsy answer from Guido Schell, "this is illogical because the existing houses are the property of the Tietz family and the new houses to be built are the property of Hertie or its subsidiaries." If the company did not agree with the one percent increase in sales remuneration offered by the group, he repeated his position, "we would have no other option [. . .] than to set up a company in which Karg would not have a stake of more than 50 percent."¹²³ This reaction from Hertie showed less a willingness to respect the statutes of the restitution settlement in the intended sense than to circumvent them.¹²⁴

The community of heirs' tone in dealing with each other also became sharper in the winter of 1958. It should be noted that Edith Tietz and her children were in fact able to separate business and private matters. In the substantial correspondence there are many passages – familiar greetings, inquiries about their well-being, or descriptions of everyday life – that suggest a friendly relationship. In the matter at hand, however, the respective viewpoints were expressed in an unvarnished manner. It is to be assumed that large parts of the legal texts were preformulated by legal representatives or by Kurt Jasen. When asked about the conflicts in a personal interview by the authors of this book, Rösli Jasen confirmed this assessment with the pragmatic statement: "Some had their own lawyers, others had theirs. So we always came to a solution with Hertie and among ourselves."¹²⁵ In this sense, the emotions were directed less at the family than at Hertie's behavior. Suspicion was completely foreign to her mother, according to Rösli in 1959. The Hertie Group had exploited this leniency through its one-sided negotiation:

It is my conviction that the real differences are not between my mother and me, but between your interests and mine. Since you have complete influence over my mother through her advisors and lawyers, and since I refused to give my unconditional consent to all of your measures, you have tried to negotiate exclusively with my mother and exclude me. As you know, I have received various complaints about your accounts, and I drew your attention to them [. . .] Above all, however, I refused to give my consent to an agreement that would give Hertie the right to open a new building in Munich without adequately protecting the interests of the property owners of the existing buildings.¹²⁶

The impression of Georg Tietz's children was that Hertie, in the person of Guido Schell, was trying to drive a wedge between the family members. Their mother did not have enough business experience to be able to form her own opinion, especially in legal matters, said Rösli Jasen.¹²⁷ Viewed differently, their mother, but also Martin Tietz and Hugo Zwillenberg, had a good degree of trust in Georg Karg and his advisors. This in turn suggests that, despite their difficult shared past, a respectful closeness developed. In internal correspondence with Charlotte Kücher-Eigner, Edith Tietz confirmed this impression. She said that in the last difficult months she had "constantly stood up for one thing: namely the inviolability of Karg and that of my representatives."¹²⁸

Against this background, Edith Tietz felt compelled to take a step that would in no way lead to a deescalation of the situation. On February 20, 1959, she informed her children that she had decided to make use of her right as executor of her husband's will as a means to reach a settlement of her inheritance and the claims against Hertie. "I will pay you out accordingly. [. . .] In the hope that all disagreements between us have now been resolved, I am, with warm regards, your mom."¹²⁹ According to a valuation report by the Berlin Treuverkehr-Deutsche Treuhand AG, she set a sum of 2.69 million DM as the settlement amount, half of which she transferred to the accounts of each of her co-heirs without being asked to do so. She had received the money for this move as a loan from Georg Karg. The Treuhandverkehr was selected on the recommendation of Guido Schell, and was therefore a closely coordinated measure.¹³⁰ This explanation of her actions is also supported by the fact that Edith Tietz and Hertie had a new pre-purchase agreement notarized on the same day. With this agreement, Edith Tietz, as the presumed sole owner of the 35 percent shareholding, transferred all remaining claims, rights and obligations from the restitution settlement to Hertie as of July 1970. This step was also to be carried out immediately in the event of her premature death.¹³¹ The aim was to bring the long-stalled attempts to clarify the pending questions of subsequent ownership to an end.

Edith's daughter initially reacted angrily to this move. She expressly declared that she did not agree to the settlement of her current claims. There was no passage in her father's will that would legitimize such a step. Instead of the stated intention of reaching an amicable agreement, it was more likely that "I should be kicked out."¹³² She immediately returned the severance payment.¹³³

At the same time, Kurt Jasen also turned directly to his mother-in-law. His criticism was well considered, and he was particularly concerned that Hertie and a very obviously biased trust company were behind the action. Even if a one-off payment were considered, the calculations of the severance payment were biased, since the claims still outstanding up to 1970 had only been calculated on the basis of current sales; neither the expected increase in sales nor a potential ex-

pansion of Hertie branches was taken into account.¹³⁴ These were arguments that also hold up when looking back at a historical analysis, since an insufficiently specified future component was added to the contemporary value of the claims at the end of the 1950s.¹³⁵ A more precise calculation would have put the individual claim value of the fractional owner alone at around 2 to 2.3 million DM. With this in mind, the Jasen couple were once again concerned that their mother and mother-in-law were being taken in by Hertie. At the same time, however, the Jasens were open to personal discussions so as not to place additional strain on their private family ties.¹³⁶

Outside of Georg Tietz's branch, the family did not initially appear to be permanently divided – on the contrary: Edith and Martin Tietz as well as Hugo Zwillenberg now also apparently found a basis for reaching an agreement with Hertie on the upcoming future issues. On April 9, 1959, they jointly approved Hertie's opening of an additional bilka branch in Munich. For this concession and as compensation for possible loss of sales that could potentially arise in the local Hertie department store due to competition within the group, Hertie paid the family an annual sales commission of one percent of bilka's revenue, which was expected to add up to a minimum of another 100,000 DM per year. The only requirement was that the sales area of the new department store be limited to 5,100 square meters.¹³⁷ Legally, this agreement initially constituted an exemption from the competition clause of the reimbursement settlement and thus had no precedent for possible further expansion projects. Certainly, as Charlotte Kücher-Eigner described it, the negotiations were tough and, not least due to the disagreements within the family, also put a strain on the health of Martin Tietz, who was trying to moderate the negotiations. Nevertheless, an agreement acceptable to both sides was reached (Fig. 38).¹³⁸

Behind the description of difficult conditions lay the fact that the conflicts between Hertie and the Jasens continued with unabated intensity in 1959. Hertie approached the Jasens and Herman Tietz with new offers of negotiation. Their aim was above all to clarify the fundamental question of which of the heirs had the legitimacy to exercise the rights and obligations of the settlement. Bruno Klein, the Berlin-based legal representative of Hertie GmbH, was already in March 1959 no longer ruling out filing a declaratory action in order to resolve the simmering conflicts of representation in a way that was legally sound.¹³⁹ The positions were clear and hardened. Rösli Jasen continued to doubt her mother's right to represent her, refused to accept the new inheritance settlement and considered any expansion of the department store without her consent and an adequate 2.5 percent share of the sales to be a breach of the law.¹⁴⁰ She, for her part, openly toyed with the idea of taking legal action against the Hertie management. In preparation for this, she commissioned a comprehensive legal report from a Hamburg

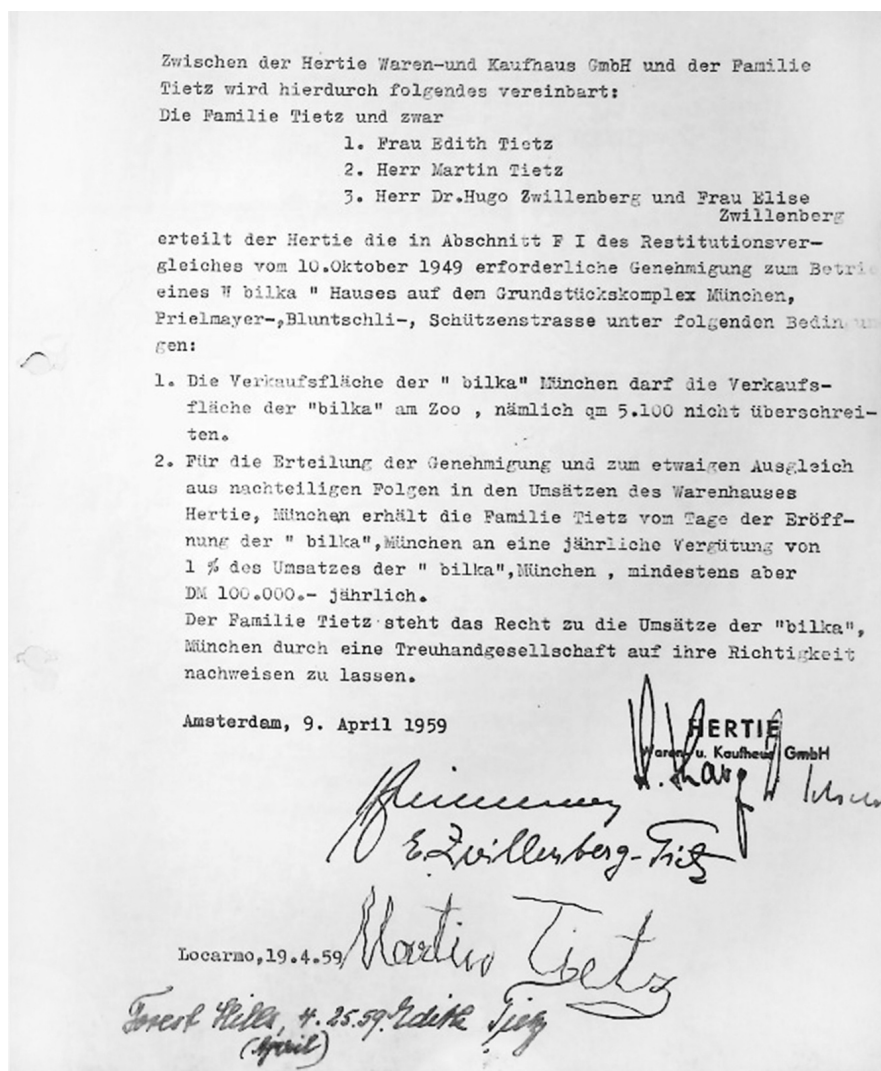


Fig. 38: Approval contract for the construction of a bilka branch in Munich, April 9, 1959.

professor at the Max Planck Institute for Foreign and International Private Law, Prof. Dr. Dölle, to substantiate her position.¹⁴¹ In doing so, she also had the assessment basis and the practiced method of paying out the sales share via a joint account of the executor of the will, meaning Edith Tietz, examined. The background to this was that with the initial payment from her mother that she had rejected, no more payments from the settlement were made to her. What was to prove par-

ticularly unfortunate for all those involved, however, was that the legal opinion was followed by a new discussion of whether the settlement payments were actually legally lease payments or restitution payments. Simply by raising this question, not only the implementation of the settlement was now in question, but also the tax agreement with the Bavarian tax authorities.¹⁴² Hertie, in the person of Guido Schell, asked for restraint on this point, even if his company itself was not affected by this tax issue:

However, as you yourself probably know, there is a very great danger for the Tietz family if your opinion were to be accepted as correct, because then of course the tax benefits [. . .] would, in our opinion, be retroactively cancelled and thus the members of the Tietz family would have to pay taxes on all of these payments; the consequences that inevitably arise with regard to foreign taxes should also not be overlooked.¹⁴³

Hertie now sought above all to calm all parties down so as not to lose the Jasens at the negotiating table. The management repeatedly asserted that “we have no reason to exclude you.”¹⁴⁴ In June 1959, the first cautious rapprochement began. The Jasen couple indicated that they could imagine dropping their claims if the compensation was recalculated and appropriately based on Hertie’s growth potential.¹⁴⁵ Just when their diplomatic efforts were beginning to bear fruit, Hertie counteracted their efforts with a move that temporarily put a great strain on relations with the entire family.

The trigger for the argument was a construction fence near the Stuttgart train station. While traveling through Stuttgart on his way to Switzerland, Kurt Jasen discovered a large construction site with a poster on the roadside indicating that Hertie was the developer. The other family members were informed and Charlotte Kücher-Eigner was asked what this project was about. It turned out that a new department store was being built for a “Kaufstätten für Alle, Zweigniederlassung Hertie Waren- und Kaufhaus GmbH (KfA).” A single-storey branch of this Hertie offshoot had already existed in Stuttgart before the settlement was concluded, and was therefore not taken into account as an existing property by the negotiating parties in 1949. The company had been founded in 1945 by two local merchants and had initially been temporarily housed in the so-called *Wilhelmsbau* from 1948 onwards. Shortly afterwards, the KfA was absorbed by Hertie.¹⁴⁶ Hertie managing director Schell had informed the Tietz family in passing, via Charlotte Kücher-Eigner, in mid-1959 that the KfA was planning to move to modern premises. But the family was now extremely surprised that “the small KfA” had now been moved to a large, multi-story building in a central location.¹⁴⁷ In an internal memo, their private secretary sensed the consequences: “One thing is certain: something is now starting to happen again, the extent of which cannot be foreseen. I am also under no illusions that terms such as ‘betrayed,’ etc. will be

immediately at hand; they are just waiting to pin something on us.”¹⁴⁸ This subordinate clause was primarily intended for Kurt Jasen, who had warned of this scenario.

But this time he was not the only one who was outraged. Martin Tietz and Hugo Zwillenberg demanded their consent to such a large project and indicated that they were prepared to take legal action.¹⁴⁹ Edith Tietz felt exposed if “it is now wrong or appears to be wrong”¹⁵⁰ that she had always defended Georg Karg as a reliable contractual partner. Legally, the Tietz family could hardly do anything against the project, but they now showed much more distance to the Hertie team and found a new sense of unity. This was especially true within the Georg Tietz Group. On the initiative of Martin Tietz and Hugo Zwillenberg, the family entered into initial talks with Georg Karg and the legal representatives of both sides in the spring of 1960. This time, however, all authorized representatives and also the fractional owners were to be included in the negotiations. Even if it was ultimately not legally clarified whether the relocation of the KfA required such a permit, Hertie agreed to the negotiations. The motivation was certainly that the rights of representation were still unclear. In addition, the department store group was very interested in not having to fight through each future investment program individually in lengthy procedures. In the medium term, a blanket agreement for all Hertie, KfA or bilka projects was the goal.

In June 1960, Director Schell presented the representatives of the opposing party with a draft agreement on the KfA case. In accordance with the established distribution key, they were to receive a share of the turnover of the department store at Stuttgart Central Station in three stages: up to an annual turnover of 30 million DM, an amount of 100,000 DM, an additional two percent of turnover exceeding the 30 million DM mark, and 2.5 percent annually above the 40 million DM turnover.¹⁵¹

The agreement had been prepared in numerous direct negotiations in Berlin and examined by the lawyers of the authorized representatives. As can be seen from internal letters, the family’s requirement was that all other groups and individual owners accepted the same arrangement. Martin Tietz and Hugo Zwillenberg viewed the signing of the oral agreement as a formality and signed it. Edith Tietz hesitated and waited for the written consent of the Jasens. They initially complained about the detailed wording and finally demanded that the KfA agreement include their own, subsequent arrangement for their share of the sales for the Munich bilka building.¹⁵² This time, Edith showed solidarity with her children, so as not to completely cut the ties in business matters. This, however, aroused the displeasure of her two other relatives. Martin Tietz was disappointed that his mediation efforts had apparently failed.

“As senior boss, he has to experience that everything he does is meaningless because Hertie is being put in a situation that rules out any further good cooperation,” said Charlotte Kücher-Eigner. “Conditions are being negotiated that bring in ridiculous amounts, but a Bilka in Munich [. . .] will not be built for that. [. . .] I openly admit that I no longer understand anything and now have only one wish, and that is not to be drawn into the dispute.”¹⁵³ It could hardly be shown more clearly how difficult it was to balance the interests of all those involved within a complex family structure and how the family’s behavior varied between distance and closeness to Hertie.

The reaction of the Hertie management was again rigorous and now also confrontational. In mid-September 1960, the director wrote directly to Rösli Jasen that he felt compelled to withdraw from the agreement and compensation due to her lack of consent. The newly opened department store in Stuttgart would no longer be operated by the established Hertie branch “Kaufstätten für Alle” but by a newly founded “KfA Warenhaus GmbH.” Georg Karg was no longer involved in this company. The company’s capital, however, was held 50 percent each by Hans-Georg Karg and Brigitte Gräfin von Norman.¹⁵⁴ It was obvious that this was an extremely flimsy step, with which the department store group resorted to the option it had already announced to the family several times, namely to eliminate the competition clause in the restitution settlement by other means. The owners of KfA Warenhaus were Karg’s children, his son worked for Hertie GmbH, and both were beneficiaries of the Karg Family Foundation. “With these interlocking provisions,” commented a lawyer for the Jasens, Hertie “still can not escape its obligation under the competition ban in section F I; the intention to circumvent it is too clear.”¹⁵⁵ In retrospect, however, it can be assumed that this was precisely the department store group’s intention, in order to confidently demonstrate its legal tools in the long-simmering conflict.

This toolbox also included an injunction filed in March 1961 against Rösli Jasen, who was then summoned to the Munich Palace of Justice. Barely 25 years after her escape, the Tietz heiress was thus threatened with being brought before a German court. The conflict over the implementation of the restitution settlement had escalated.

From Legal Dispute to Consensus: Supplementary Agreements on Restitution

Hertie’s injunction was a sure signal that the negotiations over the representation rights and expansion plans had reached a dead end. The Jasens were concerned about their equal treatment and inclusion in the restitution settlement. Martin and Edith Tietz made a sincere effort, in changing factions, to ensure that the

stressful renegotiations with Hertie did not have a negative impact on their family's private life. They certainly had to demand their rights to information and participation more often than they had expected from the company, which was obliged to make restitution, but also eager to expand. Georg Karg and Hertie were fundamentally keen to adapt the clauses of the settlement amicably to the challenges that they faced in the booming department store market. Nevertheless, they did not shy away from defending their business interests by any means necessary, when their expansion plans were threatened to be permanently handicapped. In the winter of 1960/61, Georg Karg and his son Hans-Georg, who managed the Munich stores, were faced with a concrete dilemma. The start of construction of the bilka building, which had been planned since 1955 with all building contracts long since commissioned, was just around the corner. The Stuttgart KfA business building had already opened. However, the Tietz family's approval was still pending, so the company had to push for a decision in order to achieve legal certainty for both projects. Accordingly, the statement of claim accused the defendant Rösli Jasen of deliberately blocking the opening of the bilka store, although according to the restitution settlement two family branches had agreed to the project. She was also obliged to refrain from opposing the relocation and expansion of the department store company "Kaufstätten für Alle" in Stuttgart. As a fractional owner, she was just as ineligible to demand immediate proportional payments from the restitution settlement as she was to demand unilaterally increased rents.¹⁵⁶

The Jasen side responded with a more than 30-page statement of defence and applied to the Munich Regional Court to dismiss the case.¹⁵⁷ At the same time, the defendant commissioned the respected Munich lawyer Rudolf Nörr to represent her and her husband in the dispute with Hertie. The first small success came in July 1961. It was evidently in the ultimate interests of both parties not to let the matter come to a final legal conclusion. It was therefore agreed to enter into personal negotiations with the Hertie management on July 4, 1961. The court date scheduled for the following day was postponed until September in order to discuss the complex issues surrounding the right of representation, the construction projects and the methods of invoicing the restitution payments as comprehensively as possible. Guido Schell stressed that all those involved must now be concerned with finally eliminating the ongoing dangers of objections in restitution matters,¹⁵⁸ while Kurt Jasen noted in a letter to his legal representative that he was prepared to reach a settlement primarily "because I do not want to further worsen the relationships within the family."¹⁵⁹

In the three months that followed, a veritable conference marathon developed between the two negotiators, Jasen and Schell, during which Edith and Martin Tietz as well as Georg and Hans-Georg Karg were also consulted personally. At the end

of the meeting, there were several additional agreements to the restitution settlement: firstly, two settlement agreements on the intra-family inheritance arrangement, and secondly, interests of both parties not to agreement between Rösli Jasen and Hertie. All of the papers were signed on the same day on October 26, 1961 – a fact that once again shows the close connection between the problem areas.

The question of settling the Georg Tietz estate had already begun to move. Herman Tietz cashed out. He accepted the compensation offered to him two years previously for the outstanding lease payments and sold his shares in the department store properties to Hertie for 3.925 million DM. The only exception to this was the property used as a warehouse in Steiermärkerstraße, Stuttgart-Feuerbach.¹⁶⁰

In a first contract from October, Rösli Jasen assured Hertie that, on the basis of a new inheritance settlement, her mother was now the only one authorized to make statements in the context of the 1949 restitution agreement. At the same time, the amount of her ongoing share of the sales turnover was modified by this settlement. With regard to the pending legal dispute, it was noted in the agreement process that their conflicts had primarily arisen from the previous form of invoicing for the restitution payments.¹⁶¹ Therefore, by mutual agreement, they came to the understanding that the provision of services should be strictly simplified. With retroactive effect from October 1, 1961, Rösli Jasen now received a flat rate of five percent of all payments that Hertie made as rent to the other parties to the contract. This rate was around 0.6 percent higher than before. This served to cover future increases in performance, for example in the course of additional building permits, and to guarantee a fair distribution within the Tietz family. No one should be “worse off, but also not better off, than they were after the compensation settlement,” was the credo.¹⁶² The payments due were now no longer to be processed via the joint accounts, but paid directly to the Tietz heiress in order to document her release in this way from the community of heirs.¹⁶³ In return for this agreement, Hertie withdrew the lawsuit at the district court. The one-sided focus of the settlement on these accounting practices had the advantage that both contracting parties were not embarrassed to assess in legal or moral terms the other party’s behavior in the various disputed points. This was a pragmatic approach, as had already been practiced in the negotiations of 1949. The introduction to the agreement concluded in parallel between Edith Tietz and Hertie GmbH, in which the details of the updated inheritance settlement of the estate community were notarized, now seemed much friendlier. The purpose of this agreement, it was said somewhat euphemistically, was “that the harmonious cooperation between the members of the Tietz family and Hertie involved in the restitution settlement is maintained.” This was an expression of intent on which future cooperation was to be based.¹⁶⁴

The core of the agreement was that Edith Tietz would in future be in charge of all rights and obligations arising from her 35 percent share in the restitution complex. She undertook not to sell her share until the settlement rule expired in 1970. If she died earlier or was unable to exercise these rights, they were to be placed in the hands of her New York lawyer Richard C. Flesch, who was appointed trustee in consultation with Hertie and her daughter.¹⁶⁵ In this way, it was documented that Rösli Jasen completely withdrew from the community of heirs in this context. This step was also supported by the fact that she promised to sell the property shares transferred to her to Hertie for a fee after the dispute had taken place. This reduced the number of legitimate contacts for the department store group to the already well-established circle of Hugo Zwillingen and Edith and Martin Tietz.¹⁶⁶

The last component of this package of additional contracts to the original restitution settlement was the sale of Rösli Jasen's share of the property to the company. In this case, it was not a purchase offer, but a concrete takeover contract effective July 1, 1970. After Guido Schell had already declared the advance purchase to be a basic requirement for an agreement in the first meeting in summer 1961, he presented the Jasen family with a price of 5 million DM as the upper limit that Hertie was prepared to pay. The basis was an expert report prepared by Treuhand AG for Trade and Industry (Treuhand AG für Handel und Industrie) in Munich, which estimated the current market value of the southwest German properties in question at a total of around 46 million. In relation to the seller's 8.75 percent share, the proposed sales price was thus around a quarter higher in order to take into account further increases in value, but also taxes, charges and inflation.¹⁶⁷ As with Herman Tietz, the ownership rights for the property in Stuttgart-Feuerbach and the option rights for the East property with Rösli Jasen were to remain unaffected.¹⁶⁸ Unlike her children, Edith Tietz consequently decided in 1961 to hand over the potential rights to the Berlin properties located in the GDR to Hertie.¹⁶⁹

Kurt Jasen personally prepared the first draft of a purchase agreement within this framework. He demanded that Hertie take closer account of the tax issue, as the capital gains tax potentially incurred in Germany and the USA on a one-off payment represented a particular burden for him. After lengthy negotiations, the parties were finally able to agree on an amicable settlement for both sides. Hertie paid 4.15 million DM and also declared itself willing to assume the tax burden of an expected 25–30 percent up to a further sum of 1.5 million DM.¹⁷⁰ The purchase price was also transferred in installments. The approximately 1.4 million DM from the preliminary offer, which had been deposited as mortgages since 1956, were also included in the calculation, as were two individual payments for the years 1962 and 1963.¹⁷¹ In return, there was now another clause in the contract in



Fig. 39: Rösli (Roe) and Kurt Jasen, around 1970.

which the Jasens waived all further claims and objections to the realization of the bilka and KfA department stores. As a result, the most pressing problem facing the Hertie Group management was solved and the interests balanced.

With the signing of these supplementary contracts, the obstacle to further investment plans by the Hertie Group also seems to have been resolved. Within the next 15 months or so, up to February 1963, the Tietz siblings and the Zwillingenbergs concluded no fewer than eight further agreements in quick succession, which allowed the company to expand its business premises or to create new ones. This

included Edith Tietz's still-missing approval for the relocation of the KfA in Stuttgart and the new bilka building in Munich. Hertie was now also allowed to modernize and expand its flagships, the Hertie department store in Munich and the Union stores in Stuttgart and Karlsruhe. At the same time, in 1961 the Tietz family immediately approved the opening of another Hertie branch in Munich-Schwabing.¹⁷² Up to that point, the two parties had always handled these various projects using project-based approvals, each of which was drawn up in three versions and mostly worded identically. In order to change this costly practice, which involved a great deal of personal and bureaucratic effort for all involved, Georg and Hans-Georg Karg finally asked them to consider whether a blanket arrangement could be reached. The Tietz family immediately agreed to this new constellation. From February 1963, general agreements were in place "for the acquisition, construction and operation of new stores," on the one hand for the large Hertie-Union chain, and on the other for the smaller bilka department stores. The remuneration rates for the family were linked to the sales development of the respective stores according to a new model. In the full-range department stores, the family members received three quarters of a percent as compensation for annual sales of up to 25 million DM. If sales rose to up to 35 million DM, they received 1 percent, and above that 1.5 percent as annual rent. These tiered rates were to be accompanied by fixed minimum contributions. In the case of bilka's partial or reduced-range stores, the rates were half to a full percentage point lower and ran along the lines of ten and 20 million DM annual sales. Payments were made quarterly in accordance with the well-established distribution key from 1949, less a free investment allowance depending on the amount of the construction costs incurred.¹⁷³

On the basis of these common rules, the implementation of the restitution settlement in the following years went smoothly. This was also ensured by Edith Tietz appointing her long-time confidante Charlotte Kücher-Eigner as her representative for her property rights. The billing of the individual services was carried out in a well-coordinated manner and the flow of information within the family and with Hertie was smooth.

The restitution agreement expired on July 1, 1970. The department store group exercised the purchase options that had already been deposited for the properties in southwest Germany. Only Martin Tietz's leasehold interest remained in place until 1985. After his death in the same year, it was taken over by his children, who continued to work with Hertie in this way. A few years later, the Iron Curtain opened with German reunification, which created new challenges of restitution and compensation, particularly in the real estate sector – and which have in many cases not been fully resolved to this day. These tasks were now faced not only by a new generation of Tietz heirs, but also by new players on the company side in 1993 after Hertie was taken over by Karstadt.

Duty or Charity: The Restitution Case of Paul Held Nachf. 1953/54

In May 1953, a second restitution case was looming for Georg Karg and Hertie GmbH. In terms of its potential legal and financial consequences, it was of a much smaller dimension than the Tietz case. However, at that time and under the political conditions of a divided Germany, the fact that it would be confronted at all surprised those responsible at Hertie. It concerned claims arising from the takeover of Paul Held Nachf. OHG between 1934 and 1938. The process undoubtedly had the character of “Aryanization”. However, the well-known textile retailer’s business premises were located on Invalidenstraße in Berlin and thus in the now Soviet-occupied sector of the city. This meant that the assets were neither physically tangible at the time, nor was there a restitution report in the Allied registration offices.¹⁷⁴

Georg Karg had taken over the company in 1934 from the Jewish senior manager Hugo Aufrichtig (1875–1953) and the silent partners Richard Ladeburg and Rosa Joel, née Gumpertz. The gradual “Aryanization” was carried out according to a similar pattern to the Tietz case: Paul Held Nachf. OHG, which was under strong pressure from the anti-Jewish boycott, was converted into a GmbH with the same name. In a first step, Georg Karg had secured 51 percent of the company shares. The rest of the capital initially remained in the hands of Rosa Joels (37 percent) and Richard Ladeburg (12 percent), while the company’s business and residential properties remained half owned by Aufrichtig and the widow of his business partner Max Joel, who had died in 1930. In 1937, all shares and property were finally acquired by Georg Karg. Even in 1945, his brother Walter was still managing the textile department store, which had now been integrated into the Hertie Group.¹⁷⁵

After the end of the Second World War, the company initially continued to exist at its original headquarters on Invalidenstraße. However, when it was confiscated by the Soviet occupation zone magistrate in 1951 and placed under trusteeship, its headquarters were moved to Lehrter Straße 18–19 in West Berlin. Here it operated under the name “Kaufhaus Paul Held Nachf. Vermögensverwaltungs-Gesellschaft mbH.”¹⁷⁶ The residential and commercial buildings in the eastern part seemed lost for the time being and therefore not eligible for restitution. The company consequently began to build its first West German branches in Steglitz and Gesundbrunnen.

The former Held owners Aufrichtig and Joel had been living in New York since their emigration in 1935 and 1939 respectively. Hugo Aufrichtig in particular had great difficulty finding his way in the USA personally and professionally. The businessman, who was now of retirement age, was unable to find work for years.

Without a steady income, he and his wife Hedwig (1893–1955) lived off what little they had saved and lived in a small rented apartment.¹⁷⁷ Since they were aware that their former property was now under the control of the Soviet occupation authorities, they, like Rosa Joel, initially saw no chance of reclaiming in kind their property in Germany under the existing restitution laws. Shortly after the first compensation ordinance was passed in Berlin in January 1951, they submitted an application for compensation for the restrictions they had suffered in their economic advancement. The law firm Herbert Wendler, which specialized in proceedings of *Wiedergutmachung*, and the lawyer Hartmut Ruge took on the task of bringing their claims against the public authorities – this too with only moderate prospects of success.¹⁷⁸

The case seemed to bypass Held Nachf. GmbH and thus Hertie for the time being. This was to change in the spring of 1953, however. The Wendland law firm became aware of the opening of a new Held department store in West Berlin via radio and press advertising. The lawyers contacted Joel and the Aufrichtig couple and advised them to pursue their restitution claims in light of this changed situation. A short time later, in May, they contacted Guido Schell at Hertie headquarters.¹⁷⁹

The department store group was sure that there would be a suitable answer to the two lawyers' request. An internal report by Hertie's Berlin legal representative Bruno Köhler pointed out that the deadline for filing claims for restitution had long since expired at the end of 1950. In addition, restitution in kind simply seemed impossible, since all of Held GmbH's assets were located in the eastern sector and thus outside the scope of Allied legislation. A message to Hertie's management stated: "The question of the [. . .] claims for restitution presented can be considered settled."¹⁸⁰

The opposing side's legal representatives did not dispute these facts. Nevertheless, they managed to find arguments that brought Hertie to the negotiating table. They reported on plans drawn up by the Allied Command to amend the previous orders to the effect that claims for restitution could also be filed retrospectively within six months of the announcement of a relocation of operations to the West. The company itself had deliberately sought private exchanges with the group first. In this way, Hertie would be given the opportunity to prevent a trustee from being appointed to the newly opened Held department store after an official notification to the authorities. From the lawyers' point of view, however, it was important to clarify whether there were legal concerns about the naming of the store, and whether it would not be better to find a solution to the question of Held's ownership in the Soviet occupation zone by means of an amicable settlement, which would possibly arise soon or even in the distant future.¹⁸¹ This approach signaled determination to Hertie, but at the same time a willingness to work together in a spirit of trust and in the interests of both parties.

This message had an effect because Hertie management now also began to have doubts about how watertight their legal position really was. On the one hand, it was clear that according to the letter of the Allied restitution laws, the seizure and transfer of the department store company's shares and its land ownership had to be considered separately. While the properties were permanently located in the eastern part of the city, the shares had already been moved to the western part in 1948, thus before the Berlin Restitution Ordinance came into force – when the GmbH's headquarters were moved. Several internal letters warned, on the one hand, that this could potentially lead to the accusation that Hertie had not complied with its obligation to register confiscated company assets.¹⁸² On the other hand, Guido Schell and Georg Karg reflected in-depth on a decision by the Federal Court of Justice that was relevant in this context. In the spring of 1953, this court had upheld the claim of a person entitled to restitution for compensation due to excessively long court proceedings and had informed those liable for restitution of their obligation to declare confiscated assets. The Supreme Chamber of *Wiedergutmachung* (*Oberste Wiedergutmachungskammer*) had expressly stated that company assets outside the scope of the current laws had to be registered in order to enable a later, potential treatment of restitution claims in the Soviet occupation zone. Karg concluded that, independently of “avoiding the assertion of claims by Mr. Hugo Aufrichtig,” a proactive way had to be found of settling any claims arising from the obligation to pay damages under the German Civil Code and the Berlin Laws.¹⁸³

At this point it becomes clear that the legal requirements were effective at least in the sense that they gave the purchasers of Jewish property little legal leeway to completely avoid confrontation with restitution claims. However, this did not affect how they fulfilled their obligations in material and moral terms. While Georg Karg and Hertie decided in the Tietz case, after an initial refusal, to act “on an equal footing” with the founding family, they made it clear to the Aufrichtig and Joel families, despite cooperative negotiations, that they were viewed more as supplicants. It was in particular the weak position of the former Held managing director Hugo Aufrichtig, who was by no means legally without means, but personally weak, that led them to take this stance. Like so many previously respected and well-off Jewish emigrants, Aufrichtig was plagued by old age and financial and health problems at the beginning of the 1950s. In September 1953, he therefore asked his friend Martin Nachmann to represent him “in settling his affairs with Mr. Karg.” Nachmann, who also lived in New York, was a businessman and not a lawyer, although Aufrichtig openly justified his choice by saying that he simply did not have the means to pay expensive lawyers in Berlin and New York and to reduce the potential settlement amount even further with their fees. Accordingly, he had his friend inform the Hertie management that he “wants to

avoid at all costs going to court against Mr. Karg and his lawyers and getting involved in a lawsuit. On the contrary, he attaches the greatest importance to bringing about this settlement in the most friendly way possible through a private agreement.”¹⁸⁴

As a result, the management of the department store group took the negotiating position that the assessment of the matter itself would remain with the simple rejection of all claims. Regardless of the question of the deadline, they were certain that “the purchase transaction was handled quite fairly at the time.” Nevertheless, Guido Schell indicated in his reply to Nachmann that they were still willing to hold personal discussions, but not for reasons of legal necessity, but purely out of long-standing ties to the Held company: “If Mr. Aufrichtig’s financial circumstances were such that he had difficulty covering his living expenses, Mr. Karg would be willing to help Mr. Aufrichtig.”¹⁸⁵ This attitude showed a certain understanding for the situation of the Aufrichtig family, but at the same time degraded possible restitution payments to charitable alms. Hertie now had the chance to clarify the claims for compensation that the Aufrichtig couple and Joel might face in the future in the West and East, by “seeking an understanding through a moderate sacrifice,”¹⁸⁶ as one of Hertie’s lawyers put it.

On this basis, negotiations with the Aufrichtig couple began quickly. They were overshadowed by the death of Hugo Aufrichtig in December 1953 and ultimately accelerated even further, as his childless heir Hedwig now pressed even harder for a speedy settlement. At the end of the process there were two contracts which, on closer historical examination, only allow the verdict that Hertie made full use of its possibilities and simply “ripped off” the claimants.

In the first contract dated January 29, 1954, the parties reached an agreement on possible and future claims for restitution. It was signed by Martin Nachmann as authorized representative and by Willy Karg, another of Georg’s brothers, who represented Kaufhaus Paul Held Nachf. GmbH as sole managing director. Hedwig Aufrichtig received a one-off payment of 50,000 DM as well as a lifelong monthly pension of 1,000 DM “in recognition of her current financial hardship.” In return, she had to agree to waive all other current or future claims against Held GmbH. This applied to all claims arising from shares and properties in the entire Berlin area and also in the event that the restitution legislation changed in her favor.¹⁸⁷

The second agreement, which was notarized a day later, was a purchase contract for a piece of land. Hedwig Aufrichtig sold her property in East Berlin, Invalidenstraße 1, to Charlottenburger Grundstücksverkehr GmbH, a real estate subsidiary of the Hertie Group, which was now also to manage the land for the Held department store. This inheritance was a piece of land that was her husband’s private property, which he had also been forced to sell in 1938.¹⁸⁸ It was within earshot of the old Jandorf department store. Since there was currently no legal

access to this property either, Hedwig Aufrichtig passed on her rights to a deferred, future restitution to Hertie, in this case to Walter Karg as managing director of Charlottenburger Grundstücksverkehr. A purchase price was not agreed upon. Hertie therefore made no further payments to the heiress, but merely committed itself to bearing the public charges on the property, which would have fallen back to the seller in the event of restitution. In this shoddy way, the department store group secured both the option on the three old company properties and on another valuable property in the eastern part of the city.¹⁸⁹ There was no serious assessment of the value of the property as the basis for both contracts, as the current unit values were considered to be impossible to determine. This was therefore a fictitious restitution in two senses on a legally sound basis.¹⁹⁰

Hedwig Aufrichtig did not recognize the large discrepancy between the settlement amount and the actual value of her claims – or perhaps she did not want to be aware of it. Her motives for agreeing to these contracts were obvious and were also known to the Hertie representatives. She preferred that the contract would provide immediate security for her retirement rather than waiting in uncertainty for a chance to receive more later for the restitution complex. Her representative Nachmann openly reported on conversations with his client in which she always emphasized that she was, literally, “more fond of the sparrow in the hand than the pigeon on the bush.”¹⁹¹ Barely a year after the contract was signed, Hedwig Aufrichtig was unfortunately to see her views confirmed. In January 1955, in a very personal letter to Walter Karg, she reported on her own health problems and the high costs associated with them in the USA. Since she had invested the majority of the settlement sum in long-term investments, she asked Karg for an advance from her current pension payments. The Held managing director and Hertie immediately complied with this request.¹⁹² A few weeks later, on May 10, 1955, Hedwig Aufrichtig died. In his condolence message to Walter Karg, her estate administrator wrote: “During the last years of her life Mrs. Aufrichtig repeatedly expressed her satisfaction and happiness about the amicable manner in which the relations between her late husband and you were settled.”¹⁹³ Apparently, despite the business negotiations of “Aryanization” and restitution, a good personal relationship had developed.

Rosa Joel was not under such strong constraints as Hedwig Aufrichtig due to her better life circumstances. She was therefore in a stronger position and chose a more self-confident strategy to assert her claims. Held and Hertie also denied to her that there were any assets in West Berlin that could be restituted, which meant that no legal claims could be made at the moment.¹⁹⁴ Nevertheless, they wanted to ignore the legal safeguards and enter into an agreement, “because, in view of Mr. Aufrichtig’s poor financial situation, a solution had to be found for

him, and a differentiated treatment of the two contracting parties did not seem appropriate.”¹⁹⁵

This pretext was of no use to Joel. Her lawyers not only demanded a deferred restitution settlement for the “Aryanized” properties, but also compensation for lost usage and naming rights to the Held company.¹⁹⁶ Against this background, it was necessary to break down in detail the extent to which Joel had been adequately compensated when she gave up her shares in the company and what earning opportunities she had lost after she left. On this point, the private, so to speak extra-official settlement talks combined elements from the compensation and restitution legislation, both of which considered the loss of use for confiscated assets as grounds for a claim.¹⁹⁷ Joel’s lawyers estimated the profits of Held GmbH for the years from 1937 to 1944 at around 4.34 million RM and presented the relevant tax documents for the period as the basis for their estimate. Since Rosa Joel had held 37 percent of the company shares until she left, they calculated a loss of use of 1.6 million RM. From this they deducted the purchase price of 330,000 RM paid by Georg Karg at the time and offset it against the profits for the years from 1945 to the currency reform, which had not yet been determined in detail. According to this calculation, which was optimistic, especially in the last point, the prescribed ratio of 10:1 resulted in a sum of 1.5 million RM or 150,000 DM. Joel’s claim to be reinstated as a shareholder in the GmbH was still open in this calculation. She offered to forego this step in return for a payment of a further 100,000 DM, so that her total claim against Hertie amounted to 250,000 DM.¹⁹⁸

The representatives of Hertie GmbH showed little understanding for these demands, which they considered to be too high. They criticized the fact that, according to established case law, when calculating compensation for lost use for corporations and GmbHs, the benchmark should not be profit, but net income, i.e. the dividends paid. Since no Held shareholder, neither Georg nor Walter Karg, had withdrawn any profits until 1945, Rosa Joel was obliged to pay them interest on her share in the company and an appropriate compensation for the expenses of the management. With this line of argument, Hertie itself left the legal framework of the right to compensation.¹⁹⁹ And at the same time, they retreated into the role of victim: they lamented the new injustice that was happening to them with the obligation to make restitution under the most difficult economic conditions for a new reconstruction, and they speculated that if Joel had remained a shareholder, she would most likely have had to accept the fate of being disenfranchised in East Berlin today, like all large retail companies.²⁰⁰

The talks stalled, the positions of the lawyers on both sides seemed deadlocked, and Rosa Joel asked Martin Nachmann to mediate the dispute. Ultimately, it remains unclear whether the ever-increasing fees of the law firms commis-

sioned or the success of the mediation in the Aufrichtig case were responsible for this decision. However, it can be seen that the negotiations made progress again in the already experienced constellation of people. In March 1954, Bruno Köhler submitted a first settlement offer to Hertie GmbH “of 30,000 DM as final severance payment,” but this was still too far from the original demand of 250,000 DM. After another five months, they reached a settlement at about the middle of that amount.²⁰¹

By the settlement date of July 7, 1954, the Held department store paid a sum of 125,000 DM in four installments to cover all the restitution payments stemming from the Held company complex, which Joel was currently and in the future entitled to. It was important to the subsidiary, as in the Aufrichtig contract, to include two descriptive clauses in the contract, in which their willingness to reach a private settlement was declared. On the one hand, this made clear the doubts about the legality of the claims with regard to the company assets that were currently politically blocked. On the other hand, it was stated that the private settlement was sought solely in order not to be guilty of violating the obligation to register confiscated assets in accordance with the current case law of the Federal Court of Justice.²⁰²

Nevertheless, it must be taken into account that at the end of the restitution negotiations, the company itself secured the claims of the previous owners to a potential return of the properties in the eastern part of the city. By making amends for the past, more or less, it acquired a future option on assets that would pay off commercially in the long term.²⁰³ More than fifty years later, it was not the previous owners but the heirs of the Karg family who applied for the return of the Held property at Brunnenstraße 178/9 and Invalidenstraße 162/64. While the property on Brunnenstraße was finally transferred successfully in 1998, the State Office for the Settlement of Open Assets (LAROV) refused to refund the second property because it was no longer visibly restitutionable due to the consequences of the war and numerous public building conversions.²⁰⁴ One might consider it a distant hint from a now legally settled past that the LAROV finally determined in the course of the return process that the purchase price recorded in 1935 was actually around 50 percent below the standard value.²⁰⁵

Overall, when looking at the Hertie restitution cases, it becomes clear that the restitution legislation provided a binding, but very loose framework for the disputes between those liable and those entitled to make claims. It ensured that the surrender of business property had to be reported and negotiated. In the negotiations, which were conducted directly and personally, excluding the judicial process, it was not just one’s own legal position that decided success or failure. The lasting consequences of “Aryanization” continued to have an impact on many of the persecuted well into their emigration. In the end, living conditions also de-

terminated how interests were shaped in the restitution proceedings in the immediate post-war period. This is evident in the case of the Aufrichtigs, who were in a personal predicament and were also clearly poorly advised by their friend, a legal layman. German restitution law left these applicants to their own devices with their task of understanding the complex issues of restitution law and having the strength to enforce them in negotiations, despite their age or personal circumstances.

The Tietz family was in a better position, at least in this respect. They were able to obtain good advice and representation and had competence within their own ranks. In the settlement proceedings, the Tietz and Karg families delegated the negotiations primarily to specialized lawyers, but also sought personal contact in order to find solutions in critical phases of the negotiations. Despite all the dissonance that characterized the history of the encounters between “perpetrators” and victims and often affected the Tietz family, for the most part a pragmatic approach was taken to dealing with the shared past. This is particularly true of the unusually long period of validity of the settlement agreement in the Tietz case, during which decisions had to be made on very significant future issues for the company. The victims remained fundamentally skeptical, which testifies more to a respectful and goal-oriented relationship than to a truly trusting one. Too often, Hertie looked for ways around its obligations in order to balance its business goals with its obligation to make compensations and restitutions. However, the limits of law and decency were not exceeded, at least in the Tietz restitution process. Nevertheless, a more attentive, responsible and sensitive examination of the experiences of persecution of its counterparts would have been desirable.

Restitution of Real Estate and Land

According to a list compiled by the Wiedergutmachungsamt Berlin (Office of Wiedergutmachung) in the mid-1950s, the restitution settlement in the Tietz v. Hertie case was followed by a further 29 restitution proceedings. They related to the family’s real estate and property, which had come into the hands of various buyers since 1934, either individually or from the association of real estate companies.²⁰⁶ The restitution cases are recorded in highly variable numbers and quality, so that only a selection can be dealt with in more detail. Nevertheless, the compilation shows that the legal framework for restitution in the 1950s was by no means free of regulatory gaps and scope for interpretation, which led to controversies between those entitled to make claims and those liable in practical implementation. While individual properties were returned quickly, the Tietz family also had to experience cases in which they had to fight for their claims against

resistance from the authorities and buyers. One example of this is the restitution proceedings against Victoria Insurance.

Restitution of Properties from Group Companies

In the spring of 1950, Georg and Martin Tietz and the Zwillenberg couple filed claims for the return of a total of ten properties that had been acquired by the insurance group as the “Kurfürstendamm-Block.”²⁰⁷ The responsible Wiedergutmachungsamt recommended that both parties reach an amicable agreement and, in accordance with its legal mandate, offered to mediate the negotiation of a settlement.²⁰⁸

It became clear early on, however, that this would be a difficult undertaking. On April 15, 1950, Victoria zu Berlin Allgemeine Versicherungs-Actien-Gesellschaft, a Berlin insurance company, lodged an objection to the claims for reimbursement.²⁰⁹ Since November 1949, when the Tietz family’s application had not yet been submitted, the company had already been considering internally how to respond to possible claims. Thus they expected the Tietz family to take action and collected background documents to defend themselves against it.²¹⁰ In its objection, Victoria consequently retreated to the position that it had not acquired the properties from the Tietz family, but from the real estate company Deutsche Boden AG, which was already in the hands of Hertie GmbH at the time the contract was signed.²¹¹ In addition, the transaction had taken place exclusively in the context of the restructuring of the department store group and was therefore to be viewed as a purely economic act, not one related to persecution.²¹²

As a result, disputes broke out between the legal representatives of both sides over the question of how the ownership structure and, above all, the unlawful nature of the transfer should be assessed. In fact, Victoria Insurance had acquired the “Kurfürstendamm-Block” on October 11, 1934, around eight weeks after the signing of the settlement agreement between the Tietz family and Hertie on August 13, 1934. The sale was intended to provide the ailing department store group with liquid funds. The seller was Deutsche Boden AG, which bundled the properties as a holding company and whose share capital was almost entirely in the hands of Betty Tietz until the “Aryanization” in August.²¹³ In a reply to the defendant’s objection, the Tietz family’s legal representative, Dr. Walter Schmidt, in no way acknowledged these circumstances, but made it clear that Victoria Insurance should also be held liable for restitution in its role as the so-called second purchaser of the “Aryanized” family assets.²¹⁴

His argument referred to a basic principle of the Allied restitution laws, which guaranteed the desired restitution in kind: not only the direct “Aryanizers”

were obliged to return confiscated assets, but rather “whoever has rights of disposal over the confiscated assets when this order comes into force or when a restitution order is issued [. . .],” as the Berlin REAO stated in exemplary fashion.²¹⁵ For indirect purchasers who had taken possession of the property through a resale, this meant that they remained liable. Since, according to the current legal opinion, all unlawfully confiscated rights to the assets always remained with the persecuted parties, second or third purchasers had acquired property that had formally never been the property of the first purchaser, in this case Hertie. Only when subsequent purchasers had unknowingly concluded purchase transactions for Jewish property did the restitution regulations provide for exceptions in order to cushion undue hardship. In these cases, they had the option of demanding compensation from the previous purchasers after the property had been returned.²¹⁶ However, the idea that Victoria could have acted in good faith when taking over the property was absurd. The Tietz side rightly pointed out that “the Victoria in Berlin was aware of all the processes leading to the Aryanization of the Hermann Tietz company and the transfer of almost all of the Tietz family’s assets, including those not belonging to the company’s assets [. . .].”²¹⁷ The mere fact that director Kurt Hamann was represented on the advisory board of Hertie GmbH and was thus informed of all the steps, made it hopeless for Victoria to deny its restitution obligations.

Faced with the Tietz family’s claims, the insurance group found itself under pressure at the beginning of the 1950s due to its weak legal position, but also considering its strained business situation. This led it to try to fend off vehemently possible restitution charges. Victoria’s defense strategy focused on three central arguments:

Firstly, the defendant claimed that the transaction was carried out exclusively in the context of the restructuring of the department store group and should therefore be viewed as a necessary economic act, not as a persecution-related act.²¹⁸ The Hermann Tietz company’s precarious situation had been caused solely by excessive expansion efforts. Regardless of the political conditions, the family would have had to give up its properties anyway in order to be able to meet its obligations.²¹⁹ Kurt Hamann, who continued to hold the position of chairman of the board of Victoria, went so far as to claim that the Tietz brothers left the company voluntarily in 1934. As a creditor, he considered it his task at the time to “find a solution to fulfill the wish of the Tietz brothers, who would like to leave the company, but only on the condition that they were released from all debts, which amounted to around 150 million RM [. . .].” In the same note, he thought he remembered a message saying that “the Tietz family fully agreed and would be grateful to us for our willingness.”²²⁰

Secondly, Victoria's lawyers claimed that they had paid a reasonable purchase price. For this reason alone, they were convinced that the suspicion of unjustified confiscation was completely unfounded. This was particularly true because the sale took place before September 15, 1935 – the date from which the legislature assumed that all legal transactions with Jewish owners were unlawful confiscation. For acquisitions before this date, according to Victoria's representatives, it was sufficient that a fair purchase price had been agreed upon and transferred to the family.²²¹ However, they tacitly ignored the fact that the Allied restitution laws for West Berlin only provided for such a reduction in the burden of proof if there were no other facts or evidence to support a transfer due to persecution.²²² Instead, the defendant tried primarily to justify the relatively low sales price. In so doing, Victoria argued that two appraisals had been prepared at the time, which were based on the standard value, the fire insurance value and the expected rental income. These had led to no other conclusion than that the dilapidated buildings were hardly suitable as "secure pension providers."²²³ The purchase had only been made in order to free the company from its fateful connection with the department store.²²⁴ The insurance company, according to the applicants, did not mention that the market value of the property complex in a prime Berlin inner-city location between Joachimsthalerstraße, Kantstraße and Kurfürstendamm should have been assessed significantly higher. Tietz's lawyers did not accept the argument of their opponent that the assessment of the purchase price paid at the time had to take into account significant price fluctuations that had dampened the real estate market in 1934 in such a privileged location. Instead, they pointed out that the Tietz family had received a purchase offer from a third party in 1932 for 20 million RM. In addition, the insurance company had only mortgaged the property for five million RM after the purchase. In their view, this also indicated hidden profits from the transfer.²²⁵

Thirdly, the insurance company stubbornly insisted that the properties were owned by Deutsche Boden AG. During the preceding "Aryanization", only the shares in the holding company were transferred from the family to Hertie, but not the land itself. However, since only the properties and not the majority of Deutsche Boden AG's shares were acquired, the assets were in no way identical and formally there was thus no case of a second acquisition. With this in mind, the defendant fundamentally doubted the applicants' standing to sue.²²⁶ It instructed the latter to direct any claims for restitution, if at all, to the legal successor of Deutsche Boden AG, Deutsche Boden- und Kaufhausverwaltungs-GmbH, which still existed as a shell company. In this interpretation, the insurance company continued to ignore the basic concept of restitution in kind and, with cunning legal subtlety, circumvented the fact that at the time of the transfer, Deutsche Boden AG's only function had been to manage the family's private properties.²²⁷

For the former Jewish owners of the “Kurfürstendamm-Block”, each of the three arguments put forward must have seemed an affront. From the perspective of the persecuted, it was outrageous that Victoria Insurance, with its director Hamann, who had already been involved in their elimination from their managerial positions at the Hermann Tietz Co. in 1933/34, now denied that “Aryanization” had taken place, and instead argued about a voluntary withdrawal from a self-inflicted economic imbalance. Contrary to the reversal of the burden of proof planned by the legislature, the persecuted found themselves under pressure to justify themselves and to provide evidence of the injustice they had suffered. Accordingly, the Tietz family’s lawyers defended themselves against the defendant’s statements in a determined but entirely objective manner and made it clear in extensive statements that the crisis situation and the “Aryanization” of Hermann Tietz GmbH were “based exclusively on the persecution and boycott of Jewish department stores and that the contract had only been concluded through personal coercion [. . .] exerted directly against the owners of the Herman Tietz company.”²²⁸ The family supported the discrimination and persecution measures with numerous documentary evidence and sworn witness statements.²²⁹

The positions of the two parties were far apart and appeared irreconcilable. After the Restitution Office had presumably already stopped its attempts at mediation in May/June 1950, the restitution case went to the next, now judicial, instance. The 42nd Chamber of Wiedergutmachung of the Berlin Regional Court (42. Wiedergutmachungskammer des Landgerichts Berlin) first asked the representatives for their statements and scheduled a hearing for October 30, which the Tietz brothers, General Director Hamann and his legal counsel Franke attended in person. These talks also did not lead to an amicable agreement.²³⁰ The parties thus left the decision on the restitution claims to a court order, which was finally issued on December 1, 1950. To the Tietz family’s surprise, the Chamber rejected all restitution applications.²³¹ The civil chamber, which was made up of German judges, followed the argument of the defendant that a formal legal distinction had to be made between share ownership and property ownership. Referring to Article 8 of the REAO,²³² the judges pointed out that Betty Tietz’s heirs were not entitled in persona to make a claim that must be reserved only for the legal entity of the company. Since Deutsche Boden AG still existed under the name Deutsche Boden- und Kaufhausverwaltungs-GmbH, the applicants’ substantive legitimacy must be denied. This applied regardless of the question of who owned the properties before the “Aryanization” of the parent company. The court even rejected a declaration submitted shortly before the court’s decision in which Deutsche Boden- und Kaufhausverwaltung assigned its claims for reimbursement to the Tietz family.²³³ Tietz’s lawyers immediately lodged an appeal against the decision. On January 25, 1951, they justified their objection by arguing that the court had

failed to recognize in its ruling that the sale of the Berlin properties was inseparably linked to the “Aryanization” of the entire Tietz Group, in which no distinction was ultimately made as to whether the confiscated assets came from the commercial property of the OHG or the private property of the family members. The properties were “split out of the confiscated assets, to which the assets of Deutsche Boden-AG belonged, for the benefit of Victoria, while Hertie-G.m.b.H. received the rest.” If several “Aryanizers” had divided the Jewish family assets among themselves, then every profiteer must be obliged to make restitution, regardless of the formal legal guise under which the confiscation took place.²³⁴ At the same time, the Tietz family’s legal representatives complained that the Chamber had violated key procedural principles in reaching its decision. On the one hand, it had not included in its assessment some of the key documents submitted late by the applicants, such as the motivation report of 1934, and on the other hand, it had not questioned whether the properties had actually been sold at their true value, as Victoria claimed.²³⁵ After a further thorough examination of all the evidence, the 3rd Civil Senate (Wiedergutmachungssenat) of the Higher Regional Court, as the next higher appellate instance, overturned the decision of the Chamber at the end of August 1951. The Senate also referred the case back to the Regional Court “for further hearing and decision.” The Senate had evidently also coordinated with the highest Allied Board of Review when dealing with this restitution case.²³⁶ In the autumn and winter of 1951/52, new settlement talks began between the parties, which were jointly moderated by the 42nd and 44th Chamber of Wiedergutmachung of Berlin. On the basis of new settlement proposals drawn up by the courts, an agreement in the dispute was reached in 1952. The private settlement stipulated that Victoria would now pay one million DM if the claimants in return refrained from a physical restitution of the land.²³⁷ Since the DM assets of Victoria Insurance were not sufficient to meet this obligation, the state of Berlin had to be called in to allocate to the company sufficient compensation claims from the DM conversion calculation. Ultimately, the Berlin Senator for Finance informed the Wiedergutmachungsamt on March 30, 1953 that the city of Berlin would make 740,000 DM available for the restitution liabilities. The insurance company liable for the claim assumed the remaining 260,000 DM from its small business profits.²³⁸

The “Kurfürstendamm-Block” restitution case illustrates how difficult it was for the restitution authorities after 1945 to understand and adequately assess the complex asset and transfer structures resulting from “Aryanization”. Taking this into consideration, it illustrates an effective means of convincing those liable and those entitled to make a moderated settlement, if possible, in order to arrive at pragmatic solutions. However, when the Chamber of Wiedergutmachung was forced to make its own assessments due to the ongoing differences between the parties, it seemed overwhelmed and retreated to a strictly legalistic approach.

This was typical behavior for the German restitution authorities, and they ran the risk of losing sight of the overall view of the interlocking persecution practices of the Nazi era. This experience was frustrating for the Jewish claimants concerned, who rightly expected the courts to protect their interests. Even more painful, however, was having to deal with memory gaps and blatant attempts to distort history on the part of the defendants in the private settlement negotiations. In this respect, Victoria Insurance – in contrast to Hertie – set a very bad example, against which the Tietz family's legal representatives had to fight with great patience. What is particularly remarkable in the end is the amount of the compensation payment of one million DM. With a standard conversion mode of the restitution procedure of 1 DM: 10 RM, this sum corresponded to no less than ten million RM and thus a tacit admission by the purchaser that they had acquired the Tietz properties in 1934 for less than half of their realistic value.

If one compares further examples, it becomes clear that the Tietz family had to struggle with problems, especially with the restitution of properties that had originally been managed by the parent companies of Hermann Tietz OHG or later by Hertie GmbH. Much depended on whether, when and in what way the properties had changed hands after 1934. In cases of property that had been resold only several years after the transfer to Hertie, the restitution offices denied any direct connection to persecution. They attributed such “distant” secondary acquisitions merely to the transfer of company shares and considered the restitution of individual real estate objects to be insufficiently legitimate.²³⁹ If the properties remained in the possession of the Hertie subsidiaries until after 1945, they also fell under the 1949 settlement.

The situation was different in cases where properties had passed directly from the private hands of family members into the possession of one of the Hertie Group companies in the context of the “Aryanization” in 1934. For example, in the autumn of 1934, Georg and Martin Tietz sold the properties at Kaiserdamm 73/79 in Charlottenburg to Grundwert AG Kaiserdamm, which now belonged to Hertie, for a purchase price of 430,000 RM – possibly in exchange for the neighboring property at Kaiserdamm 77/79. In 1937, Hertie resold the property to Nordwestdeutscher Rundfunk for a significantly higher price of 589,250 RM. Accordingly, the Tietz brothers submitted an application for restitution in 1952. By means of a restitution agreement dated May 14, 1955, an agreement was reached with the second purchaser involving compensation of 120,000 DM. At the same time, the property remained in the possession of Nordwestdeutscher Rundfunk and now also became its property.²⁴⁰

Like confiscated property, lost rental, share or profit participation could also be treated on the basis of the right of restitution. This is shown by a case in which two already well-known protagonists, Kurt Jasen and Hertie GmbH, appeared. Kurt

Jasen's father, Georg Jacobowitz, had also carried out extensive modernization and reconstruction work with his construction company in 1928 on Kaiserdamm, at the corner of Frederica and Königin-Elisabeth-Straße. The client was the Tietz family through AG West für Textilhandel, a real estate company of the Hermann Tietz Group. The contracting parties had agreed that Jacobowitz would be paid for his services in the joint project with a 50 percent share of the rental surplus. This profit-sharing agreement was to run for twenty years, but could be redeemed on the fixed dates of October 1, 1933 or October 1, 1935 for a one-off payment of 100,000 RM or 87,500 RM, respectively.²⁴¹ According to Kurt Jasen, who managed the estate of his father, who died in 1946, Hertie no longer was meeting its obligations under the partnership after it had taken over the department store group. Instead of giving notice of termination within the agreed time, the company forced the Jewish building contractor into a settlement on September 12, 1935. In the meantime, Hertie had accumulated obligations for outstanding rent payments and the outstanding compensation amounting to around 150,000 RM. However, only 45,000 RM were paid out.

Accordingly, Kurt Jasen filed an application to declare the forced termination of the participation agreement null and void and to order Hertie to make a back payment.²⁴² The Restitution Office that was called in unbureaucratically forwarded the quite unusual claim, which fell somewhere between the fields of restitution and compensation, to Hertie's central administration. Just as immediately, the department store company declared itself willing to compensate the applicant with a sum of 20,000 DM within two weeks. Hertie's representatives expressly emphasized that the termination of the shareholding was not motivated by anti-Semitic behavior, but merely by a difficult investigation into the high mortgage debts that had burdened the property in 1934. Nevertheless, Hertie did not hesitate to meet Kurt Jasen's interests. This step was certainly also undertaken in order not to strain the relationship with Rösli's husband in any way.²⁴³

Restitution of Private Homes

A similarly mixed assessment can be drawn with regard to the attempted reversal of the "Aryanized" private homes of the Tietz and Zwillenberg families. Here, too, quick and cooperative reimbursements were more or less balanced with complex and accordingly lengthy restitution processes. What was notable, however, was that the claimants did not want to accept financial compensation, but rather wanted to regain possession of their former homes through restitution in kind.

The restitution of their former residential property at Koenigsallee 69/71 and the associated properties at Hundekuhlsee and Gustav-Freytag-Str. 70 proved to be rather

uncomplicated for Georg and Edith Tietz. They asserted their claim on July 27, 1949.²⁴⁴ They received their property back on September 15, 1951. The restitution was preceded by constructive negotiations with the heirs of the factory owner Willy Vogel, which ultimately resulted in a settlement. The Tietz couple took over their undamaged city villa, fully furnished and including some of the inventory that they had had to leave behind in 1937. In return, they paid 28,000 DM to the Vogel family to offset their interim expenses for value-preserving repairs, modernizations and purchases of furnishings. In this way, the lost use of the Jewish owners was balanced out with the expenses of the interim owners.²⁴⁵ For Georg and Edith Tietz, however, returning to Berlin was out of the question. Together with their representative Charlotte Kücher-Eigner, the family initially considered an immediate resale. However, as no good purchase price could be achieved on the Berlin real estate market at the time, this plan was initially abandoned.²⁴⁶ Instead, the family rented it to the Berlin Senate starting in June 1954. In the years that followed, the property briefly flourished as a guest house for the city of Berlin. Among other celebrities, it housed the Bundespräsident Theodor Heuss, and others. He made the Tietz Villa his private residence when he was in Berlin.²⁴⁷



Fig. 40: Villa Koenigsallee 71, 1954.²⁴⁸

Since the end of the 1950s, however, the preservation of the property, which was now in need of renovation, seemed increasingly uncertain. The rental contract with the city ended and the family tried to sell the house, which had now again been empty for months. After the inheritance dispute following Georg Tietz's death, Kurt Jasen was entrusted by his wife and mother-in-law with the task of bringing about a sale.²⁴⁹ In 1963, he negotiated for a long time but unsuccessfully with the city of Berlin about an exchange deal for a plot of land on Kleiststraße, at the corner of "An der Urania."²⁵⁰ Jasen was disappointed by the failed talks, as he had advised the city government on many aspects of reconstruction and had, among other things, enabled the establishment of a Hilton hotel.²⁵¹ In 1965, the Historical Commission of Berlin (Historische Kommission zu Berlin), which was based at the Friedrich Meinecke Institute of the Free University, became interested in the villa. With the support of the Volkswagen Foundation, it planned to create a prestigious home for research, teaching and administration.²⁵² This attempt to sell the property also failed, particularly because the structural condition continued to deteriorate and a massive loss in value set in. Finally, the house and land, which Kurt Jasen had estimated at around 400,000 DM in 1963, were sold to real estate investor Paul A. Strauss on January 1, 1968 for around 300,000 DM. A short time later, the villa was demolished and replaced by apartment blocks.²⁵³

The department store family's parents' house, built by Oscar and Betty Tietz on Kaiserallee, today Bundesallee 184/185, also did not survive. Some parts of the town villa had already been destroyed during the war. However, reconstruction was impossible because the restitution proceedings initiated in 1949 by Betty Tietz's heirs – Georg and Martin and Elise Zwillenberg – were in limbo for a disproportionately long time. This was partly due to the defendant Bulgaria, which was now integrated into the Eastern Bloc as a People's Republic. But also due to the fact that the German restitution authorities did not initially classify the sale on January 1, 1936 as a result of persecution, since the purchase price had been fully credited to Betty Tietz's account in 1936.²⁵⁴ Unfortunately, the details of the proceedings are not known. What is certain, however, is that the 142nd Chamber of *Wiedergutmachung* did not declare the claim admissible in October 1953. More than a year later, on November 12, 1954, the 14th Senate for *Wiedergutmachung* (*Wiedergutmachungssenat*) overturned the decision following an appeal by the Tietz family and referred the case back to the regional court. As late as July 1957, Hans Aldenhoff officially complained to the Compensation Board (*Entschädigungsamt*) Berlin on behalf of the Tietz family that the restitution proceedings had still not been completed.²⁵⁵ It is believed that the family was not awarded their property until the end of the 1950s.

At this point, the Tietz property was in an extremely dilapidated state, which would worsen by the mid-1960s. The ruins of the house were overgrown with trees and lay fallow.²⁵⁶ Nevertheless, the more than 6,000 square meter property

in a central inner-city location continued to have a high value, as new construction and renovation plans were constantly being discussed. It was probably for this reason that Rösli Jasen and her husband had the property transferred to them in November 1963 as part of the inheritance dispute with her mother and brother. At the same time, they paid out the other heirs, Martin Tietz and Elise Zwillenberg. The two relatives each received 191,800 DM for the property, which had a standard value of around 313,000 DM. In addition, the couple paid off a registered security mortgage from the People's Republic of Bulgaria for a further 28,650 DM.²⁵⁷ The sole owners then presumably transferred the property to the real estate company "HoWo" – Hohenzollerndamm Wohnungs GmbH, in which Kurt Jasen bundled his extensive involvement in the Berlin real estate market. The clearing of the site began in 1968 after the property had been resold for an unknown price. New construction began in 1970.²⁵⁸

The Zwillenberg couple had particularly ambivalent experiences with regard to the restitution of their residential property. The Dominium Linde estate was located in the territory of the GDR and was therefore not eligible for restitution in the Bonn Republic. It was only after 1989 that her daughter got the property back and set up a research station for scientific nature conservation there, which has been supported by the non-profit Zwillenberg-Tietz Foundation since 2011.²⁵⁹ The Dahlem residential property at Hohenzollerndamm 100/101, on the other hand, was returned on March 14, 1950 by the Federal Republic as the legal successor to the Reich Treasury, for whose benefit the property had been extorted from the family under duress in 1938.²⁶⁰

While the right of restitution only regulated the return of the physically still existing properties, all other damages that had arisen with the confiscation of private assets were treated in the context of compensation (*Entschädigung*). In this field too, after 1945, legislators were faced with the challenge of classifying the complex instruments of persecution and robbery used by the Nazi regime in a legal and bureaucratic structure of *Wiedergutmachung* that attempted merely to convert the experiences of those affected into financial benefits and could therefore never satisfy them.

Bureaucratic Compensation

The attempts to make amends by means of compensation are a lesson in past (federal) German policy in the 1950s and 1960s.²⁶¹ The state's efforts to show responsibility for the numerous forms of discrimination, persecution, robbery and murder that the victims of the National Socialist dictatorship had to endure were evident everywhere. In practice, however, the implementation of the legal con-

cept of compensation suffered from three central deficiencies: Firstly, it took an agonizingly long time for the legislature to create a binding legal framework in several steps – from the early Allied regulations in 1949 to the first Berlin Compensation Act (*Berliner Entschädigungsgesetz*), based on USEG in 1951/52, the Federal Supplementary Act (*Bundesergänzungsgesetz, BergG*) of 1953 and finally the uniform Federal Compensation Act (*Bundesentschädigungsgesetz, BEG*) of 1956.²⁶² Like many applicants, the Tietz family sought to assert their claims as early as possible. This meant, however, that the regulatory basis changed several times during the ongoing proceedings, new partial claims had to be applied for again and again, additional demands made, and each time forms and evidence had to be submitted. Secondly, the processing of the proceedings suffered from a high level of bureaucratic ballast. This arose from the legally necessary procedure of classifying the complex range of persecution experiences into broad categories of damage in order to be able to process them in a structured manner. The consequence, however, was that a thicket of clauses, claim categories and complicated calculations of material benefits arose, which was almost impossible for those actually affected to understand without the help of specialist lawyers. Thirdly, the high level of formality and bureaucracy frequently resulted in processing times lasting years, which made the in many cases elderly applicants doubt the seriousness of the authorities' efforts to make amends.

The individual members of the Tietz and Zwillenberg families initially made claims based on the Berlin Compensation Act for the confiscation of their private assets as a result of state seizure. On the same day, January 11, 1951, Georg and Edith as well as Martin and Anni Tietz submitted applications for compensation payments for levies and special taxes as well as for the plundering and squandering of their art collections and other belongings.²⁶³ Around a year later, on February 5 and 8, 1952, the Berlin Compensation Office received notification of the financial losses for Betty Tietz, who died in 1947, and for Hugo Zwillenberg.²⁶⁴ The lawyer Dr. Hans Aldenhoff acted as legal representative for the entire family. The authorities needed until February 1953 to examine the applications and to arrange a first meeting; thereafter Aldenhoff made it clear that "my clients wish to complete the compensation proceedings as quickly as possible and are prepared to reach a settlement of the compensation claims, just as in the [. . .] restitution proceedings."²⁶⁵

The hope of a quick processing of their claim was, however, not fulfilled. The Compensation Board acted slowly under the burden of the general flood of applications and initially dealt with the supposedly more easily manageable aspect of the anti-Jewish compulsory levies. According to a uniform regulation, the confiscated funds in the compensation context were to be converted and paid out from RM to DM at a ratio of 10:2. This meant that the exchange rate was better than for

commercial restitution payments, which were per se converted at a rate of 10:1. The background to this original Allied requirement was that the profound loss of life, limb and freedom should also be compensated materially.²⁶⁶ In the summer of 1953, Martin Tietz was awarded exemplary compensation of 50,660 DM for the Reich flight tax of around 253,300 RM that he had been forced to pay in 1938.²⁶⁷

However, it would later become clear that such standard procedures in the Tietz/Zwillenberg compensation proceedings were the rule rather than the exception. This was also typical of the handling of compensation in general. Numerous exceptions, special calculations and cross- and back-references to the restitution proceedings complicated the processing. In the case of Georg Tietz, for example, the compensation authority warned that only the Reich flight tax payments that had been made in 1938 from private cash assets could be paid at a ratio of 10:2. The share that the Jewish entrepreneur had paid from the proceeds of the sale of his property, however, was only refundable according to the restitution rule at a rate of 10:1.²⁶⁸ The family's lawyer objected to these administrative maneuvers, emphasizing that since "the compensation law represents an exception that limits legitimate claims [. . .] downwards to amounts that – as in the present case – are clearly disproportionate to the damage actually incurred, there is no reason [. . .] to reduce these compensation amounts even further to the lowest level."²⁶⁹

It becomes clear what areas of tension arose between the legalistic administrative practice of the German caseworkers and the applicants' experiences of persecution. The potential for conflict was exacerbated by massive delays provoked by the less than pragmatic approach. For example, in the compensation case of Betty Tietz, Aldenhoff felt compelled to openly threaten the Berlin office with a lawsuit for delayed processing at the end of 1956. The reason was that the financial loss of around 863,000 RM, which had been claimed four years previously, had still not been decided, apart from a partial decision on the Jewish property levy.²⁷⁰ The Compensation Board was obviously waiting for the outcome of a pending restitution procedure. It was therefore not in a position to make the necessary offsetting for funds that had been taken away or reused. It is no longer clear from the available sources when exactly a corresponding decision was made to the heirs.

The administrative coordination between compensation and restitution claims in the Hugo Zwillenberg case took on almost bizarre features. He had submitted his asset losses totaling around 815,000 RM under the Berlin Compensation Laws, including payments for the Reich flight tax of around 202,000 RM, for the Jewish asset levy of around 247,900 RM, and the additional levies of around 125,000 RM extorted in the context of his imprisonment and escape.²⁷¹ The Compensation Board subsequently carried out a laborious investigation into which partial amounts Zwillenberg had paid in 1938 from the sale of his Berlin home.

Since the property on Hohenzollerndamm had already been reimbursed in kind by the Federal Republic in 1950, the special levies paid from the purchase price of 218,250 RM were also considered to have already been paid. Accordingly, Zwillenberg was asked as an assignor to transfer the compensation claim for this sum to the Berlin Senator for Finance.²⁷² As a result, in 1953 the public state authority whose predecessor had confiscated the Jewish assets took over compensation claims against the German state, which had previously acted as an “Aryanizer.” The basic idea behind this formal legal step was to prevent double compensation payments and to implement the primacy of restitution in kind. The same procedure was followed with regard to refundable securities that Zwillenberg had given to the Berlin Finance Authority in order to settle his tax debts.²⁷³ For the person concerned, however, this regulation not only meant an enormously longer processing time, but also a high level of bureaucratic effort in order to provide the authorities with detailed evidence of every financial transaction in 1938/39 and to fulfill all the formalities of the required assignment of his claims. It was not until July 4, 1961 that a final compensation decision was issued, awarding Zwillenberg around 119,500 DM for the remaining amount of the compulsory levies of 597,500 RM. The processing of the compensation for his asset losses alone had thus taken more than nine years before it became legally binding.²⁷⁴

While these lengthy bureaucratic processes of compensation for the anti-Jewish levies were already met at best with incomprehension from the family, the processing of the other categories of damage triggered additional frustrating conflicts at many points. This applied, for example, to the compensation for the transfer losses suffered by the families of Georg and Martin Tietz. In the 1950s, neither branch of the family had any conclusive documents that could have been used to quantify the exact amount of the loss. This was partly because they had long since lost control of their own assets since the end of the 1930s through account freezes and the law governing fiduciary management of enemy assets. In addition, Georg Tietz died in 1953 and Martin Tietz was too ill after a stroke in the same year to be able to provide the relevant information from memory. Hans Aldenhoff could therefore only ask the authorities to estimate the amount of the loss.²⁷⁵ He repeated this request several times. In 1963, the family finally had to withdraw the transfer damage claim due to a lack of evidence.²⁷⁶

The comprehensive documentation requirement also forced the family to provide page after page of explanations about their own persecution since the beginning of the Nazi regime when justifying so-called damage to professional advancement²⁷⁷ and when proving alleged boycott damage. The relevant letters were drafted by the family lawyer Aldenhoff, who drew up a detailed picture of the business and living situation of those affected.²⁷⁸ Despite the cogent description of the well-known persecution situation in which Jewish department stores

had found themselves due to the massive attacks by the Nazi party base, the authorities entangled the family in pedantic discussions about whether each of the owners of the largest family-run department store group at the time was actually entitled to an individual payment of the maximum compensation sum of 75,000 DM. Ultimately, after more than two years of negotiations, the claimants agreed that the maximum amount for boycott damages would only be paid out once for the entire company and would be distributed equally among the former owners and heirs of Hugo Zwillenberg, Georg and Martin Tietz.²⁷⁹

Ultimately, it is depressing in many respects to see from a historical perspective how little the official compensation practices succeeded in adequately redressing the reality of the anti-Jewish confiscation measures. This is documented in an exemplary manner in the handling of the squandering of commercial and private property, which according to the law could be settled by means of monetary compensation if the whereabouts of the goods were unknown and restitution in kind was therefore not feasible.²⁸⁰ With this mind, it was understandable that Georg and Martin Tietz made claims for the squandering of the Mefa GmbH warehouse.²⁸¹ The sale was carried out in 1938 by the state-appointed liquidator Freimuth, who had valued the warehouse at around 150,000 RM below its value. The compensation authorities did not accept the idea that this was an act of confiscation by the Nazi regime. Instead, they insisted on the distinction that in 1938 the brothers had only owned Mefa shares. This was, however, not to be equated with operational business ownership. The application for compensation was rejected in 1965 because the injured company, as a legal entity, had no standing under the BEG. This was particularly true because Mefa's headquarters were not in the area of application of the Federal Republic of Germany or West Berlin.²⁸²

Another example of this kind of practice is the way the authorities dealt with claims for damages relating to private goods to be moved and art and book collections, the whereabouts of which could hardly be ascertained. From 1956 onwards, the BEG stipulated that goods sold, auctioned or thrown away without consent should be compensated by weighing up the material value at the time of the damage and the current replacement value. The assessment was to be based on expert opinions in a value ratio of 1:1 from RM to DM.²⁸³ In February 1963, five and a half years after the compensation application had been submitted by Georg Tietz's heirs in July 1957, the Berlin Compensation Board wrote to Aldenhoff that "the necessary steps had already been taken" and that they were now simply waiting for the results of the expert report on the exceptional Tietz library.²⁸⁴ The Tietz family and their lawyer Aldenhoff must have been very surprised when they discovered who had been appointed as the expert by the authorities: it was once again Max Niederlechner, who had already valued the collection for the Nazi financial authorities in 1943 and had played a key role in the partial destruc-

tion of the collection. While he had valued the collection at 20,000 RM at the time, he recommended a compensation sum of only 16,000–18,000 DM to the office.²⁸⁵ Aldenhoff objected to the low assessment and remarked, noticeably annoyed: “When Mr. Niederlechner explains in his report that his work was made more difficult by very imprecise and superficial information, Mr. Niederlechner has evidently forgotten – which is understandable given the time that has passed since then – that he had previously worked as an expert for the Reich Chamber of Literature on the book collection in question.” They would be happy, he goes on to say, to negotiate personally with the expert so that “[. . .] questions that may be asked can help Mr. Niederlechner to recall the events at the time in order to then review the report that has already been submitted.”²⁸⁶ The lack of sensitivity and morality in dealing with the claims of those persecuted by German authorities can hardly be demonstrated more directly than in this case. Parallel to the negotiations about the book collection, the Berlin Office of *Wiedergutmachung* had a second appraisal prepared on the confiscated apartment inventory and Georg Tietz’s art collection. The art expert Kurt Wittkowski estimated the total value of the valuable paintings, graphics and arts and crafts furnishings at around 420,000 DM.²⁸⁷ Due to the immense amount of property damage, the Berlin State Tax Office asked the lawyer for the claimants to negotiate a settlement. His clients Edith and Hermann Tietz as well as Rösli Jasen ultimately accepted an out-of-court settlement in order to finally reach a decision “[. . .] in the interest of a quick end to the injustice committed a quarter of a century ago [. . .].”²⁸⁸ Understandably, the family’s patience had run out. In June 1965, they finally accepted a settlement offer of 275,000 DM for all of the lost items in question.²⁸⁹

The compensation process in this form had long since degenerated into a lengthy struggle by the family to have their legitimate claims recognized. As far as compensation for material damage was concerned, Hans Aldenhoff clearly acted as a filter that cushioned the emotional consequences of this treatment. The experience must have been all the more personal and degrading for Hugo Zwillenberg when the compensation authority questioned his family’s claims for compensation for the deprivation of liberty suffered in the context of their escape.²⁹⁰ After Zwillenberg had extensively documented his family’s ordeal, the Berlin Compensation Board only wanted to classify the imprisonment in Westerbork until March 9, 1944 as deprivation of liberty. All further stays in the so-called Front-Stalag in France, Algeria and Morocco were classified as “foreign police or foreign and international measures”²⁹¹ and not considered to be due to persecution. Although Zwillenberg vividly described the terrible conditions of residence behind barbed wire in the transit camps, the authorities initially rejected compensation for this period of detention in their decision. For the applicants, this approach was simply unacceptable, as Hugo Zwillenberg’s legal representative,

Hermann Götze, emphasized in July 1953. His judgment on the authorities' behavior in this individual case can be transferred to the entire compensation context: "It becomes clear how quickly the causal connection between the events was forgotten in the course of time, and how the links in the unfortunate chain are now no longer recognized in their inseparable connection, and are even now completely misunderstood."²⁹²

Conclusion

There is no doubt that the takeover of the Hermann Tietz department store group was one of the first and most spectacular “Aryanizations” of the Nazi era. As early as the end of 1934, the Tietz family was deprived of their company property, which included flagships of modern consumer culture such as the KaDeWe [Kaufhaus des Westens, Berlin] or the department store cathedrals on Hamburg’s Jungfernstieg, Berlin’s Leipziger Straße and Munich’s Bahnhofsvorplatz. The company, initially passed into the possession of the creditor banks, was renamed Hertie Waren- und Kaufhaus GmbH and a few years later was acquired by the managing director Georg Karg, who had been appointed in 1933. With the abbreviation “Hertie,” the new company consciously linked up with the good name of the predecessor group. But there was no discussion of the fact that the world-famous department store company had been vulnerable for takeover only under the conditions of the National Socialist persecution of the Jews.

The questions that have remained unanswered for many decades regarding the “Aryanization” of the Hermann Tietz Group have been addressed for the first time in this study on the basis of extensive research and the evaluation of many previously unused sources: How was the Tietz family forced out of their company and how was their property valued? What role did the banks play in the founding of Hertie, and the appointment of managing director Georg Karg, who later took over the group? What was the further fate of the Tietz family under the pressure of the increasingly severe persecution measures and in their emigration? How should the attempts of *Wiedergutmachung* for this injustice in the Federal Republic be evaluated? The study spans an analytical arc that for the first time provides a multi-dimensional picture of the history of the company and its owners and proprietors, ranging from the founding and prehistory to the historical burdens from the Nazi era and the confrontation with the difficult past in the 1950s to 1970s.

Through innovative business methods, the linen goods store founded in 1882 by Oscar Tietz in Gera, East Thuringia, named after his uncle Hermann, became a department store group. After the death of the company founder, the Hermann Tietz company remained a general partnership, managed by Oscar Tietz’s two sons and son-in-law, the personally liable partners Georg Tietz, Martin Tietz and Dr. Hugo Zwillingen. By 1932, the number of Hermann Tietz department stores had increased to twenty, half of which were in Berlin. The group also included a network of more than twenty real estate, trading and manufacturing companies. The real estate companies alone accounted for around two thirds of the group’s assets. The most valuable holdings were in the hands of Betty Tietz, the widow of

the company's founder, whose crucial importance was hardly noticed from the outside.

At a time of rapid growth in the department store sector and increasing concentration within the industry, Hermann Tietz took over the Berlin-based A. Jandorf Group at the end of 1926. However, this expansion, which was carried out in good times, led to a significant rise in the company's debt level. Like many department store companies, the firm was therefore faced with considerable financial burdens during the global economic crisis that began in the autumn of 1929. As part of the restitution proceedings, Hertie later claimed that the Tietz family had sold their group because it had found itself in a hopeless situation during the global economic crisis due to its high level of debt. In fact, Hermann Tietz OHG was in financial difficulties in 1932, but they were able to overcome the slump, later referred to as the "cash failure." Thanks to the extensive real estate holdings, their assets were still greater than the debts, which therefore continued to be covered. Unlike Karstadt AG, which was even more heavily indebted, Hermann Tietz did not need to be supported during the global economic crisis. The sources analyzed clearly show that the Hermann Tietz Group was only brought to the brink of collapse by the department store crisis brought on by the National Socialists in the spring of 1933. The attacks on "Jewish" businesses, especially large department stores, which had already begun in the 1920s and which anti-Semites regarded as a symbol of the supposedly negative influence of Judaism on the economy and society, swelled into continuous terror after the National Socialists seized power. With the national "boycott of Jews" announced by the NSDAP leadership on April 1, 1933, these attacks became the declared policy of the regime. The fact that the future of the entire department store industry was now in question hit the department store companies even harder than the short-term consequences of the boycott campaign. At Hermann Tietz, sales fell by more than 40 percent in April 1933, and by 20 percent in the entire department store industry in 1933. This politically induced crisis caused massive financial difficulties for the Hermann Tietz Group.

The boycott on April 1 also marked the beginning of the "Aryanization" process of the department store companies. Under pressure from the party and the banks, Alfred Leonhard Tietz, a cousin of Georg and Martin Tietz, had to resign from Leonhard Tietz AG on that day. It was now only a matter of time before politicians, with the support of the banks, would push for "Aryanization" of the Hermann Tietz Group. The owners refused to negotiate, but the increasing liquidity problems into which their company had been driven by the National Socialist campaigns made them vulnerable to blackmail. The banks were not prepared to support Hermann Tietz with urgently needed millions in Reichsmark loans. They can be blamed for consciously and prematurely yielding to the regime's expecta-

tions with this refusal. But the witch hunt against Hermann Tietz that was now beginning can be attributed to those in power. From the point of view of the lenders, the group could no longer offer reliable security because the continued existence of a “Jewish” department store company was politically endangered.

Although the liquidity crisis escalated dramatically in June 1933 and suppliers could no longer be paid, the Tietz family initially resisted the pressure to “align” [gleichschalten] their company. According to statements from the post-war period, the personally liable partners Georg Tietz, Martin Tietz and Hugo Zwillenberg were then lured to the Berlin Adlon Hotel on June 22, 1933 under a pretext, and locked in a room until they “agreed” to step down. The Reich Ministry of Economics and the Akzeptbank, which was associated with the Reich, were prepared to approve the rescue loan of millions on this condition. But Hitler’s approval was required for this – it could hardly have been clearer how the granting of a loan had become a political issue for Hermann Tietz. Hitler initially refused, but on July 4, 1933, he gave in as part of a shift to a more business-oriented policy, as advocated by the new Reich Minister of Economics, Kurt Schmitt. Only now did the banks make their move.

The owners of the Hermann Tietz company, as personally liable partners of a general partnership, could not be forced to resign like board members of a stock corporation. Since they were liable for the company’s debts with their personal assets under commercial law, they could only be ousted after a complex balancing of liabilities and were then released from liability for the company’s debts after they left. In lengthy discussions, the banks of the creditor consortium, led by the Dresdner Bank and the closely associated Bankhaus Hardy & Co., agreed to carry out the “Aryanization” of the Hermann Tietz OHG by means of a limited liability company (GmbH), which would enter the company as a personally liable partner, expelling a member of the Tietz family. This strategy was implemented on July 24, 1933 with the founding by the banking consortium of Hertie Kaufhaus-Beteiligungs GmbH – a name that was chosen in reference to the “Hertie” private brand that had long been sold by Hermann Tietz. The group’s authorized signatory Georg Karg was appointed one of the two shareholders on behalf of the banks and, together with Trabart von der Tann, who was designated as a trusted representative of the banks, was also appointed managing director. However, the decisive factor at Hertie GmbH was the administrative advisory board appointed by the banking consortium, which had extensive powers over the management. The composition of the advisory board gives a clear picture of how broad the circle of those involved was. Three of the seven members of the first Hertie advisory board, including the chairman Charly Hartung (Hardy & Co.), were later persecuted themselves as “non-Aryans.” No member of the advisory board belonged to

the NSDAP, and the two managing directors Karg and von der Tann were also not in the party and did not join later.

The creditor banks had agreed, in coordination with the Reich Ministry of Economics, to proceed in two steps towards the “Aryanization” of Hermann Tietz OHG. Just five days after Hertie was founded, the company owners had to sign an amendment to the partnership agreement on July 29, 1933, which replaced Hugo Zwillenberg as personally liable partner with Hertie GmbH. The company was now called Hermann Tietz & Co., and the managing directors of Hertie joined Hermann Tietz’s management, where they could outvote the two remaining managing directors, Georg and Martin Tietz, at any time. Only after signing this “Gleichschaltung” agreement did Hermann Tietz receive the rescue loan of around 14.4 million RM, coupled with a moratorium on debt servicing. The Akzeptbank contributed around 5.7 million RM to the loan, and the consortium of creditor banks contributed around 8.7 million RM. In the consortium formed by ten banks, including five private banks, under the leadership of Hardy & Co., the Dresdner Bank Group and Deutsche Bank dominated, as did the Hertie administrative board.

The Jewish employees of Hermann Tietz & Co. immediately felt the effects of the “Gleichschaltung.” According to Karg, around 1,000 of the 14,000 employees were of Jewish origin, and 500 of them were dismissed in August 1933. The management was not forced to do this by legal regulations, but rather accommodated the NSBO and the Berlin SA with the wave of dismissals. When business threatened to suffer because no equivalent replacement for the missing staff could be found, Karg held on to Jewish employees for a while, especially those in management positions.

One year after being deprived of management positions, the Tietz family was forced to give up their company assets in a settlement agreement. The preamble to the agreement signed on August 13, 1934 stated that the family’s “exit” was “described as necessary in the public interest.” It could not have been made clearer that the family did not lose their company because of economic problems – as was later claimed – but as a result of the persecution and robbery of Jewish entrepreneurs. It would have been no different if the Hermann Tietz company had not been in debt.

The fact that the family was ousted by means of a settlement agreement was a result of the company’s legal form as a general partnership and also followed the strategy that the creditor banks had adopted in coordination with the Reich Ministry of Economics. The owners could also have been robbed of their concern by canceling the bank loans, but this would have forced the entire company into foreclosure. The government and the banks wanted to avoid this at all costs because of the obvious economic consequences. The “Aryanization” of the com-

pany's assets could not be carried out by means of a simple purchase either, since the acquiring company, Hertie GmbH, had already joined Hermann Tietz & Co. as a personally liable partner. The forced removal of the Tietz family therefore had to take place under commercial law as the departure of the personally liable partners Georg and Martin Tietz through a settlement agreement with a new allocation of the "divisible assets."

The Hertie management had no qualms about disclosing in a report written a few months later how the company's assets had been valued during the dispute to the detriment of the Tietz family. In contrast to the balance sheets previously prepared by the banks' trust companies, a capital deficit of around 29 million RM was reported due to the failure to take goodwill into account, high provisions for debts of the group companies, "special write-offs" on real estate and the increased bank debts. In order to ensure that the family was released from the company's debts, Betty Tietz, as the wealthiest family member, made up this deficit by contributing her private shareholdings. It is important to note in this context that the disposal of the private assets now resulted in a surplus of 15.5 million RM. Hertie should have made up this amount, but received it without any equivalent payment. These obligations from the settlement agreement were offset by commitments to the Tietz/Zwillenberg family, which, according to Hertie's calculations, amounted to a material value of around 2.5 million RM. Of course, the fact that the family was released from liability and that they were allowed to continue their commercial activities was more important to them.

In the overall balance sheet, the Tietz/Zwillenberg family lost the largest part of the company's assets due to the high level of debt of the group, which was estimated at around 130 million RM in mid-1933. They were thus held liable not only for the costs of expansion before 1929 and for the effects of the global economic crisis, but also for the damage to the company's assets caused by persecution and Nazi terror. Added to this were the losses from Hertie's described "Aryanization profit" in the partition balance sheet.

After the family was forced to leave the company at the end of 1934, Hertie took over the Hermann Tietz company which thus became the property of the creditor banks. Anyone who had believed that the banks would set about opening up a sustainable new perspective for the company, now known as Hertie Waren- und Kaufhaus GmbH, was soon proven wrong. The consortium continued to see itself as a creditor to Hertie and only increased the share capital to 2.5 million RM, which in no way met the requirements of a department store group of this size. Later explanations that the Tietz family's removal was a financially necessary restructuring measure turn out, on closer inspection, to be purely defensive claims.

Hertie managing director Georg Karg took advantage of the difficult situation in the summer of 1936 to propose a plan to the banks that would enable him to take over a majority stake in the company. His proposal was that, with the support of a loan from Dresdner Bank, he would acquire a majority of the shares at a price of 50 percent of the nominal value and then pay off the loan with a ten percent share of the profits. Karg took advantage of the fact that Hertie had a share capital that was set far too low. Dresdner Bank, Hardy & Co. and the other creditor banks were happy with Karg's proposal, as the share capital consisted almost entirely of converted bank debts. The creditors wanted to see this money again and in view of the unfavorable business development of the department store group they had to fear that this investment would be even more expensive for them. Against this background, with the involvement of the Reich Commissioner for the Credit Industry, the creditors agreed on a package that included an increase in the share capital to 7.5 million RM by converting the bank debts, a four-year standstill agreement and the sale of a 51 percent stake to Karg. By September 1937, Karg had a majority stake in Hertie. Since the department stores were now experiencing a strong upturn, he was able to gradually increase the stake from his share of the profits. In June 1940, he finally achieved his goal of taking full ownership of Hertie.

Contrary to what is sometimes claimed, Karg did not take over the department store group as an "Aryanizer," but he profited from this "Aryanization" like no other and also took Jewish-owned department stores in Guben, East Prussia and Berlin into private ownership. Parallel to his rise as Hertie managing director, he expanded the "Aryanized" Berlin department store Paul Held Nachf. into a private business base.

The Tietz/Zwillenberg family stayed in Germany after losing their group and tried to manage the assets they had left. They were able to rely on promises that were unusual for an "Aryanization" and for which there had still been scope for negotiation in the early years of the regime. The settlement agreement was still based on commercial law provisions that provided for negotiations between the shareholders and were further grounded on the idea of a division of assets. Taking these promises into account, Georg and Martin Tietz founded trading companies in Berlin and London that belonged to the Hertie Group's purchasing group. They were supported with a subsidy from their transferred company assets. They were also exempted – at least temporarily – from the Reich flight tax, and with official approval they were given the opportunity to finance foreign trade transactions to generate foreign currency with loans of up to nine million RM.

With this background in mind, the legend later arose during the restitution proceedings that the Tietz family had left Germany with a compensation of between six and twelve million RM. In reality, the special permit worth millions

was a credit line for export transactions, which could then be carried out on a much smaller scale than originally hoped. When one considers that the family was left with less than two percent of the company's assets in the settlement agreement and also lost a large amount of privately held shares, then one cannot speak of a "compensation" and certainly not of "fair treatment."

The promises received proved useful nonetheless. They made it easier for the Tietz family to transfer assets abroad before emigrating. Because they had long invested parts of their assets in banks in Switzerland and the Netherlands, Georg and Martin Tietz were able to acquire citizenship of the Principality of Liechtenstein for themselves and their family after emigrating to Switzerland in 1937. Protected by this status, Georg and Edith Tietz managed to emigrate with their children via England and Cuba to the USA. Martin and Anni stayed in Cuba. Betty Tietz followed her sons to Switzerland and from there emigrated to her home country, the USA.

The family of Hugo and Elise Zwillenberg had to take a much rockier path of escape. They were drawn into the vortex of the merciless November Pogrom of 1938 and the head of their family, Hugo, was taken to the Sachsenhausen concentration camp. Like many wealthy Jewish businessmen, Zwillenberg was forced to sell all his real estate under the pressure of threats of violence. His emigration to the Netherlands and a renewed arrest by Nazi occupation troops began a true odyssey that led him through numerous camps. The torture of persecution and escape left the Tietz and Zwillenberg families torn apart, robbed and scattered across the world.

For the Nazi regime, the emigration now provided the formal reason to seize the family's remaining assets in Germany. Although the range of confiscation instruments used here has long been known, it remains shocking how systematically and cunningly the state enriched itself at the expense of the entrepreneurial family. Even more shocking, however, is the finding of how many different private profiteers ruthlessly gained personal advantage in the slipstream of the regime. It is clear that the desire for "Aryanization" and robbery represented a holistic phenomenon of a society that had lost its compass of values. Evidence of this can be found in the "Aryanization" of real estate, in which manufacturers, small retailers, insurance companies and even the Wehrmacht itself participated. A genuine race for wealth arose over the family's valuable art and book collections. After these were confiscated or seized as enemy assets, the financial authorities set about appropriating the most valuable pieces, selling them at auction or simply selling them off to individual interested parties. The loss of the family was thus combined with irreparable damage to the German cultural landscape.

After the end of the Second World War, attempts to "make amends" for the National Socialist injustice through private restitution and state compensation

faced the difficult task of mapping the complex experiences of persecution in lawful normative structures in order to be able to process them legally at all. A particularly inglorious chapter in West Germany's policy of dealing with the past was the behavior of the German authorities in resolving the compensation claims. When it came to financial compensation for confiscated and seized private assets, the German caseworkers barricaded themselves behind legal regulations. In an extremely bureaucratic manner, they burdened the applicants with documentation requirements, confronted them with incomprehensible calculations and often delayed the proceedings for years. It must have seemed utterly shameful when the Zwillenberg family's interim stay in military internment camps was not classified as a result of persecution. Such revisionist maneuvers undoubtedly made those affected question the impartiality and honesty of the compensation offices.

The restitution of their former department store and thus the inheritance of their parents' generation was of particular importance to the family. The narrative of the encounter after the war between the Tietz family and Georg Karg and Hertie took place under different circumstances. The Allied occupying powers had placed the operating assets of the German companies under supervision. In addition, the restitution regulations assessed all legal transactions concluded with Jewish company owners since January 30, 1933 as illegal confiscation. This presumption reversed the burden of proof and put the purchasers under pressure. It was hardly possible for Georg Karg to deny the "Aryanization" with conclusive evidence. Nor could he afford to resort to delaying tactics in order to obtain legal certainty for the continued operation of the department stores. This link between reimbursement and the resumption of business activity had a particularly strong effect in the Hertie case, as the group lost its branches in the eastern sector of Berlin and in the Soviet occupation zone. If the company wanted to succeed in West Germany against strong competitors, the new start could not be blocked by pending reimbursement proceedings. These circumstances motivated Georg Karg to strive for a quick clarification, which was of course also in the interests of the claimants.

Starting from the summer of 1948, the Tietz family submitted almost a dozen restitution applications against Hertie. Both parties were aware that clarifying the complex claims through individual proceedings would be time-consuming and not very productive. They therefore agreed to combine the proceedings and to seek a universal settlement. This was the first strong signal that Georg Karg and the Tietz family were adopting a pragmatic approach, because this decision also meant that both sides refrained from individually evaluating and balancing the confiscated assets – each piece of land or property, each warehouse or share in a company. Instead, they sought a material settlement that was primarily

based on the monetary viability of both parties. With this understanding, there were no meticulous calculations of the “Aryanized” assets, so that the legitimate questions about the amount of Hertie’s “Aryanization profit” can hardly be answered from a historical perspective. However, this study clearly shows the point in the restitution negotiations at which both sides considered their rights and obligations to be appropriately balanced.

The entire course of the restitution process reveals a picture that is already familiar to informed researchers. Hertie saw itself as materially, but by no means morally, guilty, as responsibility for the discrimination and persecution of Jewish victims was shifted entirely onto the Nazi state. The only way to be able to conduct negotiations despite this attitude was for both sides to tacitly agree to stop discussing past guilt and instead to concentrate entirely on balancing current and future economic interests. An important prerequisite for this approach, which can be seen in the sources, was that Georg Karg sought personal contact with the Tietz family. They had known each other for years, even from their collaboration before 1933, and this acquaintance evidently enabled an objective and constructive atmosphere.

Similar to how the “Aryanization” took place under special conditions, the restitution settlement also had a special character. In contrast to all previously known cases, the parties did not agree on a one-off return or compensation payment. They entered into a long-term, business-like relationship. The Tietz family received back the buildings and land of the department stores in Karlsruhe, Stuttgart and Munich, but immediately leased them back to Hertie for twenty years. The rent was set at a fixed share of up to 2.5 percent of the department stores’ sales.

For Hertie, this meant that the company was not obliged to make a one-off payment worth millions, which it could hardly have shouldered at the time. Instead, the services were provided in moderate quarterly lease payments, which the group was able to finance from its profits. The Tietz family, on the other hand, secured a significant portion of their still tangible property as well as a continuous source of income to provide for themselves and their heirs in the long term. This settlement certainly entailed a certain business risk as to whether Hertie’s future sales could actually cover the restitution payments. However, this shift to the future was to pay off for both parties to the settlement in view of the onset of the “economic miracle” and the accompanying wave of consumption. Since annual sales had exceeded the previously estimated level by far since the mid-1950s, the restitution payments were also significantly higher than the original expectations.

Shortly after the restitution settlement was concluded and Hertie began to grow again, including through the takeover of the previously “Aryanized” depart-

ment store companies Wertheim and Hansa, Georg Karg adapted the group's organizational and ownership structures. He streamlined the complex capital entanglements of the numerous group companies and finally placed Hertie GmbH under the umbrella of a company-affiliated foundation, the Karg Family Foundation. This hybrid governance model enabled him to shield his group assets from the outside world in the style of a family business and to secure for himself and his family the long-term control rights over the company's assets, which were now immune to inheritance laws.

Despite the market development being financially favorable for all sides, the relationship between Hertie and the Tietz family was not free of conflict in the years that followed. This was also due to Hertie's rapid expansion, which Georg Karg believed was slowed down by the competition clause anchored in the agreement. From the mid-1950s onwards, the department store patriarch once again pursued his commercial goals alone, but he tried to circumvent this clause of the contract. When the debates about the local ban on opening further branches combined with discussions about buyback offers, deep tensions arose that also affected the family. Hertie behaved increasingly insensitively, even threatened individual family members with lawsuits and, through a number of machinations, came to be suspected of attempting to assert its interests over the heads of the company's heirs.

It is interesting to note that additionally these conflicts always remained on two levels of negotiation. While the respective legal representatives of both parties argued fiercely, the personal connection between Georg Karg and the former owners remained intact. This was the only way the disputes could be settled in the early 1960s. When the restitution settlement finally expired on July 1, 1970, Hertie was able to fall back on some purchase options that had already been agreed upon for the properties in Karlsruhe, Stuttgart and Munich. Martin Tietz and his heirs even extended their leasehold for another 15 years and thus continued to work with the department store company. At the end of the long restitution phase, however, almost all of the previously confiscated property was returned to Hertie. At the same time, all other claims arising from the "Aryanization" were considered legally settled.

If one sums up the history of the encounter between the former "Aryanizer" and the victims of anti-Jewish persecution, who now faced each other in changed roles as those entitled to make claims and those obliged to respond to these claims, it must be stated that they found a relationship on equal footing, not least due to the fact that Hertie was economically dependent on good relationships. The Tietz family was in the fortunate position of being competently represented in the extremely complex, detailed questions of restitution by experienced lawyers, with Kurt Jasen even from their own ranks. As a result, they succeeded in

satisfactorily realizing their claims. With their conduct in the Paul Held Nachf. restitution proceedings, Hertie and Karg also provided a counterexample in how coldly and calculatingly they enforced their business interests against those claimants. Here they exploited the financial hardship and poor health of the Auf-richtig couple in order to quickly placate the former department store owners with a compensation that was far too low.

This once again confirms the double face of Hertie representatives in dealing with their own past. Their greatest shortcoming was their lack of insight into the need to take moral responsibility for their own involvement with the unjust regime of National Socialism, regardless of any material or legal level. This was a failure that continued well beyond the end of the restitution phase and the dissolution of Hertie, and into our recent past.

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Appendix

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Notes

Introduction

- 1 Konrad Fuchs, *Ein Konzern aus Sachsen. Das Kaufhaus Schocken als Spiegelbild deutscher Wirtschaft und Politik 1901–1953*, Stuttgart 1990; Simone Ladwig-Winters, *Wertheim – ein Warenhausunternehmen und seine Eigentümer. Ein Beispiel der Entwicklung der Berliner Warenhäuser bis zur “Arisierung”*, Münster 1997 [hereafter Ladwig-Winters, *Wertheim* 1997a].
- 2 Ladwig-Winters, *Wertheim* 1997a. More recently, with problematic assessments, also William M. Katin, *Hostile Takeovers of Large Jewish Companies, 1933–1935, Reassessing Aryanization of Large Jewish Firms*, Lanham 2021.
- 3 Wolfgang Seibel, *Robuste Strukturen, robuste Motive. Holocaust und wirtschaftliche Verfolgungsmaßnahmen – Anlaß zur Neubewertung der Strukturalismus/ Intentionalismus-Debatte? Das Beispiel Frankreich 1940–1942*, unpublished. Manuscript, Konstanz 2000.
- 4 For an overview, see Dieter Stiefel, “The Economics of Discrimination,” in: id. (ed.), *Die politische Ökonomie des Holocaust. Zur wirtschaftlichen Logik von Verfolgung und “Wiedergutmachung.”* Vienna 2001, 9–28; also: Peter Hayes, “Big Business and ‘Aryanization’ in Germany 1933–1939,” in: *Jahrbuch für Antisemitismusforschung* 3 (1994), 254–281; Jonas Scherner, “Das Verhältnis zwischen NS-Regime und Industrieunternehmen – Zwang oder Kooperation?,” in: *Zeitschrift für Unternehmensgeschichte* 2 (2006), 166–190.
- 5 Dirk van Laak, “Die Mitwirkenden bei der “Arisierung“. Dargestellt am Beispiel der rheinisch-westfälischen Industrieregion 1933–1940,” in: Ursula Büttner (ed.), *Die Deutschen und die Judenverfolgung im Dritten Reich*, Hamburg 1992, 231–257.
- 6 Frank Bajohr, “‘Arisierung’ als gesellschaftlicher Prozess. Verhalten, Strategien und Handlungsspielräume jüdischer Eigentümer und ‘arischer’ Erwerber,” in: Fritz Bauer Institute et al. (eds.), *“Arisierung” im Nationalsozialismus. Volksgemeinschaft, Raub und Gedächtnis*, Frankfurt a. M. 2000, 15–30; id., “Verfolgung aus gesellschaftsgeschichtlicher Perspektive. Die wirtschaftliche Existenzvernichtung der Juden und die deutsche Gesellschaft,” in: *Geschichte und Gesellschaft* 26 (2000), issue 4, 629–652.
- 7 Ingo Köhler, “Werten und Bewerten. Die ‘kalte’ Technik der Arisierung,” in: Hartmut Berghoff et al. (eds.), *Wirtschaft im Zeitalter der Extreme. Beiträge zur Unternehmensgeschichte Österreichs und Deutschlands*, Munich 2010, 316–336.
- 8 As in Katin, *Hostile Takeovers*.
- 9 See Julia Schmieder, “Das Kaufhaus Uhlfelder” in: Angelika Baumann/Andreas Heusler (eds.), *München arisiert. Entrechtung und Enteignung der Juden in der NS-Zeit*, Munich 2004, 127–144; Dieter Mönch, *Vergessene Namen Vernichtete Leben. Die Geschichte der jüdischen Unternehmerfamilie Wronker und ihr großes Warenhaus an der Frankfurter Zeil*, Frankfurt a. M. 2019; Daniel Lohmann et al. (eds.), *Das Warenhaus Tietz in Aachen. Ein Bauwerk im Spannungsfeld von Zeitgeschichte und Architektur 1892–1965*, Aachen 2021; John H. Mueller, *The Kaiser, Hitler and the Jewish Department Store: The reich’s Retailer*, London 2022. As an overview: Detlef Briesen, “Die Debatte um das Warenhaus. Vom Deutschen Kaiserreich bis zur Bundesrepublik Deutschland,” in: Weiss-Sussex/Zitzlsperger, *Das Berliner Warenhaus. Geschichte und Diskurse*, Frankfurt a. M. 2013, 17–32; Uwe Balder, *Kleidung zwischen Konjunktur und Krise. Eine Branchengeschichte des deutschen Textileinzelhandels 1914 bis 1961*, Stuttgart 2020.

1 “The Largest Privately-owned Department Store Group in Europe”: The Hermann Tietz OHG 1882 to 1932

1 “Jandorf wird Tietz,” in: *Vossische Zeitung*, 12/2/1926 (morning edition). Similar: The largest department store group in Europe, in: *Industrie- und Handelszeitung*, 12/2/1926; “Rationalizierg im Warenhausgewerbe,” in: *Kölnische Zeitung*, 12/4/1926 (“Das größte Warenhausunternehmen Europas”).

2 The traditional source of information on the history of the Tietz family and the beginnings of Hermann Tietz OHG is based on: Georg Tietz, *Hermann Tietz. Geschichte einer Familie und ihrer Warenhäuser*, Stuttgart 1965. The work, written by Georg Tietz as a memoir, was published posthumously in an adaptation by his widow Edith Tietz and Edith J. Hirsch. The explanations of the family’s history largely correspond to the sketch of the Tietz family published in 1930 in: Kurt Zielenziger, *Juden in der deutschen Wirtschaft*, Berlin 1930, 206–220. Based on Georg Tietz’s memories: Werner E. Mosse, “Terms of Successful Integration – The Tietz Family 1858–1923,” in: *Leo Baeck Institute Year Book 34* (1989), 131–161. About Oscar Tietz from recent literature: Nils Busch-Petersen, *Oscar Tietz. Von Birnbaum/Provinz Posen zum Warenhauskönig von Berlin*, Berlin ³2013.

3 The department store founding families Tietz, Joske (later Berlin/Leipzig), Ury (Leipzig/Zwickau) and Knopf (Karlsruhe) had their roots in Birnbaum, the department store founders Hermann and Simon Wronker (Mannheim/Frankfurt a. M.) came from the Birnbaum district, and the Schocken family (Zwickau) also came from the Posen province. Georg Tietz, *Hermann Tietz*, 20; see Fuchs, *Konzern*; Mönch, *Namen*; Mueller, *Kaiser*.

4 Markus and Karl Tietz probably named the company H & C Tietz after their brothers Hermann and Chaskel, who were most likely co-investors.

5 Quoted from Busch-Petersen, *Oscar Tietz*, 15.

6 Georg Tietz, *Hermann Tietz*, 40–44.

7 “Gesetz, betreffend die Waarenhaussteuer. Vom 18. Juli 1900,” in: *Gesetzes-Sammlung für die königlichen Preußischen Staaten 1900*, Berlin 1901, 294, quoted from: Uwe Spiekermann, *Warenhaussteuer in Deutschland. Mittelstandsbewegung, Kapitalismus und Rechtsstaat im späten Kaiserreich*, Frankfurt a. M. 1994, 266 (Appendix V).

8 Christian Kleinschmidt, *Konsumgesellschaft*, Göttingen 2008, 37.

9 Nils Busch-Petersen, *Leonhard Tietz. Fuhrmannssohn und Warenhauskönig – Von der Warthe an den Rhein*, Berlin 2014, 28–34.

10 Simone Ladwig-Winters, *Wertheim. Geschichte eines Warenhauses*, Berlin 1997 [hereafter Ladwig-Winters, *Wertheim* 1997b], 29–49.

11 Émile Zola, *Au Bonheur des Dames*, Paris 1893 (engl. *The Ladies’ Paradise*, London 1895).

12 Briesen, *Debatte*, 19 f.

13 See Antonia Meiners, *100 Jahre KaDeWe*, Berlin 2007, 25–42.

14 Spiekermann, *Warenhaussteuer*, here especially 97–122.

15 Balder, *Kleidung zwischen Konjunktur und Krise. Eine Branchengeschichte des deutschen Textileinzelhandels 1914 bis 1961*, 79; Busch-Petersen, *Oscar Tietz*, 42.

16 Georg Tietz, *Hermann Tietz*, 140–143.

17 *Ibid.*, 210. With reference to the partnership agreement of 12/22/1919, see: Neufassung des Gesellschaftsvertrags der Firma Hermann Tietz, 8/29/1933, in: Staatsarchiv München (Munich State Archive) [hereafter StAM], WB Ia 315.

18 Georg Tietz, *Hermann Tietz*, 150.

19 *Ibid.*, 210.

20 Calculation based on the breakdown of the family's business shares by members: Vertrag zwischen der Familie Tietz und der Hertie Kaufhaus-Beteiligungs GmbH, 8/13/1934, and the Konzernschema in: Bundesarchiv Berlin (Federal Archives Berlin) [hereafter BAB], R 8119F/5211, 43 and 13.

21 Calculated according to *ibid.*, 43. A report by Treuhand-Vereinigung AG dated 11/3/1934 stated that Betty Tietz's assets as of 7/15/1933 were around 23.7 million RM, and those of Georg Tietz were 3.4 million RM and those of Martin Tietz amounted to 4.1 million RM. Information according to: Walter Schmidt und Hans Aldenhoff, *Erwiderung im Rückerstattungsverfahren Tietz* ./ Victoria (1950), 20, in: Leo Baeck Institute [hereafter LBI], Jasen Tietz Collection, AR 25956, Box 2, File 22.

22 Notariell beglaubigte Vollmacht Betty Tietz geb. Meyer für Dr. Hugo Zwillenberg, 1/28/1923 (copy), in: Karg'sche Familienstiftung (Karg Family Foundation) [hereafter KFSt], Fakten und Daten zur Geschichte der Hertie-Stiftungen und ihrer Stifter [hereafter: Fakten und Daten], Part 1, Book 3, Doc. 06.

23 Betty's parents, Mair Samuel Graupe and Rösli (Rosa), née Tietz, lived in Washington, D.C. at the time of her birth because her father worked there as the secretary of a Confederate politician. After the Union victory in the American Civil War, Graupe's business in Memphis, Tennessee collapsed. Hermann Tietz supported his brother-in-law, took Betty in as a foster child, and took her with him when he returned to Europe. In Germany, she was given the maiden name "Meyer" because her father's first name was falsely recorded. Georg Tietz, *Hermann Tietz*, 16 f. and 130.

24 *Ibid.*, 120–135.

25 CV of Martin Tietz, 8/23/1937; Marriage certificate from the Berlin-Dahlem registry office, 3/7/1933 (certified copy 11/24/1936); regarding Anni Tietz's religious affiliation: *Erkölcsi bizonyítvány* Tietz Annie, 1/28/1937; In Martin Tietz's divorce suit filed in 1953, his lawyer stated: "Both parties are Israelites." Alois Stiegler to Regierung von Liechtenstein, 11/4/1953, in: Liechtensteinisches Landesarchiv Vaduz (Liechtenstein National Archives) [hereafter LLA], V 4/1937/21.

26 Georg Tietz, *Hermann Tietz*, 138 f. and 161.

27 Personalakte Dr. Hugo Zwillenberg, in: BAB, R 3001/81557.

28 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne (1932), in: Historisches Archiv der Commerzbank AG (Historical Archive of Commerzbank AG) [hereafter HAC], 500/45392–2001.BE.

29 Statement by Wieland (Deutsche Bank, Berlin), o. D. (1947), in: Staatsarchiv Ludwigsburg (Ludwigsburg State Archive) [hereafter StAL], EL 402–25, Bü 771 b.

30 Dr. Rile, "Die Stellung der Firma in Handel und Industrie," in: *Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz*, Berlin 1932, 69 and 71.

31 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/8/1935, Anlage 1, in: BAB, R 8119F/5217.

32 A. Waldmann, "Soziale Einrichtungen und Angestellten-Fürsorge," in: *Hermann Tietz, Der größte Warenhauskonzern Europas im Eigenbesitz*, 182.

33 Heinrich Uhlig, *Die Warenhäuser im Dritten Reich*, Cologne 1956, 225.

34 "Tietz – Jandorf – K. d. W.," in: *Frankfurter Zeitung*, 12/3/1926.

35 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne (1932), in: HAC, 500/45392–2001.BE; Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/8/1935, Anlage 1, in: BAB, R 8119F/5217; Uhlig, *Warenhäuser*, 225.

36 Balder, *Kleidung*, 66. According to the estimate given there, the Hermann Tietz company was ahead of Wertheim (100 million Mark) and Karstadt (93 million Mark) in 1917 with sales of 120 million Mark.

- 37 The anniversary book of the firm also has the same title: *Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz*.
- 38 At Rudolph Karstadt AG, its founder no longer held the majority of the share capital since the beginning of the 1920s. Rudolf Lenz, *Karstadt. Ein deutscher Warenhaus-Konzern 1920–1950*, Stuttgart 1995, 125.
- 39 Hugo Zwillingen, “Die Zukunft des Warenhaus-Konzerns,” in: *Vossische Zeitung*, 12/6/1926.
- 40 *Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz*, 198.
- 41 Berliner Handels-Register 64th year (1928), 477, and 65th year (1929), 435.
- 42 For Karg’s biography, see Chapter 2, 81 ff. For the quote: Hans Otto Eglau, “Der Herr von Hertie. Die Karriere des schweigsamen Warenhauskönigs Georg Karg,” in: *Die Zeit*, 11/27/1970.
- 43 “Direktor D. Loewenberger 40 Jahre bei Hermann Tietz,” in: *Berliner Börsen-Courier*, 10/23/1932.
- 44 Georg Tietz, *Hermann Tietz*, 41.
- 45 Hans Otto Eglau, Georg Karg. “Der Herr von Hertie,” in: id., *Die Kasse muß stimmen. So hatten sie Erfolg im Handel. Von der Kleiderdynastie Brenninkmeyer über die Discountbrüder Albrecht bis zur Sexversenderin Beate Uhse*, Düsseldorf 1972, 39.
- 46 Bericht der Treuverkehr Deutsche Treuhand-Aktiengesellschaft für Warenverkehr über bei der Firma Hermann Tietz & Co. angestellte Ermittlungen, Anlage 1: Treuverkehr to Beauftragter für Wirtschaftsfragen beim Führer, Wilhelm Keppler, 12/2/1934, in: BAB, R 8119F/5211, 164.
- 47 “Hermann Mühlberg an Hermann Tietz übergegangen,” in: *Dresdner Nachrichten*, 11/1/1928; “Hermann Tietz in Dresden,” in: *Berliner Tageblatt*, 3/26/1929; “Siegfried Cohn von Hermann Tietz-Konzern übernommen,” in: *Magdeburger Zeitung*, 6/3/1931, here according to: HAC, 500/65-118835, 18.
- 48 *Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz.*, 99 and 49–53; “Einkaufskonzern Hermann Tietz,” in: *Frankfurter Zeitung*, 11/10/1926.
- 49 “Fünfzig Jahre Hermann Tietz,” in: *Deutsche Allgemeine Zeitung*, 3/31/1932.
- 50 Max Osborn, “Moderne Verkaufsräume,” in: *Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz*, 99.
- 51 “Die Bedeutung des Warenhauses als Abnehmer für Industrie und Landwirtschaft,” in: *Frankfurter Zeitung*, 7/30/1933.
- 52 The information from this statement, which is no longer preserved, can be found in: 42. Wiedergutmachungskammer des Landgerichts Berlin, Beschluss in der Rückerstattungssache Tietz u. a. gegen Victoria, 10/30/1950 (copy), in: Landesarchiv Berlin (Berlin State Archive) [hereafter LAB], B Rep. 025–04, No. 325/50, 22.
- 53 Vergleich über die Größenverhältnisse der führenden Warenhauskonzerne (ca. 1931), in: HAC, 500/45392-2001.BE; Organigramm Konzern Hermann Tietz (1934), in: BAB, R 8119F/5211; Anlagen VI und VIa zur Bilanz der Hermann Tietz & Co. per 31. Juli 1934, in: *ibid.*, R 8119F/5212, 7 f.; Hertie Waren- und Kaufhaus GmbH, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/8/1935, in: *ibid.*, R 8119F/5217.
- 54 Rile, *Stellung der Firma*, 79; “Der Abbau der Konsumfinanzierung,” in: *Frankfurter Zeitung*, 12/1/1932.
- 55 Jüdisches Jahrbuch für Gross-Berlin. Ein Wegweiser für jüdische Einrichtungen und Organisationen Berlins, ed. by Jacob Jacobson, Berlin ²1928, 263.
- 56 Berliner Handels-Register 65th year (1929), Dept. B, Berlin 1929, 584, 942 and 1000; “Deutsche Boden Aktiengesellschaft,” in: *Berliner Börsen-Zeitung*, 12/16/1933; “Kaufhaus des Westens Gesellschaft mit beschränkter Haftung,” in: *ibid.*, 2/1/1934; “Handelsstätte Gera Aktiengesellschaft und

Sächsische Grundwert Aktiengesellschaft,” in: *ibid.*, 5/4/1934; “Bayern Textilaktiengesellschaft,” in: *ibid.*, 11/4/1933.

57 “Die neue Warenhaus-Gruppe,” in: *Hamburger Nachrichten*, 12/2/1926; “Warenhaus-Verschmelzungen. Eine 50-Millionen-Transaktion,” in: *Frankfurter Zeitung*, 12/2/1926.

58 Disconto Gesellschaft in Berlin, Geschäftsbericht für das Jahr 1926, Berlin 1927, 13.

59 “Die Finanzierung der Tietz-Jandorf-Transaktion,” in: *Industrie- und Handelszeitung*, 12/15/1926.

60 In addition to Proehl & Gutmann, the Dresdner Bank, the banks Simon Hirschland (Essen) and J. Henry Schröder & Co. (London) and the American British & Continental Corp. involved in this consortium, Kreditantrag Nr. W18 der Dresdner Bank für Hermann Tietz, 1/28/1932, in: HAC, 500/45392-2001.BE.

61 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/8/1935, 20, in: BAB, R 8119F/5217.

62 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne, in: HAC, 500/45392-2001.BE.

63 Vorläufiger Reichswirtschaftsrat, Bericht des Arbeitsausschusses I über Änderung von Bestimmungen der Gewerbeordnung, betreffend Konzessionierung von Warenhäusern und Einheitspreisgeschäften und Erweiterung der Untersagungsbefugnis, 3/31/1932, 3, in: BAB R 43 I/2010, 72.

64 Lenz, *Karstadt*, 100; “Warenhaus-Verschmelzungen. Eine 50-Millionen-Transaktion,” in: *Frankfurter Zeitung*, 12/2/1926; <https://www.woolworthsmuseum.co.uk/1920s-FWW-GMBH.html> [last accessed 8/4/2023].

65 Lenz, *Karstadt*, 103–110.

66 “Karstadts Warenhauspläne,” in: *Deutsche Allgemeine Zeitung*, 3/21/1928.

67 Meiners, *100 Jahre KaDeWe*, 63–66; “Neues Tietz Warenhaus in Berlin,” in: *Frankfurter Zeitung*, 1/26/1929.

68 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne, in: HAC, 500/45392-2001.BE.

69 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/8/1935, Anlage 1, in: BAB, R 8119F/5217.

70 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne, in: HAC, 500/45392-2001.BE.

71 *Ibid.*

72 In July 1931, the Hermann Tietz company took over the Siegfried Cohn department store in Magdeburg, which was already part of its purchasing group, and the Wittkowski department store, which had been sold by Karstadt. Both department stores were merged into one branch. *Ibid.*; “Ausdehnung des Warenhauskonzerns Hermann Tietz,” in: *Frankfurter Zeitung*, 6/4/1931; “Siegfried Cohn von Hermann Tietz-Konzern übernommen,” in: *Magdeburger Zeitung*, 6/3/1931, here according to: HAC, 500/65-118835, 18.

73 “Warenhaus-Umsätze im Jahre 1931,” in: *Berliner Tageblatt*, 2/7/1932; “Die industrielle Produktion,” in: *Wochenbericht des Instituts für Konjunkturforschung* 4 (1932), No. 42, 1/20/1932, 168.

74 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne, in: HAC, 500/45392-2001.BE.

75 “Warenhaus-Sorgen,” in: *Frankfurter Zeitung* 8/4/1932.

76 Lenz, *Karstadt*, 124–132; “Die Karstadt-GV,” in: *Frankfurter Zeitung*, 6/28/1931.

77 Statement by Wieland (Deutsche Bank, Berlin), undated [1947], in: StAL, EL 402–25, Bü 771b.

78 “25 Jahre K. d. W.,” in: *Berliner Tageblatt*, 3/29/1932.

79 Max Osborn, *Das Kaufhaus des Westens*, Berlin 1932.

80 Statement by Wieland (Deutsche Bank, Berlin), undated [1947], in: StAL, EL 402–25, Bü 771b; see Eglau, *Georg Karg*, 39.

81 Niederschrift über die Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 11/21/1933, in: BAB, R 8119F/5214.

82 “Der Verbrauch sinkt,” in: *Vossische Zeitung*, 7/2/1932; “Herrmann Gerson insolvent,” in: *Berliner Tageblatt*, 4/4/1932; “Wertheim in der Krise,” in: *Der Montag Morgen*, 5/9/1932.

83 On the founding of Akzeptbank (originally Akzept- und Garantiebank AG) and the expansion of its business area in March 1932: Akzeptbank AG, Geschäftsbericht über das erste Geschäftsjahr 1931/1932, Berlin 1932, in: BAB, R 3101/18530; Fritz Seidenzahl, *100 Jahre Deutsche Bank 1870–1970*, Frankfurt a. M. 1970, 343 f.

84 Quote from a press release from the Hauptgemeinschaft, quoted from: “Hauptgemeinschaft greift Karstadt an,” in: *Berliner Börsen-Courier*, 8/13/1932. Also Uhlig, *Warenhäuser*, 62 and 194.

85 Statement by Wieland (Deutsche Bank, Berlin), undated [1947], in: StAL, EL 402–25, Bü 771b.

86 Ibid.

87 Quoted from: Eglau, *Georg Karg*, 40.

88 Treuverkehr Deutsche Treuhand-Aktiengesellschaft to Hertie Waren- und Kaufhaus GmbH, 3/3/1947; Statement by Wieland (Deutsche Bank, Berlin), undated [1947], in: StAL, EL 402–25, Bü 771a-b.

89 Statement by Trabart von der Tann, 5/14/1947, in: *ibid.*, Bü 771b.

90 Statement by Wieland (Deutsche Bank, Berlin), undated [1947], in: *ibid.*

91 Ibid.

92 Statement by Trabart von der Tann, 5/14/1947, in: *ibid.*

93 Lenz, *Karstadt*, 126–132 and 135; “Die Karstadt-Stabilisierung,” in: *Deutsche Allgemeine Zeitung*, 12/30/1931.

94 Georg Karg, Erklärung zur Übernahme der früheren Hermann Tietz o. H. G. durch die Hertie Waren- und Kaufhaus G.m.b.H., 3/29/1946, 6, in: StAL, EL 402–25, Bü 771 a-b.

95 Hans Otto Eglau, “Der Herr von Hertie. Die Karriere des schweigsamen Warenhauskönig Georg Karg,” in: *Die Zeit*, 11/27/1970.

96 Georg Karg, Erklärung zur Übernahme der früheren Hermann Tietz o. H. G. durch die Hertie Waren- und Kaufhaus G.m.b.H., 3/29/1946, in: StAL, EL 402–25, Bü 771 a-b, also in a very similar statement, without an author, but certainly also written by Karg: Die Uebernahme der Warenhäuser in der Firma Hermann Tietz & Co. durch die Hertie Waren- und Kaufhaus G.m.b.H., [undated], in: KFSt, Fakten und Daten, Part 1, Book 7, Doc. 10.

97 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne, in: HAC, 500/45392-2001.BE. The group financial status as of 5/31/1933 is no longer recorded. The information is based on the figures reproduced in: 42. Wiedergutmachungskammer des Landgerichts Berlin, Beschluss in der Rückerstattungssache Tietz u. a. gegen Victoria, 10/30/1950 (copy), in: LAB, B Rep. 025–04, No. 325/50, 22.

98 Vergleich über die Größenverhältnisse der drei führenden Warenhauskonzerne, in: HAC, 500/45392-2001.BE.

99 Note from Spiegelberg on Hermann Tietz, 12/2/1932, in: Stiftung Warburg Archiv (Warburg Archive Foundation) [hereafter SWA], C-104082.

100 Ibid.

101 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/8/1935, Anlage 1, in: BAB, R 8119F/5217.

102 Uhlig, *Warenhäuser*, 225.

103 According to management information, around 500 of a total of 1,000 “non-Aryan” employees were fired during the large wave of layoffs of Jewish employees in August 1933. Hertie Kaufhaus-Beteiligungs GmbH, Bericht Nr. 4 to Beiratsmitglieder, 8/30/1933, in: BAB, R 8119F/5218, 10.

2 From Hermann Tietz to Hertie: The “Aryanization” 1933/34

1 Das 25-Punkte-Programm der Nationalsozialistischen Deutschen Arbeiterpartei, 2/24/1920, in: Documentarchiv.de, URL: <http://www.documentarchiv.de/wr/1920/nsdap-programm.html>. [last accessed 6/2/2023].

2 Briesen, *Debatte*, 29.

3 See Ulrich Kurzer, *Nationalsozialisten und Konsumgenossenschaften. Gleichschaltung, Sanierung und Teilliquidation zwischen 1933 und 1936*, Pfaffenhofen 1997.

4 A corresponding change to the sales tax law was introduced as part of a law to change the beer tax. “Gesetz zur Änderung der Biersteuer. Vom 15. April 1932,” in: RGBl. I, 1930, No. 12, 137.

5 “Verordnung des Reichspräsidenten zum Schutze der Wirtschaft. Vom 9. März 1932,” in: RGBl. I, 1932, No. 15, 125.

6 The report of the Provisional Reich Economic Council gave the share of department stores in retail trade at 5.3–6 percent for France, 3.5–4.5 percent for Great Britain and 16 percent for the USA. Vorläufiger Reichswirtschaftsrat, Bericht des Arbeitsausschusses I über Änderung von Bestimmungen der Gewerbeordnung, betreffend der Konzessionierung von Warenhäusern und Einheitspreisgeschäften und Erweiterung der Untersagungsbefugnis, 3/21/1932, 4, in: BAB, R 43 I/2010, 72. See also Victor Summer, “Warenhäuser und Gewerbefreiheit,” in: *Die Bank*, 2/3/1932; “Selbsthilfe statt Verbot,” in: *Berliner Börsen-Courier*, 4/13/1932; “Rehabilitierte Warenhäuser,” in: *ibid.*, 5/8/1932.

7 Uhlig, *Warenhäuser*, 35.

8 Hannah Ahlheim, “*Deutsche, kauft nicht bei Juden!*” *Antisemitismus und politischer Boykott in Deutschland 1924 bis 1935*, Göttingen 2011, 168; Cornelia Hecht, *Deutsche Juden und Antisemitismus in der Weimarer Republik*, Bonn 2003, 337.

9 Mathias Rösch, *Die Münchner NSDAP 1925–1933. Eine Untersuchung zur inneren Struktur der NSDAP in der Weimarer Republik*, Munich 2002, 336; Ahlheim, *Antisemitismus*, 197.

10 Rösch, *NSDAP*, 336 and 386.

11 Ahlheim, *Antisemitismus*, 231 ff.

12 Vermerk des Staatssekretärs Pünder über die Finanzierung der NSDAP, 4/16/1932, in: Akten der Reichskanzlei. Weimarer Republik, Die Kabinette Brüning I und II, Vol. 3: 10. Oktober 1931 bis 30. Mai 1932, ed. by Tilman Koops, Boppard 1990, document no. 722, 2455. Another example mentioned here is the entrepreneur Jacob Schapiro, a car dealer of Jewish origin who owned the Berlin Sportpalast.

13 Christoph Kreutzmüller, *Ausverkauf. Die Vernichtung der jüdischen Gewerbetätigkeit in Berlin 1930–1945*, Berlin ²2013, 129; Lenz, *Karstadt*, 170; Reinhard Bein (ed.), *Juden in Braunschweig 1900–1945*, Brunswick undated, 50 ff.

14 Frank Bajohr, “*Arisierung*” in *Hamburg. Die Verdrängung der jüdischen Unternehmer 1933–1945*, Hamburg 1997, 55; Ahlheim, *Antisemitismus*, 244; Preußische Politische Polizei, Bericht, 3/11/1933, printed in: Otto Duv Kulka/Eberhard Jäckel (eds.), *Die Juden in den geheimen NS-Stimmungsberichten 1933–1945*, Düsseldorf 2004, 45.

- 15 *Vossische Zeitung*, 3/11/1933, quoted from: Comité des Délégations Juives (ed.), *Das Schwarzbuch. Tatsachen und Dokumente. Die Lage der Juden in Deutschland 1933* (Paris 1934), reprint, Berlin 1983, 288.
- 16 Helmut Genschel, *Die Verdrängung der Juden aus der Wirtschaft im Dritten Reich*, Göttingen 1966, 45.
- 17 Comité des Délégations Juives (ed.), *Schwarzbuch*, 289; Uhlig, *Warenhäuser*, 81.
- 18 Genschel, *Verdrängung*, 45; Lenz, *Karstadt*, 171.
- 19 "Jüdische Kapitalisten als Geldgeber der K.P.D.," in: *Völkischer Beobachter*, Berlin edition, 3/9/1933, Berlin supplement.
- 20 "Unberechtigte Angriffe!," in: *Vossische Zeitung*, 3/9/1933.
- 21 Comité des Délégations Juives (ed.), *Schwarzbuch*, 305.
- 22 Lenz, *Karstadt*, 176 f.
- 23 *Frankfurter Zeitung*, 4/2/1933, quoted from: Comité des Délégations Juives (ed.), *Schwarzbuch*, 310.
- 24 *Ibid.*; on the "anti-Jewish boycott" of 4/1/1933: Ahlheim, *Antisemitismus*, 241–262; Genschel, *Verdrängung*, 51–59; Avraham Barkai, *Vom Boykott zur "Entjudung". Der wirtschaftliche Existenzkampf der Juden im Dritten Reich 1933–1943*, Frankfurt a. M. 1988, 26–35.
- 25 Comité des Délégations Juives (ed.), *Schwarzbuch*, 311.
- 26 This is the contemporary witness report by the journalist Gösta von Uexküll, who entered the Hamburg Tietz department store as a "boycott breaker". Maike Bruhns et. al., *Als Hamburg "erwachte". 1933 – Alltag im Nationalsozialismus*, Hamburg 1983, 54.
- 27 Concerning such a coup in the Wilmersdorfer Straße department store: Gewerkschaftsbund der Angestellten, Bundesvorstand to Reichsarbeitsminister Seldte, 3/16/1933 (copy), in: Geheimes Staatsarchiv Preußischer Kulturbesitz (Secret State Archives Prussian Cultural Heritage Foundation) [hereafter GStA], I. HA Rep. 120 BB VII 1, No. 9 adh. 5 Gen. Vol. 6, 397.
- 28 Protokoll der Berliner Junioren-Besprechung, 5/11/1933, in: SWA, A-12032.
- 29 Walter Schmidt und Hans Aldenhoff to Wiedergutmachungskammer des Landgerichts Berlin (August 1950), 7, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22.
- 30 Uhlig, *Warenhäuser*, 92–96.
- 31 "Was wird aus den Warenhäusern?," in: *Wirtschaftliche Tagesberichte* 21 (1933), No. 44. 4/3/1933, in: BAB, R 2501/2420; "Was wird aus den Warenhäusern? Tendenzen und Tatsachen," in: *Frankfurter Zeitung*, 6/4/1933; "Der Kampf gegen die Warenhäuser," in: *ibid.*, 4/22/1933; "Das Schicksal der Warenhäuser," in: *ibid.*, 4/29/1933 (with second quote); "Sondersteuer für Warenhäuser," in: *Berliner Börsen-Courier*, 3/18/1933.
- 32 Protokoll der Berliner Junioren-Besprechung, 5/11/1933, in: SWA, A-12032.
- 33 Protokoll der Berliner Junioren-Besprechung, 6/7/1933, in: *ibid.*; "Auch ohne Sondersteuern . . . Der Umsatzrückgang der Warenhäuser im Mai," in: *Berliner Tageblatt*, 7/3/1933.
- 34 "Warenhausumsatz im Juni," in: *Vossische Zeitung*, 8/5/1933.
- 35 Walter Schmidt und Hans Aldenhoff, *Erwiderung im Rückerstattungsverfahren Tietz ./. Victoria* (1950), 7, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22.
- 36 "Hermann Tietz," in: *Der deutsche Volkswirt*, 7/21/1933.
- 37 Niederschrift über die Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 8/16/1933, in: BAB, R 8119F/5214 (with quote); Protokoll der Berliner Junioren-Besprechung, 5/11/1933, in: SWA, A-12032.
- 38 42. Wiedergutmachungskammer des Landgerichts Berlin, Beschluss in der Rückerstattungsache Georg Tietz und andere gegen die Victoria zu Berlin, Allgemeine Versicherungs AG, 10/30/1950, 6, in: LAB, B Rep. 025–04, No. 332/50, 29.

- 39 Statement by Wieland (Deutsche Bank, Berlin), undated [1947], in: StAL, EL 402–25, Bü 771a-b.
- 40 42. Wiedergutmachungskammer des Landgerichts Berlin, Beschluss in der Rückerstattungssache Georg Tietz und andere gegen die Victoria zu Berlin, Allgemeine Versicherungs AG, 10/30/1950, 6, in: LAB, B Rep. 025–04, No. 332/50, 29.
- 41 Protokoll der Berliner Junioren-Besprechung, 6/7/1933, in: SWA, A-12032.
- 42 Walter Schmidt und Hans Aldenhoff, Erwiderung im Rückerstattungsverfahren Tietz ./. Victoria (1950), 7 f., in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22.
- 43 Rudolf Mosse Stiftung GmbH, Geschäftsführung, to Reichskanzler Adolf Hitler, 6/28/1933, in: BAB, R 43 II/360, 32.
- 44 Dresdner Bank, Direktion, to Preußisches Staatsministerium betr. Rudolf Mosse GmbH, 6/28/1933, in: *ibid.*, 33.
- 45 Walter Schmidt und Hans Aldenhoff to Wiedergutmachungskammer des Landgerichts Berlin (August 1950), 7, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22.
- 46 See Karl Erich Born, *Die deutsche Bankenkrise 1931. Finanzen und Politik*, Munich 1967, 118 f.
- 47 “Akzeptbank-Kredit für Hermann Tietz, Berlin,” in: *Frankfurter Zeitung*, 7/15/1933.
- 48 Auszug aus der Niederschrift über die Sitzung des Reichsministerium, 6/23/1933, in: BAB, R 43 II/369, 18.
- 49 *Ibid.*
- 50 *Ibid.*, 19 f.
- 51 Präsident des Reichsbank-Direktoriums to Reichskanzlei, z. Hd. Staatssekretär Lammers, 6/23/1933, in: *ibid.*, 21.
- 52 Protokoll der Berliner Junioren-Besprechung, 6/30/1933, in: SWA, A-12032.
- 53 *Ibid.*
- 54 See the definition: “Transfer of Jewish commercial property into ‘Aryan’ hands.”, in: Ingo Köhler, *Die “Arisierung” der Privatbanken im Dritten Reich. Verdrängung, Ausschaltung und die Frage der Wiedergutmachung*, Munich ²2008, 271. The definition of the Jewish Museum Berlin is similar: “The Nazi term ‘Aryanization’ refers to the process of expropriating the property of Jews, i.e. their companies, shops, houses, and real estate as well as shares, cash assets, and the transfer of ownership to non-Jewish people (in National Socialist parlance ‘Aryan’) private individuals, companies or to the state.”, <https://www.jmberlin.de/thema-enteignung-arisierung> [last accessed 5/24/2023].
- 55 For the basic patterns of “Aryanization” and the use of the term see Bajohr, “Arisierung” als gesellschaftlicher Prozess, 15–30; Christoph Kreutzmüller, Vernichtung der jüdischen Gewerbetätigkeit im Nationalsozialismus. Abläufe, Blickwinkel und Begrifflichkeiten, http://docupedia.de/zg/Kreutzmueller_vernichtung_der_juedischen_Gewerbetaetigkeit_v2_de_2020 [last accessed 8/2/2023].
- 56 See Johannes Ludwig, *Boycott, Enteignung, Mord. Die “Entjudung” der deutschen Wirtschaft*, Hamburg 1989, 104–127; Thomas Müller/René Rohrkamp, “Die Firma Leonhard Tietz und ihr Warenhaus in Aachen,” in: Lohmann et al. (eds.), *Warenhaus Tietz*, 59–74, as well as the memories of Julius Schloß, a long-time board member of Leonhard Tietz AG from the entrepreneurial family: Julian Castle Stanford, *Tagebuch eines deutschen Juden im Untergrund*, ed. by the Deutsch-Israelische Gesellschaft, Darmstadt 1980, 13–16.
- 57 See Dieter Ziegler, “Erosion der Kaufmannsmoral. ‘Arisierung’, Raub und Expansion,” in: Norbert Frei/Tim Schanetzky (eds.), *Unternehmen im Nationalsozialismus. Zur Historisierung einer Forschungskonjunktur*, Göttingen 2010, 156–168.

58 Quote from a message from the chairman of the supervisory board, Hermann Münchmeyer, printed in: Lenz, *Karstadt*, 126; “Die Karstadt Stabilisierung,” in: *Deutsche Allgemeine Zeitung*, 12/30/1931. Spethmann was a former board member of Commerzbank. In June 1933, the bank M. M. Warburg & Co. proposed him “as our representative” for the Wertheim supervisory board. Protokoll der Berliner Junioren-Besprechung, 6/15/1933, in: SWA, A-12032.

59 Lenz, *Karstadt*, 135. On Schöndorff: *ibid.*, 126–132; Martin Münzel, *Die jüdischen Mitglieder der deutschen Wirtschaftselite 1927–1955. Verdrängung – Emigration – Rückkehr*, Paderborn 2006, 108.

60 Protokoll der Berliner Junioren-Besprechung, 6/7/1933, in: SWA, A-12032.

61 *Ibid.*

62 *Ibid.*

63 Protokoll der Berliner Junioren-Besprechung, 6/14/1933, in: *ibid.*

64 Protokoll der Berliner Junioren-Besprechung, 6/26/1933, in: *ibid.*

65 Protokoll der Berliner Junioren-Besprechung, 5/11/1933, in: *ibid.*

66 Protokoll der Berliner Junioren-Besprechung, 6/30/1933, in: *ibid.*

67 *Ibid.*

68 *Ibid.*

69 *Ibid.*

70 Uhlig already pointed out that the owners of the Hermann Tietz company persistently rejected “Aryanization”. Uhlig, *Warenhäuser*, 115.

71 Walter Schmidt und Hans Aldenhoff to Wiedergutmachungskammer des Landgerichts Berlin (August 1950), 9, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22.

72 *Ibid.*

73 Angabe der Rechtsanwälte Dr. Walter Schmidt und Hans Aldenhoff als Verfahrensbevollmächtigte von Georg Tietz, Martin Tietz, Hugo und Elise Zwillenberg in der Rückerstattungssache gegen die Victoria zu Berlin Allgemeine Versicherungs AG, Landgericht Berlin, 42. Wiedergutmachungskammer, Entscheidung, 12/1/1950, in: LAB, Rep. B 025–04, No. 332/50, 32. Also see: Simone Ladwig-Winters, *Freiheit und Bindung: zur Geschichte der Jüdischen Reformgemeinde zu Berlin von den Anfängen bis zu ihrem Ende 1939*, Berlin 2004, 203.

74 Walter Schmidt und Hans Aldenhoff to Wiedergutmachungskammer des Landgerichts Berlin (August 1950), 9, in: LBI, Jasen Tietz Collection, Box 2, File 22.

75 Ernst Klee, *Das Personalexikon zum Dritten Reich. Wer war was vor und nach 1945*, Frankfurt a. M. ²2003, 189.

76 Rudolf Mosse Stiftung GmbH to Reichskanzler Adolf Hitler, 6/28/1933, in: BAB, R 43 II/360, 31.

77 The statement by Aldenhoff and Schmidt that the banker Charly Hartung from Hardy & Co. had already introduced himself to the Hermann Tietz owners as chairman of the planned “Gleichschaltungsgesellschaft” on June 24th is demonstrably incorrect. Hartung was appointed to this position only after July 10th.

78 Protokoll der Berliner Junioren-Besprechung, 7/4/1933, in: SWA, A-12032.

79 Protokoll der Berliner Junioren-Besprechung, 6/26/1933, in: *ibid.*

80 Protokoll der Berliner Junioren-Besprechung, 6/30/1933, in: *ibid.*

81 See Gerald D. Feldman, *Allianz und die deutsche Versicherungswirtschaft 1933–1945*, Munich 2001, 101–105.

82 Auszug aus der Niederschrift über die Sitzung des Reichsministerium, 7/4/1933, in: BAB, R 43 II/360, 50–52.

83 Uhlig, *Warenhäuser*, 115 f. For the classification of this representation, see Ladwig-Winters, *Wertheim* 1997a, 159.

84 From 1940 to 1944, as head of the economic department of the German military administration in occupied France, Elmar Michel was involved in the “de-Jewification” of the French economy.

85 Feldman, *Allianz*, 101 f.

86 For Wagener’s biography, see Henry Ashby Turner, “Otto Wagener. Der vergessene Vertraute Hitlers,” in: Ronald Smelser et al. (eds.), *Die braune Elite II. 21 weitere biografische Skizzen*, Darmstadt 1993, 243–253.

87 Feldman, *Allianz*, 105 f.

88 For example, see Eglau, *Georg Karg*, 41.

89 Protokoll der Berliner Junioren-Besprechung, 6/14/1933, in: SWA, A-12032.

90 See Peter Longerich, *Hitler. Biographie*, Munich 2015, 343.

91 Quoted from: Uhlig, *Warenhäuser*, 111. See Völkischer Beobachter, 7/10/1933; “Aktionen gegen Warenhäuser vorläufig untersagt,” in: *Berliner Börsen-Courier*, 7/7/1933.

92 Schmitt announced in this letter that “in agreement with the Reich Cabinet, out of consideration for the economy as a whole, I reject all measures that would now endanger the department stores.” Reichswirtschaftsminister Schmitt to Präsident des Reichsbank-Direktoriums, 7/10/1933, in: ERGO Archive, Victoria holdings A0109-00042, Volume 1.

93 Quoted from: “Tietz – ohne Tietz? Das Warenhaus wird weitergeführt,” in: *Neue Berliner Zeitung* (12 o’clock paper), 7/15/1933, in: BAB, R 2501/2421.

94 “Die Zukunft der Warenhäuser,” in: *Vossische Zeitung*, 7/11/1933.

95 Statement by Trabart von der Tann, 5/14/1947, in: StAL, EL 402–25, Bü 771 b.

96 Protokoll der Berliner Junioren-Besprechung, 7/10/1933, in: SWA, A-12032.

97 Protokoll der Berliner Junioren-Besprechung, 7/4/1933, in: *ibid.*

98 Protokoll der Berliner Junioren-Besprechung, 7/10/1933, in: *ibid.*

99 Protokoll der Berliner Junioren-Besprechung, 7/13/1933, in: *ibid.*; on the “Aryanization” of the Aschinger Group, see Jochen Kleining, *M. Kempinski & Co. Die “Arisierung” eines Berliner Traditionsunternehmens*, Hamburg 2008.

100 Protokoll der Berliner Junioren-Besprechung, 7/19/1933, in: SWA, A-12032.

101 Gesellschaftsvertrag 7/24/1933 (copy), in: BAB, R 8119F/11483 (also in: KFSt, Fakten und Daten, Part 1, Book 2, Doc. 03).

102 Hertie Waren- und Kaufhaus GmbH, Central-Verwaltung, Wochenbericht, 11/27/1935 (Bericht Nr. 118), in: BAB, R 8119F/5218, 199.

103 Ladwig-Winters, *Wertheim* 1997a, 153, had already reached this conclusion. Helmut Friedel was probably not identical to the Hamburg merchant of the same name who, in 1938, took over the Martha Ruppın laundry equipment store on Kurfürstendamm 36/37, which had previously belonged to the Jewish owners Gerson Hirsch and Moritz Borinski. Kaufvertrag zwischen Gerson Hirsch, Moritz Borinski und Helmut Friedel 6/24/1938, in: LAB, B Rep. 025–01, No. 2702-50, 88 f.; Martin Exner to Wiedergutmachungsämter Berlin, 5/9/1952, in: *ibid.*, 60–64.

104 This is the presentation in: Katin, *Hostile Takeovers*, 129: “Helmut Friedel of the Dresdner Bank’s subsidiary, Bankhaus Hardy.”

105 Georg Karg, draft, appendix to the letter to Carl Goetz, 6/16/1936, in: HAC 500/111656.

106 There is no evidence whatsoever to support the assumption that Karg also worked for Hardy & Co. in the meantime (see Ladwig-Winters, *Wertheim* 1997a, 153). Nothing would have been further from Karg’s mind than to work in an industry other than retail.

107 Hardy & Co. GmbH to Dresdner Bank, 7/31/1933, in: KFSt, Fakten und Daten, Part 1, Book 2, Doc. 06.

- 108** At the shareholders' meeting of Hertie Waren- und Kaufhaus GmbH on 11/30/1936, a board member and an authorized representative of Treuhand-Vereinigung AG reported the two capital contributions of 50,000 RM as the property of their company. Notariell beurkundetes Protokoll, 11/30/1936 (copy), in: LAB, C Rep. 304, No. 53912, 82 f. (Commercial Register B). Similar information is in the undated draft contract in: BAB, R 8119F/5211, 18 f.
- 109** Niederschrift über die Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 7/29/1933, in: BAB, R 8119F/5214.
- 110** Gesellschafts-Statut der Hertie Kaufhaus-Beteiligungs GmbH/Hertie Waren- und Kaufhaus GmbH (§ 7), Anlage 2 zu: Reichskommissar für das Kreditwesen zu Karl Rasche, Dresdner Bank, 10/17/1936; Aktenvermerk betr. Vorschläge Karg, 6/24/1936, in: HAC, 500/111656.
- 111** Dresdner Bank, Note on Kreditantrag Nr. 443, undated, in: HAC, 500/30744-2001.
- 112** Trabart von der Tann (born 1894) completed his law studies with a doctorate in 1919. Trabart von und zu Tann-Rathsamhausen, *Der rechtliche Charakter der Liquidations-Aktiengesellschaft*, Greifswald 1920 (Jur. Diss.).
- 113** Note for Wintermantel, 2/5/1934, in: BAB, R 8119F/5211, 211.
- 114** Albrecht Bald, "Die 'Arisierung' des Selber Porzellankonzerns Rosenthal (1933–1938), die Erbstreitigkeiten sowie die Auseinandersetzung um die Rückerstattung nach 1945," in: *Miscellanea curiensia, Beiträge zur Geschichte und Kultur Nordoberfrankens und angrenzender Regionen*, Volume IX (2011), 248.
- 115** Julia Schmideder, "Das Kaufhaus Uhlfelder," in: Angelika Baumann/Andreas Heusler (Eds.), *München arisiert. Entrechtung und Enteignung der Juden in der NS-Zeit*, Munich 2004, 134.
- 116** Niederschrift über die Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 7/29/1933; Niederschrift über die Besprechung über Personalangelegenheiten, 9/24/1935, in: BAB, R 8119F/5214 and 5213.
- 117** Sebastian Panwitz, *Das Haus des Kranichs. Die Privatbankiers von Mendelssohn & Co. (1795–1938)*, Berlin 2018, 279 ff. and 285.
- 118** Johannes Bähr, *Die Dresdner Bank in der Wirtschaft des Dritten Reichs*, Munich 2006, 89 and 609.
- 119** Köhler, "Arisierung", 151 and 357.
- 120** This is proven by research in the district index and the central index of the NSDAP, in: BAB, R 9361-VIII and R 9361-IX. From the circle of the first Hertie advisory board, only Alfred Hölling (Dresdner Bank) later joined the NSDAP. He was accepted into the party on 7/1/1940. See Bähr, *Dresdner Bank*, 103.
- 121** Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 11/21/1933, in: BAB, R 8119F/5214.
- 122** Köhler, "Arisierung", 231. As a result of the losses in the global economic crisis, the share capital of Hardy & Co. was reduced from 22.5 to 15 million RM in 1932. "Reorganisation von Hardy & Co.," in: *Frankfurter Zeitung*, 3/1/1936.
- 123** Georg Tietz, *Hermann Tietz*, 63.
- 124** *Das Bürgerliche Gesetzbuch mit besonderer Berücksichtigung der Rechtsprechung des Reichsgerichts*, erläutert von Bessau et al., Volume II: Recht der Schuldverhältnisse, Berlin ⁸1934, 294 and 421 f.
- 125** Neufassung des Gesellschaftsvertrags der Firma Hermann Tietz, 8/29/1933, (signed by Georg Karg, Georg Tietz, Martin Tietz, Dr. Hugo Zwillenberg), in: StAM, WB Ia 315.
- 126** This is documented by the breakdown of the family's shareholdings by members according to the contract between the Tietz family and Hertie Kaufhaus-Beteiligungs GmbH, 8/13/1934, in: BAB, R 8119F/5211, 43.

- 127 Neufassung des Gesellschaftsvertrags der Firma Tietz, 8/29/1933, in: StAM, WB Ia 315.
- 128 Ibid.
- 129 Ibid.
- 130 Advertisement from the company Hermann Tietz/Hermann Tietz & Co. "Wir beehren uns mitzuteilen," in: *Berliner Börsen-Zeitung*, 8/29/1933, here according to: BAB, R 2501/2421; also in: *Berliner Lokal-Anzeiger*, 8/27/1933, in: KFSt, Fakten und Daten, Part 1, Book 2, Doc. 08.
- 131 Neufassung des Gesellschaftsvertrags der Firma Tietz, 8/29/1933 (signed by Georg Karg, Georg Tietz, Martin Tietz, Dr. Hugo Zwillenberg), in: StAM, WB Ia 315.
- 132 Dresdner Bank, Inland-Sekretariat, Note on Kreditantrag Nr. 443, undated [July 1933], in: HAC, 500/30744-2001.
- 133 Ibid.
- 134 Draft for strictly confidential letter, no author [presumably Bernhard Dernburg], 7/19/1933, in: GStA, I. HA Rep. 120, A X No. 46, Beih. 1890.
- 135 Bernhard Dernburg to Staatssekretär Claussen, 7/13/1933, in: *ibid*.
- 136 Bernhard Dernburg to Staatssekretär Claussen (appendix), 7/13/1933; Minister für Wirtschaft und Arbeit to preußische Hypothekenbanken, 8/19/1933, in: *ibid*.
- 137 Reichskommissar für das Bankgewerbe, Ernst (note), 7/22/1933, in: *ibid*.
- 138 Max Unger betr. Konzern Hermann Tietz, 8/6/1933 (with draft of the standstill agreement attached), in: *ibid*.
- 139 Dresdner Bank, Inland-Sekretariat, Note on Kreditantrag Nr. 443, undated [July 1933], in: HAC, 500/30744-2001.
- 140 Ibid.
- 141 Ladwig-Winters, *Wertheim* 1997a, 156.
- 142 Note for Wintermantel (presumably by Paschke), 2/1/1934, in: BAB, R 8119F/5211, 211.
- 143 Ibid.
- 144 Hertie Kaufhaus-Beteiligungs GmbH, Bericht Nr. 1, 8/7/1933, in: BAB, R 8119F/5218, 2.
- 145 Hertie Kaufhaus-Beteiligungs GmbH, Berichte an die Beiratsmitglieder Nr. 2, 8/17/1933, and Nr. 4, 8/30/1933, in: *ibid.*, 4 f. and 9 f.
- 146 Walter Schmidt und Hans Aldenhoff to Wiedergutmachungskammer des Landgerichts Berlin (August 1950), 6, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22.
- 147 Hertie Kaufhaus-Beteiligungs GmbH, Bericht Nr. 4 an die Beiratsmitglieder, 8/30/1933, in: BAB, R 8119F/5218, 10.
- 148 See Karg's statement, *ibid*. According to Uhlig, *Warenhäuser*, 225, the number of employees at the Hermann Tietz company in 1933 (without more precise dating) was 13,989. According to the census of 6/16/1933, the proportion of Jews in the population of the German Reich was 0.79 percent. Genschel, *Verdrängung*, 280 (Table IV).
- 149 Protokoll der Berliner Junioren-Besprechung, 7/4/1933, in: SWA, A-12032.
- 150 Hertie Kaufhaus-Beteiligungs GmbH, Bericht Nr. 4 an die Beiratsmitglieder, 8/30/1933, in: BAB, R 8119F/5218, 10.
- 151 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 11/21/1933, in: BAB, R 8119F/5214. See Ladwig-Winters, *Wertheim* 1997a, 188.
- 152 Hertie Kaufhaus-Beteiligungs GmbH, Bericht Nr. 4 an die Beiratsmitglieder, 8/30/1933, in: BAB, R 8119F/5218, 11.
- 153 Ibid. The National Socialist Fighting League for Small and Medium-Sized Businesses was only able to achieve a postponement of the November sell-out in Dresden. Protokoll der Berliner Besprechung, 10/11/1933, in: SWA, A-12032

- 154 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 11/21/1933, in: BAB, R 8119F/5214.
- 155 Ibid.
- 156 Ladwig-Winters, *Wertheim* 1997a, 185.
- 157 Statement by Trabart von der Tann, 5/14/1947, in: StAL, EI 402–25, Bü 771 b.
- 158 Georg Karg/Trabart von der Tann to Beauftragter für Wirtschaftsfragen beim Führer, Wilhelm Keppler, 12/2/1933 (Anlage 1 zum Bericht der Treuverkehr Deutsche Treuhand-Aktiengesellschaft für Warenverkehr über bei der Firma Hermann Tietz & Co. angestellte Ermittlungen), in: BAB, R 8119F/5211, 163 f.
- 159 Ibid., 164 ff.
- 160 Ibid., 166 f.
- 161 Anlage 2 zum Bericht der Treuverkehr Deutsche Treuhand-Aktiengesellschaft für Warenverkehr über bei der Firma Hermann Tietz & Co. angestellte Ermittlungen, in: *ibid.*, 170.
- 162 Georg Karg/Trabart von der Tann to Beauftragter für Wirtschaftsfragen beim Führer, Wilhelm Keppler, 12/2/1933, in: *ibid.*, 162.
- 163 Katin, *Hostile Takeovers*, 154.
- 164 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 8/16/1933, in: BAB, R 8119F/5214.
- 165 Ibid.
- 166 Mitteilung der Hertie-Kaufhaus-Beteiligungs GmbH an die Beiratsmitglieder, 9/6/1933 (auszugsweise copy), in: BAB, R 8119F/5211, 127.
- 167 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 8/16/1933, in: BAB, R 8119F/5214.
- 168 Ibid.
- 169 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 11/21/1933, in: *ibid.*
- 170 “Conrad Steinecke Gesellschaft mit beschränkter Haftung,” in: *Berliner Börsen-Zeitung*, 9/8/1933; Gesellschafterversammlung der Hertie Kaufhaus-Beteiligungs GmbH, 1/24/1935, in: Kfst, Fakten und Daten, Part 1, Book 7, Doc. 01.
- 171 The former buyer became the managing director of the department store at Weimarer Markt G.M. Ronner. “Umgründung des Warenhauses Hermann Tietz in Weimar,” in: *Berliner Börsen-Zeitung*, 12/21/1933. A surviving information from Hertie Waren- und Kaufhaus GmbH for the commercial register from 1/6/1941 shows that the company was the sole owner of “Hans Kröger am Markt, Weimar.” See BAB, R 3102/4412, 90.
- 172 To this day, the idea persists in Weimar that the department store was “sold to Hans Kröger by a trust company” as part of the “Aryanization” of the Hermann Tietz Group. See Gitta Günther et al. (eds.), *Weimar. Lexikon zur Stadtgeschichte*, Weimar 1998, 150.
- 173 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 11/21/1933, in: BAB, R 8119F/5214.
- 174 Hertie Kaufhaus-Beteiligungs-GmbH, Bericht Nr. 2, 8/17/1933, in: *ibid.*, R 8119F/5218, 2; Notariell beglaubigter Vertrag zwischen der Familie Tietz und der Hertie Kaufhaus-Beteiligungs GmbH, 8/13/1934, in: BAB, R 8119F/5211, 43.
- 175 Gesellschaftsvertrag, 5/11/1934, in: StAL, F 303 II No. 4443 (commercial register files). Wilhelm Hermsdorff and Erich Laupenmühlen became additional managing directors. The latter was a partner in August Lewecke GmbH together with Lewecke.
- 176 Hertie Waren- und Kaufhaus GmbH, Central-Verwaltung, Bericht Nr. 95 an die Beiratsmitglieder, 6/20/1935, in: BAB, R 8119F/5218, 137.

- 177 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 2/20/1934, in: BAB, R 8119F/5214; Betriebsorganisation bei Hermann Tietz, Berlin. "Drei Warenhäuser werden ausgegründet," in: *Frankfurter Zeitung*, 2/17/1934.
- 178 Niederschrift der Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 3/13/1934, in: BAB, R 8119F/5214.
- 179 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns (6), 8/8/1935, in: BAB, R 8119F/5217.
- 180 Ibid.
- 181 "Gebesserte Warenhaus-Umsätze," in: *Deutsche Allgemeine Zeitung*, 8/4/1934.
- 182 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns (6), 8/8/1935, in: BAB, R 8119F/5217.
- 183 Reichswirtschaftsminister und Preußischer Minister für Wirtschaft und Arbeit to Wilhelm Beutner und Walter Berend (as copy to Ch. Hartung, Hardy & Co, gez. von Staatssekretär H. Posse), in: BAB, R 8119F/ 5211, 37.
- 184 Ibid.
- 185 Motiv-Bericht über die Auseinandersetzung mit der Familie Tietz und die beabsichtigte Rekonstruktion der Hertie-Kaufhaus-G.m.b.H. nach Vornahme der Auseinandersetzung, 10/30/1934 (15 pages), in: BAB, R 8119F/5212, 124. [hereafter: Motiv-Bericht: motivation report], also in: KFSt, Fakten und Daten, Part 1, Book 4, Doc. 03. The report was available to the advisory board on 12/10/1934. At this meeting, reference was made to the motivation report "which the management has recorded." The minutes also say: "All those involved agree to the motivation report with the proviso that this motivation report will also be sent to the Reich Ministry of Economic Affairs following the partition plan." Protokoll der Beirats-Sitzung der Firma Hermann Tietz & Co., 9/12/1934, in: *ibid.*, R 8119F/5214; Wintermantel later pointed out that the report was only available to the advisory board on 12/10/1934. Fritz Wintermantel to Charly Hartung, 12/14/1934, in: *ibid.*, R 8119F/5212, 170.
- 186 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5212, 24.
- 187 Ibid.
- 188 Die Uebernahme der Warenhäuser in der Firma Hermann Tietz & Co. durch die Hertie Waren- und Kaufhaus G.m.b.H., in: KFSt, Fakten und Daten, Part 1, Book 7, Doc. 10. This detailed version has no author, but was certainly written by Karg as a short version with almost identical title has been handed down elsewhere: "Georg Karg, Übernahme der früheren Hermann Tietz OHG durch die Hertie Waren- und Kaufhaus GmbH," 3/29/1946, in: StAL, EL 402-25_Bü 771 a-b.
- 189 *Das Bürgerliche Gesetzbuch*, Volume II, 437.
- 190 Deutsche Bank und Disconto-Gesellschaft, Stadtzentrale, Kreditstelle betr. Hermann Tietz & Co. (note), 2/20/1934, in: BAB, R 8119F/5211, 218 f.
- 191 Niederschrift über die Sitzung des Beirats der Hertie Kaufhaus-Beteiligungs GmbH, 12/1/1933, in: BAB, R 8119F/5214; Ladwig-Winters, *Wertheim* 1997a, 156.
- 192 Deutsche Bank und Disconto-Gesellschaft, Stadtzentrale, Kreditstelle betr. Hermann Tietz & Co. (note), 2/20/1934, in: BAB, R 8119F/5211, 218 f.
- 193 Ibid., 219 f.
- 194 Ibid.; Charly Hartung to Hans Paschke, 1/9/1934, in: *ibid.*, 185.
- 195 Georg Karg, "Übernahme der früheren Hermann Tietz OHG durch die Hertie Waren- und Kaufhaus GmbH, 3/29/1946," in: StAL, EL 402-25_Bü 771 a-b.
- 196 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns (6), 8/8/1935, in: BAB, R 8119F/5217.

- 197 Note for Dr. Wintermantel, in: *ibid.*, R 8119F/5211, 213; Niederschrift der Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 3/13/1934, in: *ibid.*, R 8119F/5214.
- 198 Niederschrift der Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 3/13/1934, in: *ibid.*
- 199 Vertrag zwischen der Familie Tietz und der Hertie Kaufhaus-Beteiligungs GmbH, 8/13/1934 [hereafter: Auseinandersetzungsvertrag: partition agreement], in: BAB, R 8119F/5211, 43. The contracting parties were from the family: Georg, Martin and Betty Tietz, Hugo and Elise Zwillenberg, from Hertie GmbH: Georg Karg.
- 200 First quote: *ibid.* (4), second quote: Georg Karg, “Übernahme der früheren Hermann Tietz OHG durch die Hertie Waren- und Kaufhaus GmbH, 3/29/1946,” in: StAL, EL 402-25_Bü 771 a-b.
- 201 See Chapter 4, 115 ff.
- 202 Auseinandersetzungsvertrag (partition agreement), in: BAB, R 8119F/5211, 43.
- 203 Note on Hertie Kaufhaus-Beteiligungs GmbH, 12/11/1934, in: BAB, R 8119F/5212, 162 f.
- 204 Landgericht Berlin, 42. Wiedergutmachungskammer, Beschluss in der Rückerstattungssache Georg Tietz und andere gegen die Victoria zu Berlin Allgemeine Versicherungs AG, 12/1/1950, in: LAB, B Rep. 025–04, No. 332/50, 30.
- 205 “Besitzwechsel bei Hermann Tietz,” in: *Berliner Tageblatt*, 12/16/1934, here according to: BAB, R 2501/2422; “Ausscheiden der Gründerfamilie bei Hermann Tietz & Co.,” in: *Frankfurter Zeitung*, 12/17/1934 (*ibid.*).
- 206 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5212, 124.
- 207 Bilanz per 31. Januar 1934 (Anlage I zum Motiv-Bericht), in: *ibid.*, 125; Bemerkungen zu der Bilanz und dem Status nach der Auseinandersetzung (Anlage IV zum Motiv-Bericht), *ibid.*, 128–130.
- 208 Bilanz per 31. Januar 1934 (Anlage I zum Motiv-Bericht), in: *ibid.*, 125; Bilanzen der Hermann Tietz & Co. per 7/15/1933 (Bilanzen I und II), in: BAB, R 8119F/5211, 197–201. For the consideration of goodwill in a dispute between shareholders in accordance with Section 738 of the German Civil Code, see *Das Bürgerliche Gesetzbuch*, Volume II, 438.
- 209 Bemerkungen zu der Bilanz der Offenen Handelsgesellschaft per 31. Januar 1934 (Anlage II zum Motiv-Bericht), in: BAB, R 8119F/5212, 126.
- 210 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5212, 124.
- 211 (Georg Karg), Die Uebernahme der Warenhäuser in der Firma Hermann Tietz & Co. durch die Hertie Waren- und Kaufhaus G.m.b.H., in: KFSt, Fakten und Daten, Part 1, Book 7, Doc. 10.
- 212 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5212, 124.
- 213 Neuregelungen der Verhältnisse des Tietz-Konzerns (note), undated, 13 f., in: BAB, R 8119F/5211, 47.
- 214 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5212, 124.
- 215 *Ibid.*
- 216 Auf Grund des Erlasses des Reichsministers der Finanzen ermittelte Einheitswerte der Warenhausgrundstücke 1935 in Gegenüberstellung zu den Einheitswerten von 1932, in: BAB, R 2/1361, 125.
- 217 Note on Einheitswerte Tietzblock, 7/6/1950, in: ERGO Archive, Victoria holdings A0109-00042, volume 1.
- 218 Georg Karg, “Übernahme der früheren Hermann Tietz OHG durch die Hertie Waren- und Kaufhaus GmbH, 3/29/1946,” in: StAL, EL 402-25_Bü 771 a-b.
- 219 In a group status report prepared by Wilhelm Graetz at Hermann Tietz OHG as of 3/31/1933, the group’s assets were valued at around 174 million RM. The total debt (bank, mortgage and goods debts) for 6/30/1933 was, according to information from M. M. Warburg, 133 million RM,

and the financial losses for the family upon leaving the company were 15–20 million RM, according to the estimate given in a Deutsche Bank file note. By adding up the group's debts, which the family had to pay for in the separation agreement, and the additional loss of assets suffered when leaving the company, it emerges that the group's assets must have been around 150 RM million. 42. Wiedergutmachungskammer des Landgerichts Berlin, Beschluss in der Rückerstattungssache Tietz u. a. gegen Victoria, 10/30/1950 (copy), in: LAB B Rep. 025–04, No. 325/50, 22; Protokoll der Berliner Junioren-Besprechung, 6/30/1933, in: SWA, A-12032 (on debts as of 6/30/1933); Neuregelungen der Verhältnisse des Tietz-Konzerns (note), undated, 13 f., in: BAB, R 8119F/5211, 47 (on the family's asset losses when leaving the OHG).

220 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5215, 124.

221 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns (note), 8/28/1935, in: BAB, R 8119F/5217.

222 Protokoll der Berliner Besprechung, 9/29/1934, in: SWA, A-12033.

223 Neuregelungen der Verhältnisse des Tietz-Konzerns (note), 13 f., undated, in: BAB, R 8119F/5211, 47; Ladwig-Winters, *Wertheim* 1997a, 179.

224 Der Staatskommissar für die Entnazifizierung und Kategorisierung der Hansestadt Hamburg, Fragebogen Georg Karg, 11/14/1949, in: Staatsarchiv Hamburg (Hamburg State Archive) [hereafter StAHH], 221–11 No. 67679 (also there: information about the estate in Briest).

225 The following comments on Karg's early biography are based on Eglau, *Georg Karg*.

226 Harry Jandorf, Erinnerungen an meinen Vater Adolf Jandorf, Ms. Beverley Hills, CA, 1967 (LBI, Call/Accession Number ME 335, Online Access: https://digipres.cjh.org/delivery/DeliveryManagerServlet?dps_pid=IE8465111) [last accessed 8/2/2023].

227 Regarding Löwenberger and Adler: Georg Karg/Trabart von der Tann to Beauftragter für Wirtschaftsfragen beim Führer, Wilhelm Keppler, 12/2/1933 (Anlage 1 zum Bericht der Treuverkehr Deutsche Treuhand-Aktiengesellschaft für Warenverkehr über bei der Firma Hermann Tietz & Co., Berlin angestellte Ermittlungen), in: BAB, R 8119F/5211, 163 f. Müller, according to later information, had been with the Hermann Tietz company “for 28 years” when he was released in August 1933. Walter Schmidt und Hans Aldenhoff, Erwiderung im Rückerstattungsverfahren Tietz ./ Victoria (1950), 6, in: LBI, Jasen Tietz Collection, Box 2, File 22.

228 Eglau, *Georg Karg*, 41.

229 Statement by Trabart von der Tann, 5/14/1947, in: StAL, El 402-25, Bü 771 b.

230 In a particularly exaggerated form in Katin, *Hostile Takeovers*, 129.

231 As an example: Niederschrift über die Sitzung des Verwaltungsrats, 6/24/1936, in: BAB, R 8119F/5214.

232 Protokoll der Berliner Besprechung, 6/7/1935, in: SWA, A-12034.

233 Andreas Kossert, “Die jüdische Gemeinde Ortelsburg – Ein Beitrag zur Geschichte der Juden in Masuren,” in: Michael Brocke et al. (eds.), *Zur Geschichte und Kultur der Juden in Ost- und Westpreußen*, Hildesheim 2000, 120.

234 Ibid., 121. The new name is documented by a stamp on the company letterhead for 5/20/1933, see also: ibid. In a Dresdner Bank file note from November 1936, a guarantee obligation for the Karg department store in Ortelsburg is listed, shared equally between Georg Karg and Hans Groeber. Note on Kreditantrag vom 11/27/1936 Kaufhaus Paul Held Nachf. G.m.b.H., Berlin, in: HAC, 500/30192-2001.BE.

235 *Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz*, 53.

236 “S.S. and S.A. besetzen Warenhäuser,” in: *Gubener Zeitung*, March 11/12, 1933, printed in: *Guben in der Zeit des Nationalsozialismus 1933–1945. Eine Dokumentation*, ed. by ACOL Gesell-

schaft für Arbeitsförderung Guben mbH, n.p., n.d., <https://www.yumpu.com/de/document/view/5394489/guben-in-der-zeit-des-nationalsozialismus-1933-acol>, 76 [last accessed 8/2/2023].

237 “Wolff Krimmer jetzt Kaufhaus Karg,” in: *Gubener Zeitung*, 5/26/1933, printed in: *ibid.*, 78. At that time, Karg only acquired the store, not the department store building. The business premises were still rented by Hugo Cohn in 1937. Vertrag zwischen Richard Ladeburg und Georg Karg, 5/14/1937, in: LAB, A Rep. 342–02, No. 62373, 71 f.

238 A. Rink, “Damals wars Guben: Das Kaufhaus in der Herrenstraße 1,” in: *Der Märkische Bote*, 9/20/2019, <https://maerkischer-bote.de/damals-wars/guben-das-kaufhaus-in-der-herrenstrasse-1-196078> [last accessed 8/2/2023].

239 Georg Karg, Note on Angelegenheit Kaufhaus Paul Held Nachf. GmbH, Berlin, 9/22/1934, in: BAB, R 8119F/5212, 117 f.

240 *Ibid.*

241 *Ibid.*

242 Gesellschaftsvertrag zwischen Walter Karg, Richard Ladeburg und Rosa Joel geb. Gumpers, 7/27/1934, in: LAB, A Rep. 342–02, No. 62373, 4.

243 *Ibid.*

244 Vertrag zwischen Walter Karg, Richard Ladeburg, Rosa Joel geb. Gumpers und Georg Karg, 7/27/1934, *ibid.*

245 Deutsche Bank und Disconto-Gesellschaft, Rechtsabteilung, to Hermann Tietz & Co., Central-Verwaltung, 9/7/1934; Georg Karg to Hans Paschke, 9/22/1933, in: BAB, R 8119F/5212, 112 and 116.

246 Georg Karg, Note on Angelegenheit Kaufhaus Paul Held Nachf. GmbH, Berlin, 9/22/1934, in: *ibid.*, 117 f.

247 Fritz Wintermantel/Hans Paschke to Charly Hartung, 9/24/1934, in: *ibid.*, 119.

248 Alfred Dresel to Charly Hartung, 9/26/1934, in: *ibid.*, 122.

249 Note from Hartung, 12/10/1934, in: *ibid.*, 164.

250 Ausgefülltes Auskunftsformular des Amtsgerichts Berlin zu den Gesellschaftern der Firma Paul Held Nachf. GmbH, 12/31/1937, in: LAB, A Rep. 342–02, No. 62373, 41; Landesamt zur Regelung offener Vermögensfragen, Berlin, to Rechtsanwälte Notare Knauth Paul Schmidt, z. Hd. Rechtsanwalt Dr. Harald Westphal, 1/28/1999, in: KFSt, Fakten und Daten, Part 1, Book 9, Doc. 09.

251 Verkaufsangebot von Rosa Joel geb. Gumpers, 5/4/1937; Vertrag zwischen Rosa Joel geb. Gumpers und Georg Karg, 5/12/1937, in: LAB, A Rep. 342–02, No. 62373, 64–67 and 69 f.

252 Landesamt zur Regelung offener Vermögensfragen, Berlin, to Rechtsanwälte Notare Knauth Paul Schmidt, z. Hd. Rechtsanwalt Dr. Harald Westphal, 1/28/1999, 3, in: KFSt, Fakten und Daten, Part 1, Book 9, Doc. 09.

253 Vertrag zwischen Richard Ladeburg und Georg Karg, 5/14/1937, in: LAB, A Rep. 342–02, No. 62373, 71 f. The exchange took place with a comparatively high balance of 220,000 RM.

254 See various file notes and correspondence in: HAC, 500/29925-2001.

255 Christoph Kreutzmüller, *Händler und Handlungsgehilfen. Der Finanzplatz Amsterdam und die deutschen Großbanken (1918–1945)*, Stuttgart 2005, 281–286.

256 Der Staatskommissar für die Entnazifizierung und Kategorisierung der Hansestadt Hamburg, Fragebogen Georg Karg (Frage 43), 11/14/1949, in: StAAH, 221–11 No. 67679.

257 Harry Jandorf, “Erinnerungen an meinen Vater Adolf Jandorf, 4/24/1967,” in: LBI, ME 335.

258 Eglau, *Georg Karg*, 45 and 48.

259 Note by Giebel on Hertie/Karg, 2/8/1937, in: HAC, 500/111656.

3 From the Banks to Karg. The Hertie Waren- und Kaufhaus GmbH 1935 to 1937/40

1 Protokoll über die Beiratssitzung der Firma Hermann Tietz & Co., 1/24/1935, in: BAB, R 8119F/5214; Protokoll der Gesellschafterversammlung und Neufassung des Gesellschaftsvertrags, 1/24/1935, in: *ibid.*, R 8119F/11483.

2 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5212, 114.

3 In addition, there was a loan claim from Hardy & Co. in the amount of around 323,000 RM and a loan claim from Commerzbank in the amount of 24,000 RM. Protokoll der Gesellschafterversammlung und Neufassung des Gesellschaftsvertrags, 1/24/1935, in: BAB, R 8119F/11483; Änderung und Neufassung des Gesellschaftsvertrages der Hertie Waren- und Kaufhaus GmbH, 11/30/1936, in: LAB, B Rep. 042, No. 58437 (commercial register file at Charlottenburg District Court).

4 Protokoll der Gesellschafterversammlung und Neufassung des Gesellschaftsvertrags, 1/24/1935, in: BAB, R 8119F/11483.

5 "Kaufhaus des Westens Gesellschaft mit beschränkter Haftung," in: *Berliner Börsen-Zeitung*, 2/1/1934, here according to: BAB, R 3102/4412, 83; "Deutsche Boden Aktiengesellschaft," in: *ibid.*, 11/16/1933; "Handelsstätte Gera Aktiengesellschaft und Sächsische Grundwert Aktiengesellschaft," in: *ibid.*, 5/4/1934 and 11/4/1933.

6 Note for Wintermantel (presumably by Paschke), 2/1/1934, in: BAB, R 8119F/5211, 211.

7 Niederschrift über die Sitzung des Beirates der Hertie Kaufhaus-Beteiligungs GmbH, 8/16/1933, in: BAB, R 8119F/5214.

8 Note for Wintermantel (presumably by Paschke), 2/1/1934, in: BAB, R 8119F/5211, 213.

9 Treuverkehr Deutsche Treuhand AG to Hertie Waren- und Kaufhaus GmbH, Geschäftsleitung, betr. Sonderauftrag, 7/15/1936 (strictly confidential), in: HAC, 500/111656.

10 Note for Wieland on Hermann Tietz & Co., 8/29/1934, in: BAB, R 8119F/5211, 1–4.

11 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns (19), 8/28/1935, in: BAB, R 8119F/5217.

12 Aktenvermerk betr. Tietz-Block u. Wohnhausblock Kaiserdamm, Besprechung, 11/14/1949, in: ERGO Archive, Victoria holdings A0109-00042, Volume 1.

13 Kammergericht Berlin, Beschluss in der Rückerstattungssache Georg Tietz und andere gegen die Victoria Allgemeine Versicherungs AG, 10/2/1951, in: *ibid.*

14 Kurt Hamann, Note, May 1950, in: *ibid.*

15 The standard value of the above-mentioned properties totaled RM 4.802 million in 1935 and RM 6.694 million in 1936. Note on Einheitswerte Tietz-Block, 7/6/1950, in: *ibid.*

16 Uhlig, *Warenhäuser*, 222.

17 "Warenhaus-Krise?," in: *WPD Pressedienst*, 7/22/1935, here after: BAB, R 2501/2423.

18 Tim Schanetzky, "Kanonen statt Butter". *Wirtschaft und Konsum im Dritten Reich*, Munich 2015, 69; Wolfgang Benz, *Geschichte des Dritten Reiches*, Munich 2000, 97.

19 Hans Erich Priest, *Das deutsche Wirtschaftswunder*, Amsterdam 1936.

20 Balder, *Kleidung*, 349.

21 Quoted from: "Um die Warenhäuser," in: *Berliner Tageblatt*, 3/18/1935.

22 Quoted from Balder, *Kleidung*, 375.

23 Uhlig, *Warenhäuser*, 156.

24 "Warenhaus-Erfrischungsräume nun auch gesetzlich verboten," in: *Berliner Tageblatt*, 5/11/1935.

25 Lenz, *Karstadt*, 217.

- 26 Josef Neckermann, *Erinnerungen, aufgezeichnet von Karin Weingart und Harvey T. Rowe*, Frankfurt a. M. 1970, 67 f.
- 27 Notariell beglaubigte Anmeldung zur Eintragung ins Handelsregister bei den Amtsgerichten Hamburg, Stuttgart, Karlsruhe, Gera, Plauen, München, 3/13/1935, in: Landesarchiv Thüringen – Staatsarchiv Greiz (Thuringia State Archive, Department Greiz State Archive) [hereafter ThStAG], 3–33-4220 Thüringisches Amtsgericht Gera, No. 0767 v. 14715, 3–5; “Umgründung am Jungfernstieg,” in: *Hamburger Fremdenblatt*, 3/23/1935.
- 28 “Alsterhaus sagten nur die Nazis,” in: *TAZ* (North edition), 3/29/2012.
- 29 Ostthüringische Industrie- und Handelskammer Gera to Thüringisches Amtsgericht, Registergericht, Gera, 3/25/1935, in: ThStAG, 3–33-4220 Thüringisches Amtsgericht Gera, No. 0767 v. 14715, 34.
- 30 Stadtvorstand der Haupt- und Handelsstadt Gera to Landgerichtspräsident, Gera, 4/29/1935, in: *ibid.*, 52–54.
- 31 Richard Carl Wolff/Konrad Bussmann to Amtsgericht Gera, Handelsregister, 10/26/1935, in: *ibid.*, 66.
- 32 Hertie Waren- und Kaufhaus GmbH, Bericht Nr. 95 to Beiratsmitglieder, 6/20/1935, in: BAB, R 8119F/5218, 137.
- 33 Herbert Diercks, *Rund um die Alster. Hamburger Geschichte im Nationalsozialismus. Texte, Fotos und Dokumente*, ed. by the KZ-Gedenkstätte Neuengamme, Hamburg 2018, 10.
- 34 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns (4), 8/28/1935, in: BAB, R 8119F/5217.
- 35 Allgemeine statistische Angaben August 1936 (Anlage 3 zum Betriebsbericht), in: *ibid.*, 88.
- 36 *Ibid.*, 12 f.
- 37 Akzeptbank AG to Reichs- und Preußischer Wirtschaftsminister, 7/26/1935, in: BAB, R 2/13610, 9.
- 38 *Ibid.*
- 39 Protokoll der Berliner Besprechung, 6/7/1935, in: SWA, A-12034.
- 40 *Ibid.*
- 41 *Ibid.*
- 42 “Hertie Waren- und Kaufhaus GmbH, Berlin – Wechsel im Vorsitz,” in: *Frankfurter Zeitung*, 5/13/1935; Erich H. von Berger, Vorschlag für die Kapital-Rekonstruktion des Hertie-Konzerns, 1/18/1936, 9, in: BAB, R 8119F/5213.
- 43 Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/28/1935, in: BAB, R 8119F/5217.
- 44 *Ibid.*, 5, 10 and 19.
- 45 Protokoll der Berliner Besprechung, 6/7/1935, in: SWA, A-12034; Erich H. von Berger, Vorschlag für die Kapital-Rekonstruktion des Hertie-Konzerns, 1/18/1936, in: BAB, R 8119F/5213.
- 46 *Ibid.*
- 47 Hertie Waren- und Kaufhaus GmbH, Central-Verwaltung, Geschäftsleitung, to Reichswirtschaftsministerium, 1/13/1936, in: BAB, R 2/57689.
- 48 Niederschrift über die im Anschluss an die Beirats-Sitzung vom 9/24/1935 abgehaltene Besprechung über Personalangelegenheiten, 9/26/1935, in: BAB, R 8119F/5213.
- 49 On Irene Witte, see Rita Pokorny, *Die Rationalisierungsexpertin Irene M. Witte (1894–1976). Biografie einer Grenzgängerin*, diss. phil. Technical University of Berlin 2003; to her work as “Organizer in the ‘Hertie Group’”: *ibid.*, 93–97. The Israel department store was “Aryanized” in 1939 through a sale to Emil Köster AG. On the Nathan Israel department store: Hanns G. Reissner, “The History of Kaufhaus N. Israel and of Wilfrid Israel,” in: *LBI Year Book* III (1958), 227–256.

- 50 Erich H. von Berger, Vorschlag für die Kapital-Rekonstruktion des Hertie-Konzerns, 1/18/1936, in: BAB, R 8119F/5213. As early as January 1935, the Centrum Berlinische Bodenimmobilien-Gesellschaft had sold two properties in Berlin-Schöneberg to Conrad Tack & Cie AG for 1.51 million RM. Purchase contract dated 1/10/1935, in: *ibid.*
- 51 Erich H. von Berger, Vorschlag für die Kapital-Rekonstruktion des Hertie-Konzerns, 1/18/1936, in: *ibid.*
- 52 Reichsminister der Finanzen, Note on Kredite der Akzeptbank für den Hertie-Konzern (draft, Febr. 1936), *ibid.*, 148.
- 53 Erich H. von Berger, Vorschlag für die Kapital-Rekonstruktion des Hertie-Konzerns, 1/18/1936, in: *ibid.*
- 54 Reichskommissar für das Kreditwesen Ernst (note), 3/31/1936, in: BAB, R 2/13610, 159 ff.
- 55 Akzeptbank AG to Reichskommissar für das Kreditwesen, 2/7/1936, in: *ibid.*, 151.
- 56 Dresdner Bank betr. Hertie (note), 2/25/1936, in: HAC, 500/111656.
- 57 Niederschrift über die Sitzung des Verwaltungsbeirates, 2/25/1936, in: BAB, R 8119F/5214.
- 58 Protokoll der Berliner Junioren-Besprechung, 6/30/1933, in: SWA, A-12032; Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns (11 and 15), 8/28/1935, in: BAB, R 8119F/5217; Errechnung der Forderungen per 4/30/1937 (Anlage 2 zu Stillhalte-Abkommen für die Zeit vom 5/1/1937 bis 4/30/1941), in: HAC, 500/111656.
- 59 Hertie Waren- und Kaufhaus GmbH, Central-Verwaltung, Geschäftsleitung to Reichswirtschaftsministerium, 1/13/1936, in: BAB, R 2/57689.
- 60 Der Präsident des Landesfinanzamts Berlin to Reichsminister der Finanzen, 4/21/1936, in: *ibid.*
- 61 Gründe für und gegen die “Ausgliederung bei Hertie” (6), 5/11/1936, in: HAC, 500/111656.
- 62 Georg Karg to Carl Goetz, 6/16/1936, in: *ibid.*
- 63 Georg Karg, Entwurf (appendix to: Georg Karg to Carl Goetz, 6/16/1936), in: *ibid.*
- 64 “Gesetz über Aktiengesellschaften und Kommanditgesellschaften auf Aktien (Aktiengesetz). Vom 30. Januar 1937,” in: RGBl. I, 1937, No. 15, 107–165.
- 65 On Horten, see recently Peter Hoeres/Maximilian Kutzner, *Der Kaufhauskönig. Helmut Horten – Biografie*, Freiburg i. Br. 2023.
- 66 Georg Karg, Entwurf (appendix to: Georg Karg to Carl Goetz, 6/16/1936), in: HAC, 500/111656.
- 67 Handwritten notes attached to Georg Karg’s letter to Carl Goetz as of 6/16/1936, in: *ibid.* On Goetz: Johannes Bähr, Carl Friedrich Goetz [1885–1965], in: Hans Pohl (ed.), *Deutsche Bankiers des 20. Jahrhunderts*, Stuttgart 2008, 141–152.
- 68 Deutsche Bank und Disconto-Gesellschaft, Wieland, to Georg Karg, draft (July 1936), in: HAC, 500/111656. For the assessment: Wilhelm Schaeffler to Gustav Overbeck, 9/9/1935, in: *ibid.*
- 69 Geschäftsbericht der Rudolph Karstadt Aktiengesellschaft Berlin 1936, 17. Geschäftsjahr 1.2. bis 12/1/1936, Berlin 1937; Westdeutsche Kaufhof Aktiengesellschaft Köln, Bericht über das 32. Geschäftsjahr vom 2/1/1936 bis 12/31/1936, Cologne 1937.
- 70 Vermerk Karding zu einer weiteren Besprechung in Sachen Hertie bei dem Reichskommissar Ernst, 8/27/1936, 8/29/1936, in: Historisches Institut der Deutschen Bank (Historical Institute of Deutsche Bank), K 05/1681. In addition to Karg and Reich Commissioner Ernst, participants in the meeting were the bankers Karl Rasche, Hugo Ratzmann, Ernst Karding and Fritz Wintermantel, who were appointed to Hertie’s new advisory board a few months later.
- 71 *Ibid.*
- 72 Hertie Waren- und Kaufhaus GmbH, Stillhalte-Abkommen vom 5/1/1937 bis 4/30/1941 (14 pages), in: *ibid.*; Stillhalteabkommen (draft) als Anlage 1 zu Reichskommissar für das Kreditwesen to Karl Rasche, Dresdner Bank, 10/17/1936, in: SWA, A-12035.
- 73 Georg Karg to Bankhaus Hardy & Co. GmbH, 11/16/1936, in: BAB, R 8127/15755, 13.

- 74 Protokoll der Gesellschafterversammlung, 11/30/1936 (with amended and revised company statutes in the appendix), in: LAB, C Rep. 304, No. 53912, 82–92 (commercial register file).
- 75 Georg Karg to Bankhaus Hardy & Co. GmbH, 11/16/1936, in: BAB, R 8127/15755, 13 ff.
- 76 Rasche had been a member of the so-called Reichsführer SS Friends' Circle since 1936, and in 1939 he became an NSDAP member and an honorary officer of the SS. Ratzmann had been an NSDAP member since 1933. On Rasche's biography see: Ralf Ahrens, "Der Exempelkandidat. Die Dresdner Bank und der Nürnberger Prozess gegen Karl Rasche," in: *Vierteljahrshefte für Zeitgeschichte* 52 (2004), issue 4, 634–670. About Ratzmann: Bähr, *Dresdner Bank*, 610.
- 77 "Hertie Waren- und Kaufhaus G.m.b.H. in Berlin," in: *Berliner Börsen-Zeitung*, 3/4/1937, here based on BAB, R 3102/4412, 36. On the "Aryanization" of the department store H. Joseph & Co.: Detlev Brunner, "36 Jahre 'deutscher Fleiß'. Das Warenhaus Joseph & Co. 1900–1936", in: Dorothea Holland (ed.), "Zehn Brüder waren wir gewesen. . .". Spuren jüdischen Lebens in Neukölln, Berlin 2012, 363–368.
- 78 Georg Karg to Bankhaus Hardy & Co. GmbH, 11/16/1936, in: BAB, R 8127/15755, 14.
- 79 Gustav Overbeck to Georg Karg, 1/2/1937, in: HAC, 500/111656.
- 80 Ibid.
- 81 Berliner Protokoll, 9/1/1936, in: SWA, A-12035.
- 82 Berliner Protokoll, 8/29/1936, in: *ibid.*
- 83 Verzeichnis der Gläubiger, die in die Stillhaltung einzubeziehen sind, 8/18/1936, in: HAC, 500/111656.
- 84 See Gregor Schöllgen, *Schaeffler. Biografie einer Familie und eines Unternehmens*, Munich 2021. On Schaeffler's work in the Industriebüro of Dresdner Bank: *ibid.*, 32 f.
- 85 Wilhelm Schaeffler, Hertie. Darstellung der wichtigsten Ergebnisse der Wirtschaftsprüfer, 8/18/1936, in: HAC, 500/111656.
- 86 Ibid.
- 87 Wilhelm Schaeffler to Gustav Overbeck, 9/9/1936, in: *ibid.*
- 88 "Wie steht es mit den Warenhäusern?," in: *Der Angriff*, 10/16/1936; Similar to the "Olympic business": "Zur neuerlichen Entwicklung der Warenhausumsätze," in: *Wirtschaftspolitische Fachpressedienst*, 12/12/1936, both in: BAB R 2501/2025.
- 89 "Nachlese zum Olympia-Geschäft," in: *Deutsche Allgemeine Zeitung*, 10/10/1936; "Höhere Warenhausumsätze," in: *Berliner Börsen-Zeitung*, 10/10/1936; "Die Einkäufe im Olympia-Monat," in: *Berliner Lokal-Anzeiger*, 10/10/1936, all in: *ibid.*
- 90 To summarize: Dieter Ziegler, "Der Ordnungsrahmen," in: Bähr, *Dresdner Bank*, 62–75.
- 91 Lenz, *Karstadt*, 229 f.
- 92 Bericht der Treuhand-Vereinigung Aktiengesellschaft Berlin über die Prüfung der Jahresabschlussbilanz per 3/31/1936 des Bankhauses Hardy & Co. GmbH, Berlin, 2, in: BAB, R 3101/18605, 226; Bericht der Treuhand-Vereinigung Aktiengesellschaft Berlin über die Prüfung der Jahresabschlussbilanz per 3/31/1934 des Bankhauses Hardy & Co. GmbH, Berlin, 19, in: *ibid.*, R 3101/18604, 40 and 49.
- 93 Bericht der Treuhand-Vereinigung Aktiengesellschaft Berlin über die Prüfung der Jahresabschlussbilanz per 3/31/1936 des Bankhauses Hardy & Co. GmbH, Berlin, 12, in: BAB, R 3101/18605, 236.
- 94 Note on Akzeptbank AG, 7/19/1934, in: BAB, R 1501/127202, 228 ff.; Akzeptbank AG, Geschäftsbericht über das dritte Geschäftsjahr 1933/34, Berlin 1934; Reichsminister der Finanzen, Note, 10/22/1936, in: BAB, R 2/13609, 116.
- 95 Note on Kaufhaus Paul Held Nachf. GmbH, Berlin, 1/18/1937, in: HAC, 500/111656.

- 96 Hardy & Co. GmbH Konsortialabteilung to Dresdner Bank, Konsortialabteilung IV, 5/28/1937, in: HAC, 500/30192-2001.BE, 61; Notariell beurkundeter Vertrag, 9/4/1937, in: LAB, C Rep. 304, No. 53912, 135 f.
- 97 Hardy & Co. GmbH Konsortialabteilung to Dresdner Bank, Konsortialabteilung IV, 9/20/1937, in: HAC, 500/30192-2001.BE, 66.
- 98 These were the properties at Beußelstraße 15/corner of Turmstraße (Berlin-Moabit), Kaiserdamm 25/25 a, Fredericiastraße 27/28 and Königin-Elisabeth-Straße 2–4 and 6 (all Berlin-Charlottenburg). Vergleich in den Rückerstattungssachen des Kaufmanns Georg Tietz u. a. gegen die Victoria zu Berlin Allgemeine Versicherungs-AG, 4/28/1952, in: ERGO Archive, Victoria holdings A0109-00042, Volume 2.
- 99 Our compilation, based on: Hardy & Co. GmbH to Dresdner Bank, 4/4/1939, in: HAC, 500/30192-2001.BE; Notariell beurkundeter Vertrag, 6/14/1940, in: LAB, C Rep. 304, No. 53912, 149 f.; Zentral-Finanzamt Berlin to Oberfinanzpräsident Berlin betr. Umwandlung der Hertie Waren- und Kaufhaus GmbH, 7/23/1939, in: BAB R 2/20528; Hardy & Co. GmbH Konsortialabteilung to Dresdner Bank, Konsortialabteilung IV, 6/8/1940, in: *ibid.*, 92.
- 100 Hardy & Co. GmbH to Dresdner Bank, 4/4/1939, in: HAC, 500/30192-2001.BE.
- 101 Notariell beurkundeter Vertrag, 6/14/1940, in: LAB, C Rep. 304, No. 53912, 149 f.
- 102 Zentral-Finanzamt Berlin to Oberfinanzpräsident Berlin betr. Umwandlung der Hertie Waren- und Kaufhaus GmbH, 7/23/1939, in: BAB R 2/20528.
- 103 Hardy & Co. GmbH Konsortialabteilung to Dresdner Bank, Konsortialabteilung IV, 6/8/1940, in: *ibid.*, 92.
- 104 Zentral-Finanzamt Berlin to Oberfinanzpräsident Berlin betr. Umwandlung der Hertie Waren- und Kaufhaus GmbH, 7/23/1939, in: BAB, R 2/20528. For 1932: Erich H. von Berger, Bericht über die derzeitige Lage des Hertie-Konzerns, 8/28/1935, in: *ibid.*, R 8119F/5217.
- 105 Hertie Waren- und Kaufhaus GmbH, Rechtsanwalt [presumably Hans-Heinz Steffani] to Oberfinanzpräsident z. Hd. Oberregierungsrat Noordwyk, 4/13/1939, in: BAB, R 2/20528.
- 106 Zentral-Finanzamt Berlin to Oberfinanzpräsident Berlin betr. Umwandlung der Hertie Waren- und Kaufhaus GmbH, 7/23/1939, in: *ibid.*
- 107 Hardy & Co. Konsortialabteilung to Treuhand-Vereinigung AG, 8/31/1937, in: HAC, 500/30192-2001.BE (with reference to the status before the first sales to Karg); Gesellschafter der Hertie Waren- und Kaufhaus GmbH, Stand 12/31/1940, 1/6/1941, in: LAB, C Rep. 304, No. 53912, 152.
- 108 From February 1942, Karg also directly owned 100 percent of Hertie's share. The shares were subsequently consolidated from 7.5 RM million to 3.825 RM million. Notariell beurkundeter Gesellschaftsvertrag, 2/23/1942, in: LAB, C Rep. 304, No. 53912, 161 f.; Gesellschafter der Hertie Waren- und Kaufhaus GmbH, Stand 12/31/1943, 1/7/1944, in: *ibid.*, 163.
- 109 See: Mark Spoerer, *C&A. Ein Familienunternehmen in Deutschland, den Niederlanden und Großbritannien, 1911–1961*, Munich 2016, 197 ff.; *id.*, "Textilproduktion und -versorgung, 1933–1945," in: Marcel Boldorf/Jonas Scherner (eds.), *Handbuch Wirtschaft im Nationalsozialismus*, Berlin 2023, 349–372.
- 110 "Warenhäuser in der Anpassung," in: *Die Bank*, 5/8/1940; "Elastische Warenhäuser," in: *Berliner Lokal-Anzeiger*, 10/29/1941; "Karstadts Kriegsbilanz," in: *Deutsche Allgemeine Zeitung*, 6/14/1941.
- 111 "Westdeutsche Kaufhof," in: *Berliner Börsen-Zeitung*, 9/1/1941.
- 112 "Warenhäuser im dritten Kriegsjahr," in: *Deutsche Allgemeine Zeitung*, 6/14/1942.
- 113 "Das Warenhaus im Kriegseinsatz," in: *Neues Wiener Tagblatt*, 6/11/1943.
- 114 Spoerer, *C&A*, 201; "20 % der Warenhäuser werden stillgelegt," in: *Deutsche Allgemeine Zeitung*, 6/10/1943.

115 Neckermann, *Erinnerungen*, 113 ff.

116 Steffen Radlmaier, "Neckermann und der 'Wäschejude'. Wie Karl Joel um sein Lebenswerk gebracht wurde," in: Matthias Henkel/Eckart Dietzfelbinger (eds.), *Entrechtet. Entwürdigt. Be-raubt: Die Arisierung in Nürnberg und Fürth*, Petersberg 2012, 91–102.

117 Neckermann, *Erinnerungen*, 115.

118 Critical of Neckermann's *Erinnerungen*: Toni Pierenkemper, "Josef Neckermann (1912–1992) – Anmerkungen zur Autobiografie," in: *Jahrbuch für Wirtschaftsgeschichte* 37 (1996), issue 2, 235–245.

119 Neckermann, *Erinnerungen*, 117; Bähr, *Dresdner Bank*, 402.

120 Neckermann, *Erinnerungen*, 118.

121 Ibid.

122 Julia Schnaus, *Kleidung zieht jeden an. Die deutsche Bekleidungsindustrie 1918 bis 1973*, Berlin 2017, 136; Bähr, *Dresdner Bank*, 402. Regarding the legal form: Notariell beurkundeter Gesellschaftsvertrag, 8/13/1943 (copy), in: BAB, R 8135/5724.

123 Regarding the bank loans to Neckermann: Beschluss der Wiedergutmachungskammer bei dem Landgericht Nürnberg-Fürth vom 10/19/1953 in Sachen Joel gegen Neckermann, in: HAC, 500/29787-2001.

124 *Handbuch der deutschen Aktiengesellschaften* 44 (1939), Berlin 1939, Vol. 4, 4156.

125 Neckermann, *Erinnerungen*, 118.

126 Ibid., 120 ff.; Zentrallagergemeinschaft an alle Auslieferungsstellen für Ostarbeiterbekleidung, 1/4/1943, in: BAB, R 3101/21404.

127 Neckermann, *Erinnerungen*, 134 ff.

128 Between July 1941 and March 1943, the Josef Neckermann laundry and clothing factory received around 13 percent of all orders from the textile department of the Lodz ghetto, more than any other German company. Schnaus, *Kleidung*, 151; id. et al. *Die Rolle des Ghetto Litzmannstadt (Łódź) bei der Versorgung der Wehrmacht und der deutschen Privatwirtschaft mit Kleidung (1940 bis 1944)*, in: *Zeitschrift für Unternehmensgeschichte* 1 (2017), 35–56. In his memoirs, Neckermann also states that he set up a laundry and clothing factory in Bialystok, Poland, together with the department store entrepreneur Helmut Horten and the former Dresdner Bank auditor Wilhelm Schaeffler – both of whom had also risen through "Aryanization". So far, no evidence has been found for this operation or a connection between Neckermann, Horten and Schaeffler. Neckermann, *Erinnerungen*, 135 f.; Schöllgen, *Schaeffler*, 99.

129 Bajohr, *Hamburg*, 330; Diercks, *Alster*, 11.

130 Notariell beurkundeter Gesellschaftsvertrag, 8/13/1943 (copy), in: BAB, R 8135/5724.

131 Bähr, *Dresdner Bank*, 404 f.

132 Ibid., 406.

133 Note, 9/2/1944; Zentrallagergemeinschaft für Bekleidung GmbH to Oberbürgermeister der Reichshauptstadt Berlin, Hauptamt für Kriegsschäden, 11/18/1944, in: LAB, A Rep. 005–07, No. 435, 18 and 39.

134 Neckermann, *Erinnerungen*, 119.

135 See Chapter 2, 87.

4 Emigrated and Plundered The Tietz Family after the “Aryanization” of the Company

- 1 Auseinandersetzungsvertrag (partition agreement), 8/13/1934, in: BAB, R 8119F/5211, 43.
- 2 Amtsgericht Charlottenburg, Auskunftsbogen zu Gesellschaftern der Atex Wäschefabrik GmbH, 12/31/1934, in: *ibid.*, 29.
- 3 The contracts mentioned from 11/9/1934 are documented in: KFSt, Fakten und Daten, Part 1, Book 3/2, Docs. 14–18.
- 4 (Kücher-)Eigner’s former position as “Chief Secretary to Mr. Tietz” is documented in: Walter Schmidt und Hans Aldenhoff to Wiedergutmachungskammer des Landgerichts Berlin (August 1950), 6, in: LBI, Jasen Tietz Collection, AR 26956, Box 2, file 22.
- 5 “Tietz. Eine Erklärung der Hertie-Gesellschaft,” in: *Berliner Börsen-Zeitung*, 12/23/1934; “Zum Ausscheiden der Familie Tietz aus dem Warenhauskonzern Hermann Tietz GmbH,” in: *Frankfurter Zeitung*, 12/24/1934.
- 6 Oberfinanzpräsident Berlin (Devisenstelle Abt. S), Bericht des B. u. B. Prüfers K. Schultze über die am 17.–6/22/1937 bei Georg und Martin Tietz vorgenommene Devisenprüfung, 6/29/1937, in: Brandenburgisches Landeshauptarchiv (Brandenburg Main State Archive) [hereafter BLHA], Rep. 36 A, No. 1565, 347.
- 7 Tietz Ltd., London, Prozess-Vollmacht für Alois Ritter, Vaduz, 1/15/1941, in: LLA, J 391/150.
- 8 See Bekanntmachung des Gesetzes über die Devisenbewirtschaftung und der Durchführungsverordnung zum Gesetz über die Devisenbewirtschaftung. Vom 4. Februar 1935, in: RGBl. I, 1935, No. 10, 2/8/1935, 105; Ralf Banken, “Das nationalsozialistische Devisenrecht als Steuerungs- und Diskriminierungsinstrument,” in: Johannes Bähr/id. (eds.), *Wirtschaftssteuerung durch Recht im Nationalsozialismus. Studien zur Entwicklung des Wirtschaftsrechts im Interventionsstaat des “Dritten Reichs,”* Frankfurt a. M. 2006, 121–236, here especially 151 ff.
- 9 Präsident des Landesfinanzamts Berlin (Devisenstelle) to Georg, Martin und Betty Tietz, z. Hd. Rechtsanwalt Wilhelm Beutner, 10/9/1934, in: BLHA, Rep. 36 A, No. 1565; also in: LLA, V 3/1937/10.
- 10 *Ibid.*
- 11 *Ibid.*
- 12 Oberfinanzpräsident Berlin (Devisenstelle Abt. S), Bericht des B. u. B. Prüfers K. Schultze über die am 17.–6/22/1937 bei Georg und Martin Tietz vorgenommene Devisenprüfung, 6/29/1937, in: BLHA, Rep. 36 A, No. 1565, 348.
- 13 *Ibid.*, 349.
- 14 *Ibid.*, 349 f.
- 15 Urteil des fürstlich liechtensteinischen Landgerichts Vaduz, 7/4/1942, in: LLA, J 391/150.
- 16 Statement, 4/20/1937, in: *ibid.*, V4/1937/10; Transandine Handel Mij, Statement, 8/26/1937, *ibid.*, V4/1937/21. Hugo Zwillingberg’s son Lutz said in a contemporary witness interview that his father’s depot at N.V. Transandine Handel Mij. could be kept secret from the German authorities. The same can be assumed for the depots of Georg and Martin Tietz. Interview Lutz Zwillingberg, USC Shoah Foundation, Visual History Audio Online.
- 17 See the reasons for the applications to obtain Liechtenstein citizenship in Chapter 4, 128 f.
- 18 Hertie Waren- und Kaufhaus GmbH, Central Administration, Management, Tietz Connection & Export GmbH, 11/14/1938, in: StAM, WB I a, No. 315, 94.
- 19 Hans Aldenhoff to Entschädigungsamt Berlin, 7/23/1957, in: Landesamt für Bürger- und Ordnungsangelegenheiten, Entschädigungsbehörde (Berlin State Office of Administration – Compensation Board) [hereafter LABO, EB], 72.283, D 208.

20 See Chapter 4, 143.

21 Georg Karg, Uebernahme der früheren Hermann Tietz o. H. G. durch die Hertie Waren- und Kaufhaus GmbH, 3/29/1946, in: StAL, EL 402–25, Bü 771 a-b.

22 Hans Otto Eglau, “Der Herr von Hertie. Die Karriere des schweisgsamen Warenhauskönigs Georg Karg,” in: *Die Zeit*, 11/27/1970. Similar in: id., *Georg Karg*, 40 (“In the final phase of the tug-of-war over the fate of the company, all that was ultimately at stake was a severance payment of twelve million marks, which the Tietz brothers and their brother-in-law wanted to use to settle abroad ‘to build a new existence’.”).

23 Ladwig-Winters, *Wertheim* 1997a, 183.

24 See Chapter 6, 176.

25 Georg Karg, Uebernahme der früheren Hermann Tietz o. H. G. durch die Hertie Waren- und Kaufhaus GmbH, 3/29/1946, in: StAL, EL 402–25, Bü 771 a-b.

26 Motiv-Bericht (motivation report), 10/30/1934, in: BAB, R 8119F/5212, 124.

27 Letter from lawyers Walter Schmidt and Hans Aldenhoff regarding the restitution claim against Victoria Versicherung, 8/11/1950, undated [1950], in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22, 6.

28 See Chapter 4, 165 ff.; Georg Karg to Familie Tietz, 11/9/1934, in: KFSt, Fakten und Daten, Part 3, Book 1, Doc. 15; Hertie to Tietz Anschluss-& Export GmbH (copy), 11/14/1938, in: StAM, WB Ia, 315.

29 Eidesstattliche Versicherung Hugo Zwillenberg, 1/25/1952, in: LABO, EB 54.101.

30 Notarielle Ausfertigung des Auseinandersetzungsvertrages, 8/13/1934, in: StAM, WB Ia, 315, 43 f., § 19; Protokoll der Berliner Besprechung, 9/29/1934, in: SWA. A-12033.

31 See “Gesetz über die Änderungen der Vorschriften der Reichsfluchtsteuer vom 5/18/1934,” in: RGBl. I, 1937, 392 f.; Günther Felix, “Scheinlegalität und Rechtsbeugung. Finanzverwaltung, Steuergerichtsbarkeit und Judenverfolgung im Dritten Reich,” in: *Steuer und Studium* 16 (1995), issue 5, 197–204; Martin Friedenberger, *Fiskalische Ausplünderung. Die Berliner Steuer- und Finanzverwaltung und die jüdische Bevölkerung 1933–1945*, Berlin 2008, 67–127.

32 Reichswirtschaftsminister und Preußischer Minister für Wirtschaft und Arbeit, gez. H. Posse, to Wilhelm Beutner und Walter Berend, 7/25/1934, in: BAB, R 8119F/ 5211, 38 f.

33 Wochenbericht an den Hertie-Beirat, 8/30/1933, in: KFSt, Fakten und Daten, Box 2, File 2, Doc.11.

34 Wolfgang Seibel, “Robuste Strukturen, robuste Motive – Holocaust und wirtschaftliche Verfolgungsmaßnahmen. Anlass zur Neubewertung der Strukturalismus/Intentionalismus-Debatte?,” Unpublished lecture manuscript for the meeting of the “Companies in National Socialism” working group of the Gesellschaft für Unternehmensgeschichte on January 14/15, 2000, 3; Dieter Stiefel (ed.), argues similarly: *Die politische Ökonomie des Holocaust. Zur wirtschaftlichen Logik von Verfolgung und “Wiedergutmachung,”* Munich 2001, 19.

35 Interview by Ingo Köhler with Roe Jasen from 9/13/2022.

36 The basis for this was provided by a law that limited the number of pupils and students at public educational institutions to the average population share of the Jewish minority of 1.5 percent. See “Gesetz gegen die Überfüllung deutscher Schulen und Hochschulen vom 4/25/1933,” in: RGBl. I, 1933, 225 f. and Avraham Barkai, “Jüdisches Leben unter der Verfolgung,” in: *Deutsch-jüdische Geschichte in der Neuzeit*, ed. on behalf of the Leo Baeck Institute, Vol. IV: *Aufbruch und Zerstörung 1918–1945*, Munich 1997, 225–248, here 237 ff.

37 Eidesstattliche Versicherung von Rösli Jasen (geb. Tietz), 2/5/1957, in: LABO, EB 320.810, M 4.

38 Eidesstattliche Versicherung von Charlotte Kücher-Eigner 6/10/1953; also: Letter of the lawyer Hans Aldenhoff, 9/16/1953, in: *ibid.*, EB 73.520, D 12.

- 39 Aktenvermerk in Sachen Georg, Tietz, Martin Tietz und Elise Zwillenberg ./ Volksrepublik Bulgarien, undated, in: *ibid.*, EB 72.283, D 202.
- 40 Flick, *Umzugsgüter*, 181.
- 41 Kai Luehrs-Kaiser, "Der diskrete Charme der Prominenz," in: *Berliner Morgenpost* online, 11/5/2006, <https://www.morgenpost.de/printarchiv/wwbm/article104422057/Der-diskrete-Charme-der-Prominenz.html> [last accessed 1/5/2023]; also: Harry Balkow-Görlitzer et al., *Prominente in Berlin-Grunewald und ihre Geschichten*, Berlin 2006.
- 42 Kaufvertrag zwischen Georg Tietz und der Gesellschaft für Vermittlung von ImmobilienbeleihungenmbH, 2/3/1928, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 2; Bruno Bley to Willy Vogel, 7/13/1938, in: *ibid.*, Box 2, File 1.
- 43 A list of the inventory taken over can be found in the appendix to the purchase agreement, 7/19/1938, in: *ibid.*, Box 2, File 2.
- 44 Georg Tietz to Wirtschaftsprüfer Wilhelm Graetz, 8/9/1937, in: *ibid.*
- 45 Kaufvertrag zwischen Willy Vogel und der Bevollmächtigten Charlotte Eigner und Bruno Bley, 7/19/1938, in: *ibid.* The so-called maximum security mortgage of 220,000 RM previously registered on the properties had to be deleted by the Tietz couple or the real estate company.
- 46 Erklärung von Georg Tietz zur Eintragung einer Sicherungshypothek, 7/16/1937, in: *ibid.*
- 47 Through advance payments from claims from Mefa Textilhandels GmbH, the Reich flight tax liability had already been reduced to 179,704.42 RM by August 1938. After deducting the additional 6,990 RM in brokerage fees to be paid by Georg Tietz, only around 46,300 RM of the sales price was transferred to the Tietz couple's blocked emigrant account; see: Bruno Bley to Oberfinanzpräsident, 8/27/1938, in: *ibid.*, box 2, file 1.
- 48 Bruno Bley to Edith Tietz, 7/30/1938, in: *ibid.*
- 49 By a circular issued by the Reich Commissioner for Pricing dated 12/13/1938, all contracts for the transfer of Jewish properties that were still being assessed were denied approval by the pricing authorities. The Reich Commissioner criticized the fact that the market value had to be taken into account, but in practice it was usually assessed according to the standard value. It was to be made more difficult for buyers to achieve purchase profits (so-called de-Jewification profits) in this way. A new regulation came about with the implementing decree of 2/6/1939. In principle, see the statement of the regional economic advisor for Hesse-Nassau on "de-Jewification profits," in: Hessisches Hauptstaatsarchiv, Wiesbaden (Hessian Main State Archive), record group 519, file 132; Christiane Kuller, *Bürokratie und Verbrechen. Antisemitische Finanzpolitik und Verwaltungspraxis im nationalsozialistischen Deutschland*, Munich 2013, 272 ff.; Köhler, "Arisierung", 199.
- 50 Handschriftlicher Vermerk des Wiedergutmachungsamtes Berlin auf Bearbeitungsbogen Rückerstattung 8 WGA 896/50, undated [around 1955], in: LABO, 72.283; Antrag auf Rückerstattung der Grundstücke Koenigsallee 71, Gustav-Freytag-Str. 17 u. Wassergrundstück nach REAO vom 7/27/1949, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 1, Appendix.
- 51 See Cornelia Briel, "Die Bücher der Warenhausunternehmer Georg und Martin Tietz und die Leipziger Stadtbibliothek. Zur Verstrickung von kulturellen Einrichtungen in die NS-staatliche Verwertung jüdischen Eigentums," in: Monika Gibas (ed.), "Arisierung" in Leipzig. *Annäherung an ein lange verdrängtes Kapitel der Stadtgeschichte der Jahre 1933–1945*, Leipzig 2007, 162–167, here 164; Flick, *Umzugsgüter*, 181, note 52.
- 52 Flick, *Umzugsgüter*, 181.
- 53 Erkölsi bizonyítvány [Leumundszeugnis] Tietz Georg, 1/27/1937 u. Tietz Edit, 1/28/1937, in: LLA, V 4/1937/10; Erkölsi bizonyítvány Tietz Martin, 1/27/1937 u. Tietz Annie, 1/28/1937, in: *ibid.*, V 4/1937/21. Belegt ist lediglich eine Geschäftsbeziehung von Georg Tietz zur Holzbank AG, Budapest. Ludwig Hasler to fürstliche Regierung, Vaduz, 3/28/1937, in: *ibid.* V 4/1937/10.

54 In March 1937, the then 13-year-old daughter Rösli came to the renowned Prof. Buser's Pre-Alpine Daughters' Institute in Teufen (Canton of Appenzell Ausserrhoden), where she stayed for two years and then attended a hotel management school in Lucerne for two months. Rösli Jasen geb. Tietz, Eidesstattliche Versicherung, 2/5/1957, in: LABO, EB 320.810.

55 Ludwig Hasler to fürstliche Regierung, Vaduz, 3/28/1937, in: LLA, V 4/1937/10.

56 Ludwig Hasler to Gemeindevorsteher in Triesen, 8/14/1937, in: LLA, V 4/1937/21.

57 Charlotte Kücher-Eigner, Eidesstattliche Versicherung, 6/10/1953, in: LABO, EB 73.520, D 12.

58 Nicole Schwalbach, *Bürgerrecht als Wirtschaftsfaktor. Normen und Praxis der Finanzeinbürgerung in Lichtenstein 1919–1955*, Zurich 2012, 28–32 and 55–60; Peter Geiger, *Krisenzeit. Lichtenstein in den Dreissigerjahren 1928–1939*, Vaduz 1997, Vol. 2, 98.

59 Regula Argast, *Einbürgerungen in Lichtenstein vom 19. bis ins 21. Jahrhundert. Schlußbericht*, Zurich 2012, 63; Hanspeter Lussy/Rodrigo López, *Liechtensteinische Finanzbeziehungen in der Zeit des Nationalsozialismus* (Veröffentlichungen der Unabhängigen Historikerkommission Liechtenstein Zweiter Weltkrieg), Part I, Zurich 2005, 173 and 187 ff.

60 Ludwig Hasler to fürstliche Regierung, Vaduz, 4/2/1937, in: LLA, RF 173/397/002/1–4 (first quote); Ludwig Hasler to fürstliche Regierung, Vaduz, 3/28/1937, in: *ibid.*, V 4/1937/10 (further quotes). As a former tax commissioner, Hasler specialized in the establishment of holding companies and foundations. Like his father, he recognized early on what prospects this opened up in the principality. The two Haslers founded around 70 letterbox companies ("seated companies"). Lussy/López, *Finanzbeziehungen*, 68 f.

61 Gemeindevorsteher Triesen, Ferdinand Heidegger, to fürstliche Regierung, Vaduz, 4/14/1937, in: LLA, V 4/1937/10. See Geiger, *Krisenzeit*, Vol. 2, 97.

62 N. V. Transandine Handel Mji. to Regierung des Fürstentums Liechtenstein, 4/23/1937; N. V. Transandine Handel Mji., Statement, 4/20/1937, in: LLA, V 4/1937/10. On Hochheimer: Handelsregister van de Kamer van Koophandel en Fabrieken voor Amsterdam, Uittreksel, undated, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 1; Hillel Kuttler, "In unraveling one Holocaust mystery, journalist finds others," in: *The Times of Israel*, 6/13/2015, <https://www.timesofisrael.com/in-unraveling-one-holocaust-mystery-journalist-finds-others/> [last accessed 7/3/2023].

63 Blankart & Cie. to fürstliche Regierung, Vaduz, 4/1/1937, in: LLA, V4/1937/10.

64 Protokoll über die Konferenzsitzung des Landtages, 5/7/1937, 1–3, in: Landtagsprotokolle 1937, in: LLA, LA HB 13/1937.

65 Regierung des Fürstentums Liechtenstein, Staatsbürgerurkunde, 5/18/1937 (copy), in: LLA, V 4/1937/10.

66 Geiger, *Krisenzeit*, Vol. 2, 98. Specifically, these were immigration taxes of 20,000 Swiss francs to the municipality and 10,000 Swiss francs to the principality, a fee of 1,000 Swiss francs and an annual tax of 1,600 Swiss francs. In addition, Georg Tietz had to purchase mortgage bonds for 30,000 Swiss francs from the Principality's savings bank and deposit them in the depot.

67 Ludwig Hasler to Gemeindevorsteher in Triesen, 8/14/1937, in: LLA, V 4/1937/21.

68 *Ibid.*; N. V. Transandine Handel Mij. to Hochwohllöbliche Regierung des Fürstentums Liechtenstein, 8/18/1937; N. V. Transandine Handel Mij. to Regierung des Fürstentums Liechtenstein, 8/26/1937; N. V. Transandine Handel Mij. to Hochwohllöbliche Regierung des Fürstentums, Liechtenstein 9/11/1937; Blankart & Cie. to fürstliche Regierung, Vaduz, 8/20/1937, in: *ibid.*

69 Gemeindevorsteher in Triesen, Ferdinand Heidegger, to fürstliche Regierung, Vaduz, 8/28/1937, in: *ibid.*; Protokoll über die nichtöffentliche Sitzung des Landtages, 10/26/1937, 1–3, in: Landtagsprotokolle 1937, in: LLA, LA HB 13/1937.

- 70 Regierung des Fürstentums Liechtenstein, Staatsbürgerurkunde (copy), 11/3/1937, in: *ibid.*, V 4/1937/21; Sparkasse für das Fürstentum Liechtenstein to Regierung des Fürstentums Liechtenstein, 11/5/1937, in: *ibid.*, RF 173/359/1–2.
- 71 Cf. e.g. Georg Tietz, Pension Strub, Vaduz, to Bruno Bley, 8/3/1938, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 1.
- 72 Deutsches Konsulat für das Fürstentum Liechtenstein, Zürich, to Fürstliche Regierung, Vaduz, 5/18/1938; Fürstliche Regierung to Deutsches Konsulat für das Fürstentum Liechtenstein in Zürich, 6/24/1938, in: LLA, RF 180/312/1–3.
- 73 Alois Ritter to Fürstliche Regierung, Vaduz, 12/14/1938 and 5/17/1939, in: LLA, RF 185/020/1–9.
- 74 *Ibid.* (5/17/1939).
- 75 Eidgenössisches Politisches Department, Abteilung für Auswärtiges, to Fürstlich Liechtensteinische Regierung, 6/17/1939, in: *ibid.*
- 76 Letter to Georg Tietz, 3/31/1947, in: LLA, V 4/1937/10.
- 77 Martin Tietz, Triesen, to Fürstlich Liechtensteinische Gesandtschaft Bern, 9/7/1949, in: LLA, V 143/363.
- 78 Martin Tietz to Finanzamt Zehlendorf, Berlin, July 1938 (draft), in: LBI, Jasen Tietz Collection, AR25956, Box 2, File 1; Fürstliche Regierung, Bescheinigung, 12/2/1938, in: LLA, RF 184/364/1–2.
- 79 Martin Tietz, Triesen, to Fürstlich Liechtensteinische Gesandtschaft Bern, 9/7/1949, in: LLA, V 143/363.
- 80 Ludwig Hasler to Fürstlich Liechtensteinische Regierung, Vaduz, 9/10/1951, in: LLA V/1937/21. On the Martin Tietz Foundation: *ibid.*, V 138/10983.
- 81 To the “old business” of Tietz Ltd. belonged, among other things, a trial against the Mitteleuropäische Holzaktiengesellschaft that lasted until August 1942. See the documents in: LLA, J 391/150.
- 82 Eidesstattliche Versicherung von Rösli Jasen, 2/5/1957, in: LLA, EB 320.810, M 4.
- 83 Walther Bernhard to Oberfinanzpräsident München, 1/3/1941, in: BLHA, Rep. 36 A G 3781.
- 84 Hans Aldenhoff to Entschädigungsamt Berlin, 5/23/1957, in: LABO, EB 72.287, D 120.
- 85 Notarielle Beurkundung der Zahlung zur Wiedergutmachung der in Berlin entstandenen Schäden, 11/19/1938, in: *ibid.*, EB 51.101, D 29; Hugo Zwillenberg, Kurzer Lebenslauf während der Jahre der Verfolgung, 1/9/1952; Anlage zum Entschädigungsantrag, 2/8/1952, in: *ibid.*, EB 54.101, M 5 and M 24 f.
- 86 Anlage zum Antrag auf Entschädigung durch Hugo Zwillenberg, 3/4/1954, in: LABO, EB 54.101, M 25.
- 87 Berliner Adressbuch 1940, Vol. 3, 1304.
- 88 Anlage zum Antrag auf Entschädigung durch Hugo Zwillenberg, 2/8/1952, in: LABO, EB 54.101, D 2.
- 89 *Ibid.*
- 90 Collector’s biography of the Van Ham art auction house, 5/13/2015, online at: https://www.van-ham.com/fileadmin/infos/Einfuehrung_Zwillenberg.pdf [last accessed 3/10/2023].
- 91 Bescheinigung über die Haftzeit in Westerbork und Vittel durch das Niederländische Rote Kreuz, 3/25/1953, in: LABO, EB 54.101, C 6.
- 92 Rechtsanwalt Hermann Götze to Entschädigungsamt Berlin, in: *ibid.*, C 4.
- 93 Hugo Zwillenberg, Lebenslauf, 1/9/1952, in: *ibid.*, M 6.
- 94 Hugo Zwillenberg, Kurzer Lebenslauf während der Jahre der Verfolgung, 1/9/1952, in: LABO, EB 54.101, M 6.
- 95 Eidesstattlicher Lebenslauf, 1/25/1952, in: *ibid.*, C 23.
- 96 See Banken, *Devisenrecht*, 210 ff.

97 “Verordnung über die Anmeldung des Vermögens von Juden, 4/26/1938,” in: RGBl. I, 1938, 413 ff.

98 “Dritte Verordnung zum Reichsbürgergesetz vom 6/14/1938,” in: RGBl. I, 1938, 627 ff.; contemporary also Wolfgang Hefermehl, “Die Entjudung der deutschen Wirtschaft,” in: *Deutsche Justiz* 100 (1938), 1981–1984.

99 “Verordnung über eine Sonderabgabe der Juden deutscher Staatsangehörigkeit (Sühneabgabe) vom 11/12/1938,” in: RGBl. I, 1938, 1579 f.; Joseph Walk (ed.), *Das Sonderrecht der Juden im NS- Staat. Eine Sammlung der gesetzlichen Maßnahmen und Richtlinien. Inhalte und Bedeutung*, Karlsruhe 1981, 254.

100 Köhler, “Arisierung,” 437.

101 “11. Verordnung zum Reichsbürgergesetz vom 11/25/1941,” in: RGBl. I, 1941, 722 ff.

102 The table is our compilation based on tax assessments and compensation claims. The information on transfer losses and Reich flight tax payments by Betty Tietz is estimated on the basis of the notice on the Jewish property levy. The transfer loss results from a total amount of damages of 862,985.66 RM claimed in the compensation procedure. It appears to be too low, as it was later offset against the claims for reimbursement. See on this: Hans Aldenhoff to Entschädigungsamt Berlin in der Nachlass-Sache Betty Tietz, 12/11/1956, 12/11/1956, in: LABO, EB 73.520. In the case of Hugo and Elise Zwillenberg, in addition to the Reich flight tax, an additional emigration levy was levied as a so-called Helldorf donation, which is valued here at 65,033 RM.

103 Cf. Reichsfluchtsteuerbescheid für Georg und Edith Tietz (copy), 11/5/1937, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 1. The notice was apparently subsequently slightly amended several times following an objection by Georg Tietz, see copy of the notice dated 11/1/1938, in: LABO, EB 72.283, D 7.

104 Handschriftlicher Vermerk des Wiedergutmachungsamtes Berlin auf Grundlage der OFF Akte 05205e 148 Georg Tietz, n.d. [around 1955], in: LABO, EB 72.283, D 17.

105 The deviations of around 20,000 RM for the Georg Tietz family arose from the objection proceedings against the wealth tax assessment. For this reason, a small part of the sum was deferred at horrendous interest of 5 percent, which was later added back to the tax burden. If the family did not pay, the authorities threatened them with imprisonment and confiscation of their assets.

106 See Chapter 4, 138.

107 Reichsfluchtsteuerbescheid, 2/24/1939, in: LABO, EB 54.101, D 19.

108 Bescheid über die Judenvermögensabgabe, 12/15/1938; Rechtsanwalt Hermann Götze to Entschädigungsamt Berlin, 12/22/1954, in: *ibid.*, D 21 and D 62.

109 Receipt from DeGo for a 20,000 RM fine for emigration dated 12/14/1938, in: *ibid.*, D 25.

110 Bescheinigung des Vorstands der Jüdischen Gemeinde Berlins zwecks Vorlage beim Polizeipräsidenten, 2/25/1939, in: *ibid.*, D 23.

111 Wolf Gruner, *Judenverfolgung in Berlin 1933–1945. Eine Chronologie der Behördenmaßnahmen in der Reichshauptstadt*, Berlin 1996.

112 Bescheide zum Transferkredit Rheinmetall-Borsig AG, Berliner Handels-Gesellschaft, 6/16/1939, 6/7/1939, 8/11/1939; Anlage zum Entschädigungsantrag, 2/8/1952, in: LABO, EB 54.101, D 107, 110 f. and D 2.

113 Eidesstattliche Versicherung Hugo Zwillenberg, 11/10/1954, in: *ibid.*, D 55.

114 “11. Verordnung zum Reichsbürgergesetz vom 11/25/1941,” in: RGBl. I, 1941, 722 f., § 4 and 2–3.

115 Reichsminister der Finanzen, gez. Pilz, to Konrad Breyer, 10/2/1941, in: LABO, EB 73.520, D 4.

116 See Caroline Flick, “Umzugsgüter Tietz. Die Verwertung von Emigrantengut durch den Oberfinanzpräsidenten Berlin-Brandenburg am Beispiel der eingelagerten Mobilien von Georg und Martin Tietz,” in: *KUR – Kunst und Recht* 6, 2018, 174–189, here 183.

117 “Gesetz über die Einziehung volks- und staatsfeindlichen Vermögens vom 7/14/1933,” in RGBL I, 1933, 479 ff.

118 “Verordnung über die Anmeldung feindlichen Vermögens vom 3/5/1940,” in: RGBL I, 1940, 483 f. and “Erlaß des Führers und Reichskanzlers über die Verwertung des eingezogenen Vermögens von Reichsfeinden vom 5/29/1941,” in: RGBL I, 1941, 303. See also Jutta Zwilling, “Reichskommissar für die Behandlung feindlichen Vermögens,” in: Susanne Meinl/Jutta Zwilling, *Legalisierter Raub. Die Ausplünderung der Juden im Nationalsozialismus durch die Reichsfinanzverwaltung in Hessen*, Frankfurt a. M. 2004, 519–528.

119 The only original document that has been passed down is the confiscation of Georg Tietz’s assets. It can be assumed that Betty and Martin Tietz received the notice at the same time or with a short delay. Verfügung der Geheimen Staatspolizei, Staatspolizeileitstelle Berlin to Charlotte Kücher, 6/27/1942, in: LAB, B Rep. 025–05, D 3.

120 Rechtsanwaltskanzlei Stolz to Devisenstelle des OFP Berlin, 8/6/1942, in: BLHA, Rep. 36 A, G 3781/G8819, 142; Feststellungsbescheide, 17./8/24/1942, in: *ibid.*, 38058, 3 and 13.

121 Stephan H. Lindner, *Das Reichskommissariat für die Behandlung Feindlichen Vermögens im Zweiten Weltkrieg. Eine Studie zur Verwaltungs-, Rechts- und Wirtschaftsgeschichte des nationalsozialistischen Deutschlands* (Zeitschrift für Unternehmensgeschichte, Suppl. 67), Stuttgart 1991.

122 See Flick, *Umszugsgüter*, 183 f.

123 Hans Aldenhoff to Entschädigungsamt Berlin, 5/23/1957, in: LABO, EB 72.287, D 117 f.

124 Handschriftlicher Vermerk des Wiedergutmachungsamtes Berlin auf Grundlage der OFP Akte 05205a 148 Georg Tietz, n.d. [around 1955]; Hans Aldenhoff to Entschädigungsamt Berlin, 4/7/1959, in: LABO, EB 72.283, D 235 and D 176. The information differs in the documents, as in 1955 a sum of around 113,701 RM was recorded, and in 1959 119,964 RM.

125 Hans Aldenhoff to Entschädigungsamt Berlin, 7/23/1957, in: *ibid.*, D 208.

126 Aktenvermerk des Entschädigungsamtes, 4/27/1953, in: *ibid.*, D 119; Hans Aldenhoff to Entschädigungsamt Berlin, 2/25/1963, in: *ibid.*, EB 72.287, M 47.

127 Theo Freimuth to Charlotte Kücher [here incorrectly named as “Kicher”], 1/7/1942, in: LAB, B Rep. 025–05, D 4. In the list, Freimuth also notes loan repayments and interest amounting to around 106,000 RM for Georg Tietz and 263,000 RM for Martin Tietz, which had already been distributed. It can be assumed that these payments were used to pay taxes and compulsory levies. The funds stored in the escrow accounts of the Dresdner Bank Dep. K 64 were confiscated by the OFD’s asset realisation office on 7/7/1942 (Georg Tietz) and 8/11/1942 (Martin Tietz), and the accounts were closed. Cf. Theo Freimuth to Charlotte Kücher [“Kicher”], 11/18/1941, in: *ibid.*, D 5.

128 *Ibid.*

129 Liste der geleisteten Reichsfluchtsteuerzahlungen durch Charlotte Kücher-Eigner, 3/21/1956, in: LABO, EB 72.283, D 146.

130 Letter from the asset manager Dr. Nowomiejski, 7/29/1944, in: BLHA, Rep. 36 A, G 3781/G8819.

131 The properties in question were Neumarkt 5, 6/7 and 8 as well as Steindamm 159, 160 and 161 in Königsberg’s main and commercial street – on the site of the former settlement of the Teutonic Order.

132 The Königsberg lawyer Dr. Kurt Jacobsohn (born 3/11/1896) should not be confused with the Berlin Holocaust victim of the same name (born 9/2/1897). LAB, B Rep 025–08 No. 956/62 <https://www.stolpersteine-berlin.de/de/gieselerstr/12/kurt-jacobsohn> [last accessed 3/15/2023].

133 IHK Berlin to Polizeipräsident Berlin, 10/22/1940, in: BAB, R 87, 7342, 3.

134 *Ibid.*

- 135 Reichswirtschaftsministerium, gez. Dr. von Coelln, to Polizeipräsident Berlin, 8/2/1941, in: *ibid.*, 10.
- 136 Reichskommissar für die Behandlung feindlichen Vermögens to Königsberger Grundwert AG, 4/30/1942, in: *ibid.*, 11.
- 137 Reichskommissar für die Behandlung feindlichen Vermögens to Kammergericht Berlin, May 1942 as well as Reichskommissar to Konrad Breyer, 10/3/1942, in: *ibid.*, 13 and 56.
- 138 Beschluss zum 12/10/1944; Nowomiejski to Reichskommissar, 9/30/1944, in: *ibid.*, 139 and 158.
- 139 Telegram Bankhaus Hardy & Co. to Zentralamt für Vermögensverwaltungen der Britischen Zone in Bad Nenndorf, 12/23/1949, in: *ibid.*, 165.
- 140 Rechtskonsulent Dr. Egon Landesberger to Devisenstelle der OFD, 2/4/1939, in: BLHA, Rep. 36 A, G 3781.
- 141 Devisenstelle der OFD Berlin, Fragebogen zur Erteilung einer Genehmigung für Hausverwaltungen, Graudenzerstrasse 15, Gubener Strasse 60 and 61, both of 1/13/1939; Genehmigungsbescheid, 2/3/1939, in: *ibid.*
- 142 Walther Bernhard to Devisenstelle der OFD Berlin, 4/15/1939, in: *ibid.*
- 143 Devisenstelle der OFD Berlin to Walther Bernhard und die Dresdner Bank, Depositen-Kasse 70, 9/23/1939, in: *ibid.*
- 144 Walther Bernhard to Überwachungsstelle für Seide, Kunstseide und Zellwolle, Lindemann, 3/21/1939, in: *ibid.*
- 145 Devisenstelle der OFD Berlin to Reichsfinanzminister, 4/21/1939, in: *ibid.*
- 146 According to Zwillenberg, the paintings in question were “Animal Fable” and “Lion with Dog” by Paul Meyerheim, “Large Still Life” by Hertel, “Italian with Child” by Cretius, “Still Life” by J. S. Beck, “Still Life” by G. W. Völker, “Savoyarde” by Heyden, and “South Seas” and “Market Place in Copenhagen” by Eduard Hildebrandt. Antrag auf Entschädigung durch Hugo Zwillenberg auf der Basis des BEG, 3/4/1954, in: LABO, EB 54101, M 23.
- 147 OKH, gez. Befehlshaber des Ersatzheeres Ch. H. Rüst, to Reichsminister der Finanzen, 1/26/1943, in: BLHA, Rep. 36 A, No. 41516, 7.
- 148 Hermann Voss to Oberfinanzpräsidium Berlin-Brandenburg, 11/6/1943, in: BLHA, Rep. 36 A No. 41516, 33. Already in detail: Stella Baßenhoff/Johanna Heil, *Martin Schönemann und Dr. Hugo Zwillenberg. Kunstbesitz in Emigrantenakten im Bestand der Vermögensverwertungsstelle*, 4/13/2022, <https://retour.hypotheses.org/1976> [last accessed 1/2/2023].
- 149 Antrag auf Entschädigung durch Hugo Zwillenberg, 3/4/1954, in: LABO, EB 54.101, M 24. See Kathrin Iselt, “Sonderbeauftragter des Führers”: *Der Kunsthistoriker und Museumsmann Hermann Voss (1884–1969)*, Cologne 2010; Hanns Christian Löhner, *Das Braune Haus der Kunst: Hitler und der Sonderauftrag Linz, Visionen, Verbrechen, Verluste*, Berlin 2005.
- 150 See Flick, *Umzugsgüter*; Briel, *Bücher* and, among others, the references to the collections in the Proveana database: Provenance research of the German Center for Lost Cultural Property, <https://www.proveana.de/de/link/pro10000009> [last accessed 5/16/2023].
- 151 Ludwig Schmidt-Bangel to Charlotte Kücher-Eigner, 5/29/1940, in: LAB, B Rep. 025- 05, D 2.
- 152 See the list compiled later: Gutachten des Sachverständigen Kurt Wittkowski in der Rückerstattungssache Edith Tietz ./. Deutsches Reich, 9/14/1964, in: LAB, B Rep. 025- 05, 114.
- 153 Flick, *Umzugsgüter*, 180. Here also the reference to the list incorrectly filed under the name Martin Tietz, in: BLHA, Rep. 36 A, 38058, 136 ff.
- 154 Briel, *Bücher*, 166. For more details see Flick, *Umzugsgüter*, 177.
- 155 *Ibid.*
- 156 Flick, *Umzugsgüter*, Part 2, in: KUR 1, 2019, 11–22, here 13.
- 157 *Ibid.*, 11 f.; Briel, *Bücher*, 167.

5 Rebuilding and Safeguarding. The Hertie Waren- und Kaufhaus GmbH in the Post-war Period 1945 to 1974

1 Hertie-Stiftung, *Seit 100 Jahren Hertie*, Berlin 1991, 21.

2 In a report by the US military administration in February 1946 it is noted that Edgar Breslauer, former department head at Schocken and “politically persecuted person,” was appointed as trustee. Report on the Union Vereinigte Kaufstätten GmbH Stuttgart, signed Schwab, Investigator, 2/28/1946, in: StAL, EL 402, Bü 771 a-b; Bericht der Treuhand-Vereinigung AG, Hamburg, über die Prüfung des Jahresabschlusses der Union Vereinigte Kaufstätten GmbH, Haus Stuttgart, 12/31/1946, in: *ibid*.

3 Among others, “Gesetz Nr. 52 der Militärregierung Deutschland, Sperre und Kontrolle von Vermögen vom 7/14/1945,” in: Amtsblatt der Militärregierung Deutschland, Ausgabe A, 1945, 24–26; Befehl des Obersten Chefs der Sowjetischen Militäradministration in Deutschland (SMAD) Nr. 124 and 126 vom 30./10/31/1945, in: BAB, Z 47 F, 7317/8/2, 88–99.

4 Freilassung aus der Vermögenskontrolle durch das Bayerische Landesamt für Vermögensverwaltung (copy), 10/21/1949, in: StAL, EL 402, Bü 771 a-b; Politische Unbedenklichkeitsbescheinigung des Staatskommissars für die Entnazifizierung und Kategorisierung der Hansestadt Hamburg, gez. Martens, 11/21/1949, in: StAHH, 221–11 No. 67679.

5 Hertie-Stiftung, *100 Jahren*, 21 ff.; Transcript of an interview with former Held employee Hans-Georg Watzel, 2/15/2001, 12.

6 Bericht des Amtes für Vermögenskontrolle Stuttgart über die Prüfung der Geschäftsführung des Treuhänders Erwin Burckhardt bei der Union Vereinigte Kaufstätten GmbH, 7/22/1947, in: StAL, EL 402, Bü 771 a-b.

7 *Ibid*.

8 Aktenvermerk des Wirtschaftsamtes der Stadt Berlin, n.d. [1946], in: BAB, DN 1, 112735.

9 Letter from Stadtkreis Plauen on the grounds for expropriation, n.d. [1948], in: BAB, 112716.

10 Letter from Wirtschaftsamt der Stadt Berlin, Bezirksamt Mitte, 3/25/1946 and file note n.d. [1946], in: *ibid*.

11 Feststellung und Beweissicherung von Vermögensschäden in Mitteldeutschland nach dem BFG, Schäden an Betriebsvermögen, 2/26/1973, in: KFSt, Lastenausgleich 4 Tietz Ost, 101. See also the extensive main applications and supplements for the four real estate companies, in: *ibid*., 97 ff.

12 Eglau, *Georg Karg*, 44.

13 The KfA was founded in 1945 by Ludwig Eigner and W. Methner in Charlottenstraße 4 as a shop for all kinds of articles. By 1949, further small branches had been established in Stuttgart-Zuffenhausen, Fellbach and Tübingen, <https://archiv0711.hypotheses.org/1411> [last accessed 3/15/2023].

14 The department store was initially located on a small site on the corner of Kirchgasse/Luisenstraße. By purchasing land, the department store moved to the opposite side of the street in 1956 and received a modern new building in 1961, cf. Stadtlexikon Wiesbaden, <https://www.wiesbaden.de/microsite/stadtlexikon/a-z/kaufhaeuser.php> [last accessed 3/15/2023].

15 Bernd Reinert, *Vom größten Kaufhaus zum größten Leerstand*, <https://blogs.sub.uni-hamburg.de/bergedorf/?p=11013> [last accessed 3/15/2023].

16 H. Braunwarth, *Die führenden westdeutschen Warenhaus-Gesellschaften, ihre Entwicklung nach dem Kriege und ihre heutigen Probleme*, Nuremberg 1957, 22 ff.

17 Interview with Hans-Georg Watzel, 2/15/2001, 12.

18 This certainly incomplete list is based on: Interne Ausarbeitung “Der Hertie Kaufhaus-Konzern” durch die Volkswirtschaftliche Abt. der Dresdner Bank, 9/8/1958, in: Hessian Economic Archives [hereafter HWA], 1108, 190; Transcript of the interview with Lothar Schirmacher from 2/19/2001, 36.

19 “Schicksal eines vergessenen Kaufhauskoenigs,” in: *Frankfurter Neue Presse*, 6/26/2018, <https://www.fnp.de/lokales/schicksal-eines-vergessenen-kaufhauskoenigs-10385096.html> [last accessed 3/24/2023]; see also: Mönch, *Namen*; Stefan Appelius, “Arisierungen: Lili und die Kaufhauskönige,” in: *Der Spiegel*, from 10/25/2007, <https://www.spiegel.de/geschichte/arisierungen-a-948689.html> [last accessed 6/21/2023].

20 Eglau, *Georg Karg*, 46.

21 Preußische IHK für das Rhein-Mainische Wirtschaftsgebiet, Frankfurt a. M. (note), 11/5/1934, in: HWA, 3, Firmenkartei Frankfurt, Eintrag Hansa AG, cards I and IV; see also: Mönch, *Vergessene Namen*; Appelius, *Arisierungen*.

22 Interne Ausarbeitung “Der Hertie Kaufhaus-Konzern” durch die Volkswirtschaftliche Abt. der Dresdner Bank, 9/8/1958, in: HWA, 1108, 190.

23 For a detailed description of the entire process, see: Ladwig-Winters, *Wertheim 1997a*, 94 ff.; id./Erica Fischer, *Die Wertheims. Geschichte einer Familie*, Berlin 2004; Olaf Ossmann, “‘Arisierung’ und ‘Wiedergutmachung’ oder die unbekannte Geschichte des Kaufhausimperiums Wertheim nach 1945,” in: Christoph Biggeleben et al. (eds.), “*Arisierung*” in *Berlin*, Berlin 2007, 315–335, here 322 ff.

24 *Ibid.*, 328.

25 Interne Ausarbeitung “Der Hertie Kaufhaus-Konzern” durch die Volkswirtschaftliche Abt. der Dresdner Bank, 9/8/1958, in: HWA, 1108, 190, 11 f.

26 Therefore, Eglau’s judgment from the 1970s that AWAG in 1952 was merely an “empty corporate shell” must be contradicted; Eglau, *Georg Karg*, 46.

27 Transcript of the interview with Hans-Georg Watzel on 2/15/2001, 24.

28 Ralf Banken, “Was es im Kapitalismus gibt, gibt es im Warenhaus’. Die Entwicklung der bundesdeutschen Warenhäuser 1949–2000,” in: *Zeitschrift für Unternehmensgeschichte* 1 (2012), 3–30; id., “Vom Warenhaus zum Online-Versand. Die Entwicklung des Einzelhandels im 20. Jahrhundert,” in: Christian Kleinschmidt/Jan Logemann (eds.), *Konsum im 19. und 20. Jahrhundert*, Berlin 2021, 87 f. On the change in consumption patterns in the 20th century, see Sina Fabian, “Individualisierung, Pluralisierung und Massenkonsum,” in: Kleinschmidt/Logemann, *Konsum*, 337–362; Kleinschmidt, *Konsumgesellschaft*; Wolfgang König, *Kleine Geschichte der Konsumgesellschaft. Konsum als Lebensform der Moderne*, Stuttgart 2008.

29 Hertie-Stiftung, *100 Jahren*, 24.

30 Interne Ausarbeitung “Der Hertie Kaufhaus-Konzern” durch die Volkswirtschaftliche Abt. der Dresdner Bank, 9/8/1958, in: HWA, 1108, 190, 17; Peter Gerstmann, *Der Schrumpfungsprozess der HERTIE GmbH in den Jahren 1978–1985*, diploma thesis, Cologne University of Applied Sciences, 1987, 21.

31 On the role of price fixing, see Sebastian Teupe, *Die Schaffung eines Marktes: Preispolitik, Wettbewerb und Fernsehgerätehandel in der BRD und den USA, 1945–1985*, Berlin 2016, 253–298; generally also Harm Schröter, “Konsumpolitik und ‘Soziale Marktwirtschaft’, Die Koexistenz liberalisierter und regulierter Verbrauchsgütermärkte in der Bundesrepublik der 1950er Jahre,” in: Hartmut Berghoff (ed.), *Konsumpolitik. Die Regulierung des privaten Verbrauchs im 20. Jahrhundert*, Göttingen 1999, 113–134.

32 Banken, *Warenhaus*, 494.

- 33 See a statement by Kaufhof director Otto Klonz: "Warenhäuser: Alles für Frau Piesecke," in: *Der Spiegel* 2/1953, 1/6/1953, <https://www.spiegel.de/politik/alles-fuer-frau-piesecke-a-55ecada6-0002-0001-0000-000026047466> [last accessed 2/16/2023].
- 34 Hertie-Stiftung, *100 Jahren*, 24.
- 35 For foreign activities, see: Interne Ausarbeitung "Der Hertie Kaufhaus-Konzern" durch die Volkswirtschaftliche Abt. der Dresdner Bank, 9/8/1958, in: HWA, 1108, 190, 15 f.
- 36 In its commemorative publication, the foundation reports rather cautiously, at around 3 billion DM (1972), see Hertie-Stiftung, *100 Jahren*, 22. Significantly higher figures can be found in Gerstmann, *Schrumpfungsprozess*, 21, and Ina Neumann, Karg, Georg, in: *Neue Deutsche Biographie (NDB)*, Vol. 11, Berlin 1977, 153.
- 37 Eglau, *Georg Karg*, 49; Hertie-Stiftung, *100 Jahren*, 23.
- 38 Interne Ausarbeitung "Der Hertie Kaufhaus-Konzern" durch die Volkswirtschaftliche Abt. der Dresdner Bank, 9/8/1958, in: HWA, 1108, 190, 1 and 17.
- 39 Ingo Köhler, "Havarie der "Schönwetterkapitäne"? Die Wirtschaftswunder-Unternehmer in den 1970er Jahren," in: id./Roman Rossfeld (eds.), *Pleitiers und Bankrotteure. Geschichte des ökonomischen Scheiterns vom 18. bis 20. Jahrhundert*, Frankfurt a. M. 2012, 268 ff.
- 40 Interviews with Hans-Georg Watzel and Dr. Joachim Boese from February 15 and 1/24/2001, 1 and 13.
- 41 Gerstmann, *Schrumpfungsprozess*, 23 f.
- 42 Hertie-Stiftung, *100 Jahren*, 24.
- 43 Interview with Hans-Georg Watzel from 2/15/2001, 4 and 11 f.
- 44 Eglau, *Georg Karg*, 46.
- 45 Ibid.
- 46 Gerstmann, *Schrumpfungsprozess*, 23, see especially Table 1.
- 47 For comparison cases see, among others, Köhler, *Havarie*, 270 f; "Josef und seine Gelder," in: *Der Spiegel*, 2/9/1976, 4.
- 48 Gerstmann, *Schrumpfungsprozess*, 42
- 49 Interview with Hans-Georg Watzel from 2/15/2001, 24.
- 50 Ralf Banken, "Schneller Strukturwandel trotz Institutioneller Stabilität. Die Entwicklung des deutschen Einzelhandels und die Entstehung des Massenkonsums 1949–2000." in: *Jahrbuch für Wirtschaftsgeschichte* 57 (2007), issue 2; id., *Warenhaus*, 499 f.
- 51 Gerstmann, *Schrumpfungsprozess*, 23.
- 52 Hertie-Stiftung, *100 Jahren*, 24.
- 53 Satzung der KFSt, 8/26/1953, sowie Notarielle Genehmigung der Senatskanzlei der Freien und Hansestadt Hamburg, 12/28/1953, in: KFSt, Fakten und Daten, Part 3, Book 10, Doc. 01.
- 54 Satzung der KFSt, 8/26/1953 and §§ 1, 4 and preamble.
- 55 Karin Fleschütz, *Die Stiftung als Nachfolgeinstrument für Familienunternehmen. Handlungsempfehlungen für die Ausgestaltung und Überführung*, Wiesbaden 2008, 65 f.; from a historical perspective: Ingo Köhler, "Aufstieg der Stiftungsunternehmen. Neue Formen der hybriden Governance von Familienunternehmen, 1950–2000," in: id./Eva-Maria Roelevink (eds.), *Transformative Moderne: Struktur, Prozess und Handeln in der Wirtschaft. Festschrift für Dieter Ziegler zum 65. Geburtstag*, Münster 2021, 357–386, here 357 and 360 ff.
- 56 "Gesetz zur Änderung der Vorschriften des Fideikomiß- und Stiftungsrechts vom 12/28/1950," in: BGB I, No. 54, 1950, 820.
- 57 See Georg Strichrodt, "Stiftungsunternehmen. Gründermotive und Wege der Gestaltung," in: *Tradition* 4, 1959, No. 1, 23–43.

- 58 Marc Eulerich/Martin K. Welge, *Die Einflussnahme von Stiftungen auf die unternehmerische Tätigkeit deutscher Großunternehmen*, Düsseldorf 2011, 13.
- 59 Köhler, *Aufstieg*, 360 f.; see also the historical outline of family foundations in: Brun-Hagen Hennerkes, *Die Familie und ihr Unternehmen. Strategie, Liquidität, Kontrolle*, Frankfurt a. M. 2004, 213.
- 60 Köhler, *Aufstieg*, 361.
- 61 Satzung der KFSt, 8/26/1953, in: KFSt, Fakten und Daten, Part 3, Book 10, Doc. 01, § 1.
- 62 Hertie-Stiftung, *100 Jahren*, 24.
- 63 Satzung der KFSt, 8/26/1953, in: KFSt, Fakten und Daten, Part 3, Book 10, Doc. 01, § 1.
- 64 *Ibid.*, § 3.
- 65 Hertie-Stiftung, *100 Jahren*, 23.
- 66 Markus Heuel, *Die Entwicklung der Unternehmensträgerstiftung in Deutschland*, Baden-Baden 2001, 62.
- 67 Klaus Rehmann, “Die Hertie-Stiftungen,” in: Rolf Hauer et al. (eds.), *Lebensbilder deutscher Stiftungen*, Vol. 5, Tübingen 1986, 294.
- 68 Interne Ausarbeitung “Der Hertie Kaufhaus-Konzern” durch die Volkswirtschaftliche Abt. der Dresdner Bank, 9/8/1958, in: HWA, 1108, 190, 7.
- 69 *Ibid.*, 3.
- 70 *Ibid.*, 2 ff. See also Hertie press collection, *ibid.*
- 71 Rehmann, *Hertie-Stiftungen*, 294.
- 72 *Hertie-Stiftung, 100 Jahren*, 24. The Hertie Foundation, and later the Karg Family Foundation, continued to exist in parallel.
- 73 Peter W. Schulze, “Geschichte der Hertie-Stiftungen und ihrer Stifter. Die gemeinsame Wurzel der Stiftungen,” unpublished manuscript, Bad Vilbel 2000, in: KFSt, Fakten und Daten, Part 1, Book 1, Doc. 03. Schulze was an employee of the Hertie Foundation in Frankfurt am Main and was apparently employed as an archivist.
- 74 “Gesetz zur Reform des Erbschaftssteuer- und Schenkungssteuerrechts vom 4/17/1974,” in: BGBl I, 42, 1974, 933–947.
- 75 Köhler, *Aufstieg*, 375.

6 Wiedergutmachung: Complicated Issues

- 1 For the history of the Wiedergutmachung rights, see Walter Schwarz (ed.), *Rückerstattung nach den Gesetzen der Alliierten Mächte (Die Wiedergutmachung nationalsozialistischen Unrechts durch die Bundesrepublik Deutschland*, Vol. 1), Munich 1974, 11–31; Mark Wogersien, *Die Rückerstattung von ungerechtfertigt entzogenen Vermögensgegenständen. Eine Quellenstudie zur Wiedergutmachung nationalsozialistischen Unrechts aufgrund des Gesetzes Nr. 59 der britischen Militärregierung*, Diss., Münster 2000, 8 f.; Constantin Goshler, “Die Politik der Rückerstattung in Westdeutschland,” in: id./Jürgen Lillteicher (eds.), “Arisierung” und Restitution. *Die Rückerstattung jüdischen Eigentums in Deutschland und Österreich nach 1945 und 1989*, Göttingen 2002, 100 ff.
- 2 Constantin Goshler, *Wiedergutmachung. Westdeutschland und die Verfolgten des Nationalsozialismus (1945–1954)*, dissertation, Munich 1992, 18. For a detailed discussion of the problematic nature of the terminology, see also Köhler, “Arisierung”, 38 ff.

3 For a detailed discussion of the handling of restitution issues in the Soviet occupation zone, see Schwarz, *Rückerstattung*, 325 ff.

4 For the provisions, see “Gesetz Nr. 52 der Militärregierung Deutschland, Sperre und Kontrolle von Vermögen vom 7/14/1945,” in: *Amtsblatt der Militärregierung Deutschland*, Issue A, 1945, 24–26; Helmut Dölle, *Das Gesetz Nr. 52 über Sperre und Beaufsichtigung von Vermögen – Kommentar*, Stuttgart 1947.

5 See Köhler, “Arisierung”, 452 f.

6 “Militärgesetz Nr. 59 der US-Militärregierung vom 11/10/1947 (USREG)”, in: *Amtsblatt der amerikanischen Militärregierung*, Ausgabe G, 1947 (Official Journal of the American Military Government, Issue G, November 1947), 1 ff.

7 “Gesetz Nr. 59 der britischen Militärregierung (BrREG) vom 5/12/1949,” in: Reinhard von Godin/Hans Frhr. von Godin, *Rückerstattung feststellbarer Vermögensgegenstände in der amerikanischen und britischen Besatzungszone und in Berlin: Gesetz der Militärregierungen mit der Verordnung für Berlin, kommentierte Ausgabe*, Berlin ²1950, 261–471; “Anordnung BK/O (49) 180 der Alliierten Kommandantur Berlin betr. Rückerstattung feststellbarer Vermögensgegenstände an Opfer der nationalsozialistischen Unterdrückungsmaßnahmen (REAO) vom 7/26/1949,” in: *Berliner Verordnungsblatt (VOBL) I* (1949), 221 ff.; “Verordnung Nr. 120 über die Rückerstattung geraubter Vermögensobjekte vom 11/10/1947,” in: *Journal Officiel – Amtsblatt des französischen Oberkommandos in Deutschland vom 11/14/1947*, 1219–1222. For the deviations from the French restitution ordinance, see Schwarz, *Rückerstattung*, 287 ff., and Rainer Hudemann, “Anfänge der Wiedergutmachung. Französische Besatzungszone 1945–1950,” in: *Geschichte und Gesellschaft* 13, 1987, 181–216.

8 Constantin Goshler, “Die Auseinandersetzung um die Rückerstattung arisierten jüdischen Eigentums nach 1945,” in: Uwe Büttner (ed.), *Die Deutschen und die Judenverfolgung im Dritten Reich*, Hamburg 1992, 339–356, here 342 ff.; Köhler, “Arisierung”, 456.

9 See also the experiences of a long-standing specialist lawyer for restitution law, including in the Wertheim case: Ossmann, “Arisierung”, 329 f.

10 The USREG initially only provided for a twelve-month application period, which was extended to this common deadline due to the later entry into force of the restitution regulations in Berlin and the British zone. See among others Wogersien, *Rückerstattung*, 24.

11 Ossmann, “Arisierung”, 329.

12 For more details: Lillteicher, *Rechtsstaatlichkeit*, 131 f.; Schwarz, *Rückerstattung*, 282; Hans Günter Hockerts, “Wiedergutmachung in Deutschland. Eine historische Bilanz 1945–2000,” in: *Vierteljahrshefte für Zeitgeschichte* 49 (2001), 167–214, here 173.

13 Ernst Féaux de la Croix, “Vom Unrecht zur Entschädigung: Der Weg des Entschädigungsrechts,” in: id./Helmut Rumpf, *Der Werdegang des Entschädigungsrechts unter national- und völkerrechtlichem und politologischem Aspekt*, Munich 1985, 1–118, here in particular 16 ff.

14 Hockerts, *Wiedergutmachung in Deutschland*, 175; cf. also Köhler, “Arisierung”, 459.

15 “Gesetz über die Entschädigung der Opfer des Nationalsozialismus in der Bekanntmachung vom 1/10/1951 in der Fassung vom 2/21/1952” in: *Gesetz- und Verordnungsblatt Berlin*, 1952, 116 ff.; only the provisions introduced in the British occupation zone as of 1947 remained inconsistent and did not take into account professional and property damage. Georg Blessin, *Wiedergutmachung*, Bad Godesberg 1960, 21 f.

16 “Bundesergänzungsgesetz zur Entschädigung für Opfer der nationalsozialistischen Verfolgung (BERgG) vom 9/18/1953” (Federal Supplementary Act on Compensation for Victims of National Socialist Persecution (BERgG) of 9/18/1953), in: BGBl. I, 1953, 387 ff.

17 “Bundesgesetz zur Entschädigung für auf dem Gebiet des ehemaligen Deutschen Reiches lebende Opfer der NS-Verfolgung (Bundesentschädigungsgesetz vom 6/29/1959 (BEG)” (Federal Act on Compensation for Victims of National Socialist Persecution of 6/29/1959), in: BGBl. I, 1956, 559 ff.

18 For the definition of income damage, see Hans Giessler, “Schaden an Eigentum und Vermögen,” in: id. et al. (eds.), *Das Bundesentschädigungsgesetz – Zweiter Teil (§§ 51 bis 171 BEG)*, Munich 1983, 2 ff.

19 See Giessler, *Schaden*, 10 f. and 16 f.

20 Interview with Rösli Jasen from 9/13/2022.

21 Kurt Jasen trained in a Military Intelligence Training Center in the USA during the war and entered Europe behind the US troops just one day after D-Day in Normandy. Until the end of the war, as part of the so-called IPW team, he interviewed German prisoners of war, deserters and civilians to collect strategic information for the Allied armies. After the end of the war, he worked for a time in the reconstruction staff of the US military administration. For the biography of Kurt Jasen Jacobowitz, see the text for the exhibition “Kurt Jacobowitz Jasen. Eine deutsch-amerikanische Lebensgeschichte” at the Centrum Judaicum Berlin 2014, <https://centrumjudaicum.de/portfolio-items/kurt-jacobowitz-jaseneine-deutsch-amerikanische-lebensgeschichte/> [last accessed 5/17/2023].

22 Interview with Rösli Jasen from 9/13/2022.

23 Niederschrift der Sitzung der WB 1 (Wiedergutmachungsbehörde Oberbayern), 10/10/1949, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 01.

24 In detail, these were: Union Vereinigte Kaufstätten GmbH (Berlin), Grundbesitz GmbH (Munich), Immobilien-Verkehrs-GmbH (Stuttgart), Badische Grundwert AG (Karlsruhe), Deutsche Boden- und Kaufhaus Verwaltungs-GmbH (Berlin), Handelsstätte Gera (Berlin) and Magdeburgische Grundwert GmbH (Berlin); Niederschrift der Sitzung der WB 1 (Wiedergutmachungsbehörde Oberbayern), 10/10/1949, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 01.

25 Ibid., 7.

26 Ibid., 4. See also the reference to an existing extract from the commercial register of Hertie Waren- und Kaufhaus GmbH, Berlin-Munich.

27 For Philipp Auerbach’s biography, see, among others, Elke Fröhlich, “Philipp Auerbach (1906–1952). Generalanwalt für Wiedergutmachung,” in: Manfred Treml et al. (eds.), *Lebensläufe. Geschichte und Kultur der Juden in Bayern*, Munich 1988, 315 ff.; Hans-Hermann Klare, *Auerbach. Eine jüdisch-deutsche Tragödie oder Wie der Antisemitismus den Krieg überlebte*, Berlin 2022.

28 Aktenvermerk Dr. Auerbach, 5/25/1949, in: StAM, WB Ia, 315.

29 This information can be found in a later document: Vereinbarung zwischen der Hertie, gez. Georg Karg, Edith und Martin Tietz sowie Hugo und Elise Zwillenberg, 4/9/1959, in: LBI, Jasen Tietz Collection, AR 25956, Part 2, Book 16, Doc 07.

30 Ibid.; and interview with Rösli Jasen from 9/13/2022.

31 Transcript of the conversation with Dr. Joachim Boese, friend of the family and son of Georg Karg’s personal physician, from 1/24/2001, in: KFSt, Interviews, 24.

32 Christoph Kleßmann, *Die doppelte Staatsgründung. Deutsche Geschichte 1945–1955*, Bonn 1991, 37 ff.

33 Rechtsanwalt Otto Lenz to WB I betr. Widerspruch gegen den Rückerstattungsantrag des Georg Tietz u. a., 5/25/1949, in: StAM, WB Ia, 315, 125.

34 Eglau, *Georg Karg*, 45.

35 Rechtsanwalt Otto Lenz to WB I betr. Widerspruch gegen den Rückerstattungsantrag des Georg Tietz u. a., 5/25/1949, in: StAM, WB Ia, 315, 125.

- 36 Ibid., 126.
- 37 Ibid.
- 38 Ibid.
- 39 Ibid.
- 40 Ibid.
- 41 Ibid.
- 42 Eglau, *Georg Karg*, 45.
- 43 Georg Tietz to his children, 7/2/1949, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 17.
- 44 Ibid.; Aktenvermerk Dr. Auerbach, 5/25/1949, in: StAM, WB Ia, 315, 125.
- 45 Ibid., point 2.
- 46 The file note stated verbatim: "The previous charges have been paid off by the Hertie company. As a refund within the meaning of Law 59, the Hertie company only demands the proven construction costs that were incurred after the currency reform." Ibid.
- 47 Ibid.
- 48 Ibid., 120, sub-point 3 and note on Karg's statement, 121.
- 49 For the biography of Fritz Neuland, see, among others, Helga Schmöger (ed.), *Der Bayerische Senat. Biographisch-statistisches Handbuch. 1947–1997*, Düsseldorf 1998, 229 f.
- 50 For the biography of Charlotte Knobloch (née Neuland), see, among others, Michael Schleicher, *Charlotte Knobloch*, Munich 2009; and autobiographical, Charlotte Knobloch with Rafael Seligmann, *In Deutschland angekommen. Erinnerungen*, Munich 2012.
- 51 Interview by the author with Charlotte Knobloch dated 6/27/2023.
- 52 Generalanwalt Dr. Auerbach to Vizepräsident des Bay. Landesamtes für Wiedergutmachung, 5/27/1949, in: StAM, WB Ia, 315, 122.
- 53 Both quotes from: Georg Tietz to his children, 6/3/1949, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 7.
- 54 For the problems and methods of calculating a historical company value on the basis of direct and indirect valuation methods, see Köhler, "Arisierung", 532 ff.; Manfred Groh, "Zur Berechnung von Unternehmensschäden im Rahmen des BEG," in: *RzW* 18 (1967), Issue 1, 1–5; Bernhard Hartmann, *Die Ermittlung des Firmenwertes nach dem Bundesentschädigungsgesetz in der Fassung, 6/29/1956*, Wiesbaden 1958.
- 55 Georg Tietz to his children, 7/2/1949, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, file.
- 56 Georg Tietz to his children, 6/3/1949, in: *ibid.*
- 57 Georg Tietz to his children, 7/2/1949, in: *ibid.*
- 58 Both quotes from: Georg Tietz to his children, 7/2/1949, in: *ibid.*
- 59 Ibid.
- 60 Georg Tietz to his children, 6/3/1949, in: *ibid.*
- 61 For the biography of Hans Kraus, see the entry in: Munzinger Online/Internationales Biographisches Archiv at <http://www.munzinger.de/document/00000002398> [last accessed 6/12/2023].
- 62 Georg Tietz to his children, 7/2/1949, LBI, Jasen Tietz Collection, AR 25956, 1–7.
- 63 Auerbach to Lenz, 7/21/1949, in: StAM, WB Ia, 315, 113.
- 64 Vergleich, 10/10/1949, in: *ibid.*, 15; confirmed by the statement of Georg Tietz: Georg Tietz to his children, 6/3/1949, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 7.
- 65 This sum increased even further because Hertie also took over the property taxes due, totaling 500,000 DM for the years 1950 to 1955: Vereinbarung mit dem Bayerischen Finanzministerium (note), 7/29/1949, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 06.
- 66 Ibid.

- 67 Niederschrift der Sitzung vor dem WB 1, 10/10/1949, in: *ibid.* Further copies also in: StAM, WB Ia, 315, 138 ff., and LBI, Jasen Tietz Collection, AR 25956, Box 2, File 16.
- 68 The company is not to be confused with the Hertie subsidiary of the same name, based in Berlin and with branches in Karlsruhe and Stuttgart. Hans Georg Karg took over the representation and management of the Union companies. See der Sitzung vor dem WB 1, 10/10/1949, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 01, 2, and Comparison, 10/10/1949, in: StAM, WB Ia, 315, 2.
- 69 Niederschrift der Sitzung vor dem WB 1, 10/10/1949, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 01, 4.
- 70 For corresponding examples, see Köhler, “*Arisierung*”, 482 f.; Goshler, *Politik*, various references.
- 71 Niederschrift der Sitzung vor dem WB 1, 10/10/1949, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 01, 7.
- 72 *Ibid.*, 8.
- 73 As an example, here is an excerpt from the restitution proceedings of the Dresdner Bank in the same year 1949: Köhler, “*Arisierung*”, 482 f.
- 74 Vergleich, 10/10/1949, in: StAM, WB Ia, 315, 18 f.
- 75 *Ibid.*, 3–8.; Bestimmungen des Vergleichs (note), n.d. [1949], in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 05, 2.
- 76 Based on information in: Vergleich, 10/10/1949, in: StAM, WB Ia, 315, 17.
- 77 Niederschrift der Sitzung vor dem WB 1, 10/10/1949, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 01, 5 f.
- 78 Memorandum zur Verfügungsberechtigung, 10/10/1949, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 2.
- 79 Vergleich, 10/10/1949, in: StAM, WB Ia, 315, 17, especially passage III c.
- 80 Memorandum zur Verfügungsberechtigung, 10/10/1949, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 2.
- 81 Vergleich, 10/10/1949, in: StAM, WB Ia, 315, 11.
- 82 *Ibid.*, 13.
- 83 Aktenvermerk Auerbach, 5/25/1949, in: *ibid.*, 121; Vereinbarung mit dem Bayerischen Finanzministerium (note), in: KFSt, Fakten und Daten, Part 2, Book 8, Folders 1–6.
- 84 Vergleich, 10/10/1949, in: StAM, WB Ia, 315, 13.
- 85 *Ibid.*, 12 f.
- 86 *Ibid.*, 14.
- 87 *Ibid.*, 16, here verbatim: “Hertie-Ost and Hertie-West and their subsidiaries undertake not to operate new department stores in Munich, Stuttgart and Karlsruhe without the permission of the Tietz family for the duration of the use of the stores in Munich, Stuttgart and Karlsruhe.”
- 88 Rechtsgutachten Prof. Dr. Dölle, Direktor des MPI für ausländisches und internationales Privatrecht in Hamburg, 6/2/1959, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 19, 18.
- 89 Michael Wildt, *Vom kleinen Wohlstand. Eine Konsumgeschichte der fünfziger Jahre*, Frankfurt a. M. 1996.
- 90 Banken, *Warenhaus*; Fabian, *Individualisierung*; Kleinschmidt, *Konsumgesellschaft*; König, *Geschichte der Konsumgesellschaft*.
- 91 Übersicht der Abrechnungen, 7/1/1950 bis 12/31/1958, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 11.
- 92 Abrechnung 3. Quartal 1960 (C. Kücher-Eigner), in: *ibid.*

93 Zahlungen, Umsatz und Saldenrechnung für Häuser München, Stuttgart u. Karlsruhe, 10/1/1961 u. 1949–1958, in: *ibid.*, Box 1, File 5; Abrechnung Lagergrundstücke München u. Stuttgart an Rösli Jasen, 4/9/1959, *ibid.*, Box 2, File 11, 2.

94 This was already noted by Eglau, *Georg Karg*, 45.

95 Köhler, *Aufstieg*, 366 ff.

96 As noted in the agreement between Edith Tietz and Hertie, 10/26/1961, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 1, 1.

97 See numerous descriptions by the family secretary Charlotte Kücher-Eigner, in which she reports, among other things, that “everything always rests with Mr. Martin” in the family’s internal relationship. Charlotte Kücher-Eigner to Edith Tietz, 2/27/1960, in: *ibid.*, Box 2, File 14.

98 Hans Aldenhoff to Mitglieder der Erbgemeinschaft nach Georg Tietz, Dr. Schell und Charlotte Kücher-Eigner, 3/21/1955, in: *ibid.*, especially Box 1, File 2.

99 Draft offers, 3/30/1955; Kaufoptionsverträge, Urkundenrollen Nr. 87, Amtsgerichte München u. Karlsruhe (certified copy), 3/30/1955; Jahres-Abrechnung der Allgemeinen Verwaltung zu den Kosten des Bauprogramms, zum 1/1/1955, gez. Kücher-Eigner, in: *ibid.*; Grundbuchsache Max Vorstadt München, Kaufangebot (notarial copy), 3/30/1955, in: *ibid.*, Box 1, File 7.

100 Rösli Jasen to Edith Tietz, n.d. [1955]; Kaufoptionsverträge, Urkundenrollen Nr. 87, Amtsgerichte München u. Karlsruhe (certified copy), 3/30/1955, in: *ibid.*

101 Dr. Schell (Hertie) to Roe Jasen, 11/23/1955, in: *ibid.*

102 Rösli Jasen to Georg Karg, n.d. [December 1955], in: *ibid.* There are several handwritten drafts of this letter, which were apparently written down by Kurt Jasen in a notebook in the Berlin Hotel am Zoo.

103 Rösli Jasen to Georg Karg, n.d. [December 1955], in: *ibid.*

104 Edith Tietz to Martin Tietz und Familie Zwillenberg, December 1955, in: *ibid.*

105 The offer also included releasing the community of heirs from all liabilities, such as taxes, liability or any claims for damages from third parties. See: *ibid.*

106 *Ibid.*

107 See also the organizational chart “Das Vermögen der Familie Karg,” n.d. [around 1958], in: HWA, 1108, 190.

108 Draft letter Rösli Jasen to Edith Tietz, n.d. [December 1955], in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 7. In the meantime, there was talk of not giving the family a share of the turnover, but of remunerating them for their consent with installment payments tied to the development of the retail index.

109 Rösli Jasen to Martin Tietz, 12/25/1955, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 7.

110 Aktenvermerk der Treuverkehr-Wirtschaftsprüfungs-AG vom 5/18/1957 zur notariellen Beurkundung der Grundschuld durch Rösli Jasen, 4/4/1956, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 07, 2 f. According to the certificate of inheritance, Georg Tietz’s inheritance was distributed in a ratio of three quarters to one eighth each. This is consistent here: Kaufangebot Frau Rösli Jasen to Hertie (draft), August 1961, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 1; Auskunftsschreiben des Landesamts für Bürger- und Ordnungsangelegenheiten, gez. Kraatz to Amt für Wiedergutmachung Essen, 5/8/1963, in: LABO, EB 72.287, 437.

111 Hans Aldenhoff to Edith Tietz und Rösli Jasen, 11/1/1955, appendix, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 5.

112 The extensive correspondence between Edith Tietz and Charlotte Kücher-Eigner, in: *ibid.*, Box 2, File 4, provides insights into this.

113 Aktenvermerk der Treuverkehr-Wirtschaftsprüfungs-AG, 5/18/1957, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 07, 2 f.

114 Ibid., 4.

115 Ibid., 6. Here in particular the reference to three notarial declarations from Martin and Edith Tietz and Elise Zwillenberg from March/April 1956.

116 Georg Karg to Rösli Jasen, 7/30/1958, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 13.

117 Kurt Jasen to Guido Schell, 1/26/1959, in: *ibid.* Here one can find a summary of the arguments from the Jasen side. See also, for example: Rechtsgutachten Prof. Dr. Dölle zum Kauf- und Übertragungsvertrag des Jahres 1959 zwischen Hertie und Edith Tietz, 4/29/1960, in: *ibid.*, Box 2, File 19, 43.

118 This is explained in the statement of claim by Hertie against Rösli Jasen, 3/3/1961, in: *ibid.*, Box 2, File 16, 23.

119 Rösli Jasen to Georg Karg, 7/22/1938, in: *ibid.*, Box 2, File 13.

120 Rösli Jasen-Tietz to Guido Schell, 12/3/1958, Anlage Erklärungsentwurf der Erbauseinander-
setzung, in: *ibid.*, Box 1, File 2.

121 Rösli Jasen to Georg Karg, 7/22/1958, in: *ibid.*, Box 2, File 13; Rösli Jasen-Tietz to Georg Karg, 8/16/1958, in: *ibid.*, Box 1, File 2, and Kurt to Rösli Jasen, 6/26/1959, in: *ibid.*, Box 2, File 8; Rechtsgutachten Prof. Dr. Dölle zum Kauf- und Übertragungsvertrag des Jahres 1959 zwischen Hertie und Edith Tietz, 4/29/1960, in: *ibid.*, Box 2, File 19, 43. See also Beschluss des Grundbuchamts Stuttgart, 1/23/1959, in: *ibid.*, Box 2, File 5.

122 File Hertie Verfügungsberechtigung; Rösli Jasen-Tietz to Guido Schell, Hertie, 9/22/1958, in: *ibid.*, Box 1, File 2.

123 Schell to Edith Tietz, 12/16/1958, in: *ibid.*, Box 2, File 13. Edith Tietz had raised her son's concerns.

124 Hertie had a legal opinion confirm that such a path was potentially legally possible. See Rechtsgutachten Prof. Dr. Philipp Möhring, 8/13/1958, in: *ibid.*, here 13 f.

125 Interview with Rösli Jasen from 9/13/2022.

126 Draft letter Rösli Jasen to Guido Schell, 6/26/1959, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 2.

127 See the handwritten, deleted passage: "My mother, who does not have sufficient business experience, cannot overlook the consequences of such an agreement; she does everything that her lawyers and advisors, of whom she has no suspicions, advise her to do." Deleted passage from draft of letter Rösli Jasen-Tietz to Guido Schell, Hertie, 5/15/1959, in: *ibid.*

128 Edith Tietz to Charlotte Kücher-Eigner, 1/15/1960, in: *ibid.*, Box 2, File 4.

129 Edith Tietz to Rösli Jasen and Hermann Tietz, 2/20/1959, appendix to the minutes at Notary Altenhoff, in: *ibid.*, Box 2, File 17.

130 Rösli Jasen to Edith Tietz, 4/6/1959, in: *ibid.*, Box 2, File 8.

131 Rechtsgutachten Prof. Dr. Dölle zum Kauf- und Übertragungsvertrag des Jahres 1959 zwischen Hertie und Edith Tietz, 4/29/1960, in: *ibid.*, Box 2, File 19; Original text of the contract, in: *ibid.*, Box 2, File 17, Kauf- und Übernahmevertrag, 2/20/1959, in: *ibid.*, here 4.

132 Rösli Jasen to Edith Tietz, 4/6/1959, in: *ibid.*, Box 2, File 8.

133 Rechtsgutachten Prof. Dr. Dölle zum Kauf- und Übertragungsvertrag des Jahres 1959 zwischen Hertie und Edith Tietz, 4/29/1960, 3, in: *ibid.*, Box 2, File 19.

134 Personal letter Kurt Jasen to Edith Tietz, 4/26/1959, in: *ibid.*, Box 2, File 8.

135 The sales estimate was based on the years 1959 and 1960 (first half of the year). For details see: *ibid.*

136 Personal letter Kurt Jasen to Edith Tietz, 4/26/1959, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 8.

- 137 Vereinbarung zwischen der Hertie, gez. Georg Karg, Edith und Martin Tietz sowie Hugo und Elise Zwillenberg, 4/9/1959, in: *ibid.*, Box 2, File 16; Aktenvermerk der Hertie zur Vertragslage, n.d. [around 1961], in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 07.
- 138 Charlotte Kücher-Eigner to Edith Tietz, 2/27/1960, in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 4. Martin Tietz's role as mediator is also referred to: Charlotte Kücher-Eigner to Guido Schell, 7/28/1958, in: *ibid.*, Box 2, File 13.
- 139 Bruno Köhler (Hertie) to Kurt Jasen, 3/13/1959, in: *ibid.*
- 140 Guido Schell to Kurt Jasen, 1/26/1959, in: *ibid.*
- 141 Gutachten Dölle, 6/2/1959, in: *ibid.*, Box 2, File 19.
- 142 Rösli Jasen-Tietz to Guido Schell, 15.5./7/17/1959, in: *ibid.*, Box 1, File 2. According to Dölle, the basic problem was that a usufruct right, in contrast to a restitution payment for the Tietz family, would be subject to income tax as ongoing payments from a share in sales. Gutachten Dölle, 6/2/1959, in: *ibid.*, Box 2, File 19, 16.
- 143 Guido Schell to Rösli Jasen, 6/4/1959 and reply from Kurt Jasen, 6/26/1959, in: *ibid.*, Box 1, File 2. Here Jasen emphasized that any tax issue that might arise was not his responsibility.
- 144 Guido Schell to Rösli Jasen, 7/1/1959, in: *ibid.*
- 145 Rösli Jasen to Guido Schell, 6/26/1959, in: *ibid.*
- 146 For the history of the KfA, see Heike van der Horst/Stadtarchiv Stuttgart, *Kaufstätten für alle. Ein Fotoalbum gewährt Einblicke in den Einzelhandel der Nachkriegszeit*, <https://archiv0711.hypothesen.org/1411> [last accessed 5/16/2023].
- 147 Antrag auf Klageabweisung für Rösli Jasen durch Dr. Nörr, 6/30/1961, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, File 3, 25 ff. Here one can find a complete chronological sketch of the KfA events.
- 148 Charlotte Kücher-Eigner to Edith Tietz, 11./1/18/1960, in: *ibid.*, Box 2, File 4.
- 149 Charlotte Kücher-Eigner to Edith Tietz, 4/19/1960, in: *ibid.*
- 150 Edith Tietz to Charlotte Kücher-Eigner, 1/15/1960, in: *ibid.*
- 151 Vereinbarung in Sachen KfA (draft), 6/18/1960, in: *ibid.*, Box 2, File 3.
- 152 Kurt Jasen to Hertie-Zentralverwaltung, 16.6./9/6/1960, in: *ibid.*
- 153 Charlotte Kücher-Eigner to Edith Tietz, 8/24/1960, in: *ibid.*, Box 2, File 4.
- 154 Guido Schell to Rösli Jasen, 9/15/1960, in: *ibid.*
- 155 Antrag auf Klageabweisung für Rösli Jasen durch Dr. Nörr, 6/30/1961, *ibid.*, Box 1, File 1, 29.
- 156 Klageschrift der Hertie gegen Rösli Jasen vor dem Landgericht München, 3/3/1961, in: *ibid.*, Box 2, File 16, here 3 and 39.
- 157 Antrag auf Klageabweisung für Rösli Jasen durch Dr. Nörr, 6/30/1961, in: *ibid.*, Box 1, File 1.
- 158 Stellungnahme Hertie zum Vertragsentwurf, 8/8/1961, in: *ibid.*
- 159 Kurt Jasen to Dr. Nörr, 9/15/1961, in: *ibid.*
- 160 Agreement between Edith Tietz and Hertie, 10/26/1961, in: *ibid.*, 2.
- 161 Copy of the agreement between Rösli Jasen and Hertie, 10/26/1961, 3, in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 08.
- 162 Aktenvermerk Hertie, 4/10/1962, in: *ibid.*
- 163 Copy of the agreement between Rösli Jasen and Hertie, 10/26/1961, in: *ibid.*, 4 ff.
- 164 Agreement between Edith Tietz and Hertie, 10/26/1961, in: LBI, Jasen Tietz Collection, AR 25956, Box 1, file 1, 2.
- 165 *Ibid.*, 3.
- 166 *Ibid.*
- 167 Stellungnahme Hertie zum Vertragsentwurf, 8/8/1961; Aktenvermerk Schell, o. D. [1963], betr. Gutachten über den Wert der Tietz-Grundstücke, in: *ibid.*

168 Agreement between Edith Tietz and Hertie, 10/26/1961, in: *ibid.*, 3 and 6.

169 *Ibid.*, 4 f.

170 Hertie covered these costs in consultation with Jasen from a sum of around 3 million DM, which they were able to claim as business expenses when purchasing the property; letter from Kurt Jasen to lawyer Oehl, Munich, 8/8/1961; Aktenvermerk Schell, o. D. [1963], betr. Gutachten über den Wert der Tietz-Grundstücke, all in: *ibid.*

171 Hertie to Rösli Jasen, 3/2/1962, in: *ibid.*

172 For the individual projects and the conditions of the revenue sharing, see: Überblick über die Tietz-Verträge, n.d. [around 1963], in: KFSt, Fakten und Daten, Part 2, Book 8, Doc. 09.

173 *Ibid.*; Aktenvermerk der Hertie zur Vertragslage, n.d. [around 1961], in: *ibid.*, Doc. 07.

174 Aktenvermerk Treuverkehr Wirtschaftsprüfungs AG, 12/22/1953, in: KFSt, Held, 573.

175 See Chapter 2, 85 ff.; Georg Karg to Wirtschaftsamt Berlin-Mitte, 8/9/1946, in: *ibid.*, 25; also: LAROV to Harald Westphal, 1/28/1999, in: KFSt, Fakten und Daten, Part 2, Book 9, Doc. 09, here Firmengeschichte, 4.

176 Vertrag zwischen Rosa Held und der Firma Kaufhaus Paul Held Nachf. GmbH, 1/7/1954, in: *ibid.*, 1.

177 In 1940, the US census listed her for 59 months under the status of “not employed” and without income: entries Hugo and Hedwig Aufrichtig, in: US Department of Commerce, Bureau of the Census, 16th Census of the United States 1940, State/City New York, <https://www.ancestry.com/imageviewer/collections/2442/images/m-t0627-02673-00178?ssrc=&backlabel=Return&pid=11935020> [last accessed 2/14/2023].

178 Herbert Wendler to Dr. Köhler, 11/6/1953, in: KFSt, Held, 604.

179 Telegram Bruno Köhler to Guido Schell, 6/9/1953, in: *ibid.*, 196.

180 Message for Dr. Schell, signed Frantz KaDeWe, 6/13/1953, in: *ibid.*, 228.

181 Herbert Wendler to Jürgen Frantz, 5/26/1953, in: *ibid.*, 661.

182 Hans-Heinz Steffani to Hertie Vereinigte Kaufstätten GmbH, Schell, 6/9/1953; Rechtsanwalt August Bergschmidt to Dr. Schell dated 6/13/1953, in: *ibid.*, 568 ff. and 221.

183 Rückerstattungsakten Held, Aktenvermerk Georg Karg, 12/23/1953, in: KFSt, Held, 196.

184 All quotations from: Martin Nachmann to Guido Schell 9/14/1953, in: KFSt, Fakten und Daten, Part 2, Book 9, Doc. 01, 653.

185 Guido Schell to Martin Nachmann, 9/25/1953, in: *ibid.*

186 Internal letter August Bergschmidt to Guido Schell, 6/2/1953, in: KFSt, Held, 221; Telegram Bruno Köhler to Guido Schell, 6/9/1953, in: *ibid.*, 198.

187 Vertrag zwischen Frau Hedwig Aufrichtig und der Firma Kaufhaus Paul Held Nachf., 1/28/1954, in: KFSt, Fakten und Daten, Part 2, Book 9, Doc. 02, 4.

188 Kaufhaus Paul Held Nachf. GmbH, gez. Frantz, to Berliner Zentralbank, Dir. Mehlberg, Schell und Köhler, 2/1/1954, in: KFSt, Held, 300 ff.

189 Vertrag zwischen Hedwig Aufrichtig und der Charlottenburger Grundstücksverkehr GmbH, 1/28/1954, in: *ibid.*, Fakten und Daten, Part 2, Book 9, Doc. 03, 2 f.

190 Vollmachten Hedwig Aufrichtig zur Durchführung des aufschiebenden Grundstücksverkaufs Invalidenstraße 1, 2/15/1953, in: *ibid.*, Held, 62; file note, 12/16/1953, in: *ibid.*

191 Kaufhaus Paul Held Nachf. GmbH, gez. Frantz, to Berliner Zentralbank, Dir. Mehlberg, Schell und Köhler, 2/1/1954, in: *ibid.*, 298.

192 Hedwig Aufrichtig to Walter Karg, 1/4/1955, in: *ibid.*, Fakten und Daten, Part 2, Book 9, Doc. 04; Georg Karg to Jürgen Frantz, 2/7/1955; Georg Karg to Guido Schell, 2/15/1955, in: *ibid.*, Held, 75 and 69.

193 Joseph Kaskell to Walter Karg, 6/1/1955, in: *ibid.*, Fakten und Daten, Part 2, Book 9, Doc. 05.

- 194 Bruno Köhler to Herbert Wendler, 12/23/1953, in: KFSt, Held, 594.
- 195 Hertie to Martin Nachmann, 1/14/1954, in: *ibid.*, 51.
- 196 Herbert Wendler to Bruno Köhler, 1/8/1954, in: *ibid.*, 4; Hertie to Bruno Köhler, 5/20/1953, in: *ibid.*, 482; see also the request from Hertie for an expert opinion, 5/8/1953, in: *ibid.*, 236. This outlines the facts and line of argument of the Joel representatives in an anonymous form. It is unclear whether the document was sent to a specialist lawyer for restitution law or to an employee of the Wiedergutmachungsamt.
- 197 See REAO, Article 28, in: VOBL. I, 1949, 225.
- 198 Herbert Wendler to Bruno Köhler, 11/6/1953, in: KFSt, Held, 604 f.
- 199 Hertie to Bruno Köhler, 12/1/1953, in: *ibid.*, 447 f.
- 200 Hertie to Herbert Wendler, 12/23/1953, in: *ibid.*, 595 ff.
- 201 *Ibid.*
- 202 Vertrag zwischen Rosa Held und der Firma Kaufhaus Paul Held Nachf. GmbH, 7/7/1954, in: KFSt, Fakten und Daten, Part 2, Book 9, Doc. 06, 2.
- 203 See also Berliner Zentralbank to Bruno Köhler, 8/4/1954, in: *ibid.*, Doc. 07.
- 204 Bescheide des Landesamtes zur Regelung offener Vermögensfragen Berlin an Dr. Westphal, 10/15/1998 and 1/28/1999, in: *ibid.*, Doc. 08.
- 205 Grundstücks- und Eigentümergegeschichte zum Bescheid des Landesamtes zur Regelung offener Vermögensfragen Berlin an Rechtsanwalt Dr. Westphal, 1/28/1999, here: Verfolgungsbedingter Vermögensverlust (loss of assets due to persecution), in: *ibid.*, Doc. 09, 8.
- 206 Handschriftlicher Vermerk des Wiedergutmachungsamtes Berlin zur WGA-Aktenaufstellung Tietz, 5/9/1957, in: LABO, EB 72.283, D 182 f.
- 207 For the “Aryanization process”, see Chapter 2, 83 ff. The exact date of the filing of restitution claims is unknown.
- 208 Wiedergutmachungsamt Berlin (note), 5/12/1950, in: LAB, B Rep. 025–04, No. 322/50, 7.
- 209 Widerspruch der Victoria Versicherung an das Wiedergutmachungsamt Berlin, 4/15/1950, in: *ibid.*, 327/50, 4 f.
- 210 Interner Aktenvermerk der Victoria Versicherung zur Besprechung Dr. Schütz und Dr. Fließ betr. Tietz-Block und Wohnhausblock Kaiserdamm, 11/14/1949, in: ERGO Archive, Victoria holdings A0109-00042, volume 1.
- 211 Widerspruch der Victoria Versicherung an das Wiedergutmachungsamt Berlin, 4/15/1950, in: LAB, B Rep. 025–04, No. 327/50, 4 f.
- 212 Interner Aktenvermerk der Victoria Versicherung zur Besprechung Dr. Schütz und Dr. Fließ betr. Tietz-Block und Wohnhausblock Kaiserdamm, 11/14/1949; Aktenvermerk Kurt Hamann, May 1950, in: ERGO Archive, Victoria holdings A0109-00042, volume 1, 2 f.
- 213 Walter Schmidt to Wiedergutmachungsamt Berlin, 5/12/1950, in: *ibid.*, 9 f.
- 214 *Ibid.*, 10.
- 215 REAO, Art. 12, in: *Verordnungsblatt für Groß-Berlin, Jg. 5, Teil 1, No. 47, 8/3/1949, 223.*
- 216 REAO, Art. 40, in: *ibid.*, 226. See in detail Constantin Goschler, *Auseinandersetzung*, 343; Köhler, “Arisierung”, 484 f.
- 217 Walter Schmidt to Wiedergutmachungsamt Berlin, 5/12/1950, in: LAB, B Rep. 025–04, No. 327/50, 10.
- 218 Beschluss der 42. Wiedergutmachungskammer des Landgerichts Berlin, 12/12/1950, in: *ibid.*, No. 332/50, 34.
- 219 See the detailed arguments of Victoria by Walter Schmidt and Hans Aldenhoff to the Wiedergutmachungskammer des Landgerichts Berlin, 10/3/1950, in: ERGO Archive, Victoria holdings A0109-00042, volume 1, 4.

- 220 Kurt Hamann zur Rückerstattungssache Tietz ./ Victoria (note), May 1950, in: *ibid.*, 2 and 4.
- 221 Erwiderung der Rechtsanwälte Walter Schmidt und Hans Aldenhoff auf den Widerspruch der Victoria Versicherung im Restitutionsverfahren, 08/11/1950, n.d. [August 1950], in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22.
- 222 REAO, Art. 2, in: *Verordnungsblatt für Groß-Berlin*, Vol. 5, Part 1, No. 47, 8/3/1949, 221 f.
- 223 Kurt Hamann zur Rückerstattungssache Tietz ./ Victoria (note), May 1950, in: ERGO Archive, Victoria holdings A0109-00042, Volume 1.
- 224 *Ibid.*, 3; Note from Victoria Versicherung on “Einheitswerte Tietzblock”, 7/6/1950; Interner Aktenvermerk der Victoria Versicherung zur Besprechung Dr. Schütz und Dr. Fliess betr. Tietz-Block und Wohnhausblock Kaiserdamm, 11/14/1949, in: *ibid.*
- 225 *Ibid.*, 18.
- 226 Victoria Versicherung to Wiedergutmachungsamt Berlin, 5/25/1950, in: LAB, B Rep. 025–04, No. 332/50, 16 f.
- 227 Widerspruch der Victoria Versicherung an das Wiedergutmachungsamt Berlin, 4/15/1950; Walter Schmidt to Wiedergutmachungsamt Berlin, 5/12/1950, in: *ibid.*, 327/50, 5 and 10 f.
- 228 Letter from the lawyers Walter Schmidt and Hans Aldenhoff (Tietz) on the restitution application, 08/11/1950, n.d. [1950], in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22, 2.
- 229 *Ibid.* and Walter Schmidt to Wiedergutmachungsamt Berlin, 5/12/1950, in: LAB, B Rep. 025–04, No. 327/50, 9 f.; Erwiderung der Rechtsanwälte Walter Schmidt und Hans Aldenhoff auf den Widerspruch der Victoria Versicherung im Restitutionsverfahren vom 8/11/1950, n.d. [August 1950], in: LBI, Jasen Tietz Collection, AR 25956, Box 2, File 22; Walter Schmidt and Hans Aldenhoff to Wiedergutmachungskammer des Landgerichts Berlin, 10/3/1950, in: AEV, A0109-00042, 25.
- 230 Aktenvermerk zur Öffentlichen Sitzung der 42. Wiedergutmachungskammer des Landgerichts Berlin, 10/30/1950, in: LAB, B Rep. 025–04, No. 332/50, 26 f.
- 231 Beschluss der 42. Wiedergutmachungskammer des Landgerichts Berlin in Sachen Tietz ./ Victoria (copy), 12/1/1950, in: *ibid.*, 27 ff.
- 232 REAO, Art. 8, in: *Verordnungsblatt für Groß-Berlin*, Vol. 5, Part 1, No. 47, 8/3/1949, 223. The article regulated the rights of the partners of companies and corporations under commercial law and permitted a transfer of restitution claims only with special official approval if the company had been forcibly dissolved.
- 233 Beschluss der 42. Wiedergutmachungskammer des Landgerichts Berlin in Sachen Tietz ./ Victoria (copy), 12/1/1950, in: LAB, B Rep. 025–04, No. 332/50, 34.
- 234 The complaint has not been handed down as a primary source. The main grounds for appeal are therefore reproduced on the basis of a detailed summary according to: Aufhebungsbeschluss des 3. Ferien-Zivilsenats des Kammergerichts Berlin unter Leitung des Senatspräsidenten Dr. Gallis, 8/23/1951, in: ERGO Archive, Victoria holdings A0109-00042, Volume 1, 14.
- 235 *Ibid.*
- 236 *Ibid.*, 1.
- 237 Senator für Finanzen to Entschädigungsamt Berlin, 3/30/1953, in: LABO, EB 73.520, M 17.
- 238 *Ibid.*
- 239 Handschriftlicher Vermerk des Wiedergutmachungsamtes Berlin zur WGA-Aktenaufstellung Tietz, 5/9/1957, in: *ibid.*, EB 72.283, D 183. The source specifically names the property company Wittenberg Platz AG, Merkur Treuhand- und Grundstücksverwaltungs AG, Centrum Berlinische Bodenbesitz and the Grundstücks AG Beußelturm. Another case of secondary acquisition concerned the small Berlin property at Wichmannstraße 3, which was claimed for restitution by the

IRSO in the 1950s as collective Jewish property: Hans Aldenhoff to the heirs of Georg Tietz, 8/10/1959 and to Mrs. Edith Tietz, 3/8/1956, in: LBI, Jasen Tietz Collection, AR 25956, Box 2-File 20.

240 Aktenvermerk in Sachen Georg und Martin Tietz ./. Nordwestdeutscher Rundfunk, in: LABO, EB 72.283, D 175.

241 Helmut Laas (Kurt Jasen's lawyer) to Wiedergutmachungsämter Berlin, 4/19/1951; Vertrag zwischen Georg Jacobowitz und der AG West für Textilhandel, 7/29/1928 (copy), in: LAB, B Rep. 025–05, 6195/50, 16 and 7 ff.

242 Ibid., 16.

243 Hertie Zentralverwaltung to Wiedergutmachungsamt Berlin-Schöneberg, 5/22/1951, and Vergleich im Rückerstattungsverfahren Kurt Jasen (Jacobowitz) ./. Hertie, 5/23/1952, in: ibid., 23 and 25.

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- 271 In addition, there was a transfer loss of around 248,000 RM and 4,200 £. See appendix to the compensation application, 2/7/1952, in: *ibid.*, EB 54.101, D 22.
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292 *Ibid.*

List of Abbreviations

AEG	Allgemeine Elektrizitäts-Gesellschaft (company)
AG	Aktiengesellschaft (public limited company)
AWAG	Allgemeine Warenhausgesellschaft AG für Handelsbeteiligungen
BAB	Bundesarchiv Berlin (Federal Archives Berlin)
BEG	Bundesentschädigungsgesetz, June 29, 1956
BErgG	Bundesergänzungsgesetz zur Entschädigung für Opfer der nationalsozialistischen Verfolgung, March 18, 1953 (Federal Supplementary Act on Compensation for Victims of National Socialist Persecution)
betr.	betreffend (concerning)
Betex	Bergische Textil-GmbH (company)
BGB	Bürgerliches Gesetzbuch (German Civil Code)
BGH	Bundesgerichtshof (Federal Court of Justice)
bilka	(company) [acronym for Billigkaufhaus]
BLHA	Brandenburgisches Landeshauptarchiv (Brandenburg Main State Archive)
BOR	Board of Review (Higher Board on Restitution Affairs)
BRD	Bundesrepublik Deutschland (Federal Republic of Germany)
BrREG	Gesetz Nr. 59 der britischen Militärregierung (Law No. 59 of the British Military Government)
cf.	refer to
Cie.	Compagnie
Co.	Compagnie
CORA	Court of Restitution Appeals of the Allied High Commission for Germany
Corp.	Corporation
CSR	Cour Supérieure pour les Restitutions (Superior Court for Restitutions in the French occupation zone)
Danat-Bank	Darmstädter und Nationalbank (company)
DeFaKa	Deutsches Familienkaufhaus (company)
Defina	Deutsches Finanzierungs-Institut AG (German Financing Institute) (company)
Dego	Deutsche Golddiskontbank AG (company)
Dep.	Depot
DM	Deutsche Mark
DVP	Deutsche Volkspartei (German National People's Party)
ed.	edited/editor
eds.	editors
e.g.	for example
Ehapa	Einheitspreis-Handelsgesellschaft (company)
Epa	Einheitspreis AG (company)
et al.	and others
etc.	et cetera
f./ff.	following
Fig.	Figure
GbR	Gesellschaft bürgerlichen Rechts (civil law partnership)
GDR	German Democratic Republic
Gebr.	Gebrüder (brothers)

GmbH	Gesellschaft mit beschränkter Haftung (limited liability company)
GStA	Geheimes Staatsarchiv Preußischer Kulturbesitz (Secret State Archives Prussian Cultural Heritage Foundation)
HAC	Historisches Archiv der Commerzbank (Historical Archive of Commerzbank)
HWA	Hessisches Wirtschaftsarchiv (Hessian Economic Archives)
ibid.	ibidem
id.	idem
i. L.	in liquidation
IPW	Interrogators of Prisoners of War
IRSO	Jewish Restitution Successor Organization
KaDeWe/K. d. W.	Kaufhaus des Westens (company)
Kepa	Karstadt Einkaufs Paradies (formerly Epa, company)
KfA	Kaufstätten für Alle (company)
KFSt	Karg'sche Familienstiftung (Karg Family Foundation)
KPD	Kommunistische Partei Deutschlands (Communist Party of Germany)
LAB	Landesarchiv Berlin (Berlin State Archive)
LABO, EB	Landesamt für Bürger- und Ordnungsangelegenheiten, Entschädigungsbehörde (Berlin State Office of Administration – Compensation Board)
LAROV	Landesamt zur Regelung offener Vermögenswerte (State Office for the Settlement of Open Assets)
LBI	Leo Baeck Institute
LLA	Liechtensteinisches Landesarchiv Vaduz (Liechtenstein National Archives)
Ltd.	Limited
Mefa	Mechanische Feinweberei Adlershof GmbH, Berlin (company)
MPI	Max-Planck-Institute
n.d.	no date
no.	number
n.p.	no place
NS	National Socialism
NS Hago	Nationalsozialistische Handwerks-, Handels- und Gewerbeorganisationen (National Socialist craft, trade and business organizations)
NSBO	Nationalsozialistische Betriebszellenorganisation (National Socialist Factory Cell Organization)
NSDAP	Nationalsozialistische Deutsche Arbeiterpartei (National Socialist German Workers' Party)
N. V.	naamloze vennootschap (public limited company)
OFD	Oberfinanzdirektion (higher tax authority)
OFP	Oberfinanzpräsident (office of the higher tax authority)
OHG	offene Handelsgesellschaft (general partnership)
OKH	Oberkommando des Heeres (Upper Command of the Army)
POW	Prisoner of War
REAO	Anordnung BK/O (49) 180 der Alliierten Kommandantur Berlin betr. Rückerstattung feststellbarer Vermögensgegenstände an Opfer der nationalsozialistischen Unterdrückungsmaßnahmen vom 26.7.1949 (Decree BK/O(49)180 of the Allied High Command in Berlin on Restitution of Identifiable Assets to Victims of National-Socialist Repression Measures, July 26, 1949)
RGBI.	Reichsgesetzblatt (law gazette of the Reich)

RM	Reichsmark
SA	Sturmabteilung of the NSDAP (NSDAP Storm Division)
SBZ	Sowjetische Besatzungszone (Soviet occupation zone)
SD	Sicherheitsdienst (Security Service of the Reichsführer SS)
SMAD	Soviet Military Administration
SS	Schutzstaffel of the NSDAP (NSDAP Protection Squadron)
StAHH	Staatsarchiv Hamburg (Hamburg State Archive)
StAL	Staatsarchiv Ludwigsburg (Ludwigsburg State Archive)
SWA	Stiftung Warburg Archive (Warburg Archive Foundation)
ThStAG	Landesarchiv Thüringen – Staatsarchiv Greiz (Thuringia State Archive, Department Greiz State Archive)
Tilka	Tilgungskasse (Redemption Fund for Commercial Credit)
US/USA	United States of America
USEG	Compensation Act of the South German State Council of April 26, 1949
USREG	Military Law No. 59 of the US Military Government of November 10, 1947
VOBl.	Verordnungsblatt (law gazette)
vol.	volume
WB	Wiedergutmachungsbehörde (Wiedergutmachung Authorities)
WGA	Wiedergutmachungsamt (Office of Wiedergutmachung)
ZLG	Zentrallagergemeinschaft für Bekleidung (company)

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- Fig. 1** ullstein bild – Hermann Tietz, picture no. 00077325 — **8**
- Fig. 2** bpk / Kunstbibliothek, Staatliche Museen zu Berlin, picture no. 70139534 — **10**
- Fig. 3** Vorwärts (Berliner Volksausgabe), 8/24/1913 — **12**
- Fig. 4** bpk / Staatsbibliothek zu Berlin, picture no. 70131335 — **15**
- Fig. 5** bpk / Staatsbibliothek zu Berlin, picture no. 70131336 — **16**
- Fig. 6** bpk / Staatsbibliothek zu Berlin, picture no. 70131337 — **16**
- Fig. 7** Karg'sche Familienstiftung, Jubiläumsband "Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz, Berlin 1932", 198 — **18**
- Fig. 8** ullstein bild – Fotografisches Atelier Ullstein, picture no. 00149004 — **21**
- Fig. 9** Bundesarchiv Berlin, R 401/954 — **27**
- Fig. 10** AKG Images, AKG173574 — **28**
- Fig. 11** Bundesarchiv Berlin, R 3101/13859, 57 — **35**
- Fig. 12** Bundesarchiv - Aktuelle-Bilder-Centrale, Georg Pahl, picture no. 102-02923A — **38**
- Fig. 13** ullstein bild, picture no. 00268148 — **40**
- Fig. 14** ullstein bild – brandstaetter images / Archiv Seemann, picture no. 08303534 — **40**
- Fig. 15** bpk / Josef Donderer, picture no. 7016301 — **43**
- Fig. 16** Karg'sche Familienstiftung, Fakten und Daten, book 02, document 08 — **61**
- Fig. 17** Sammlung Schütte-Münchow — **84**
- Fig. 18** Bundesarchiv Berlin, R 2501/2423 — **93**
- Fig. 19** Sammlung Schütte-Münchow — **109**
- Fig. 20** Sammlung Schütte-Münchow — **110**
- Fig. 21** Sammlung Schütte-Münchow — **110**
- Fig. 22** Liechtensteinisches Landesarchiv Vaduz, V 4/1937/10 — **118**
- Fig. 23** Liechtensteinisches Landesarchiv Vaduz, V 4/1937/10 — **130**
- Fig. 24** UtCon Collection / Alamy Stock Foto picture-ID: KXNCBG — **135**
- Fig. 25** The Digital Collections of the National WWII Museum: Oral Histories (ww2online.org) — **136**
- Fig. 26** Landesamt für Bürger- und Ordnungsangelegenheiten, Abt. Entschädigungsbehörde, Berlin, EB 72.287, D 75 G — **140**
- Fig. 27** Deutscher Reichs- und Preußischer Staatsanzeiger Nr. 199, 26. August 1942 abends (provided by the Mannheim University Library) — **143**
- Fig. 28** Stadtbibliothek Bautzen, book no. 627 — **149**
- Fig. 29** Karg'sche Familienstiftung — **151**
- Fig. 30** Bundesarchiv Berlin, DN1/112716 — **152**
- Fig. 31** both Karg'sche Familienstiftung — **159**
- Fig. 32** Karg'sche Familienstiftung — **161**
- Fig. 33** Karg'sche Familienstiftung — **167**
- Fig. 34** Hessisches Wirtschaftsarchiv, 1108, 190 — **171**
- Fig. 35** Stadtarchiv München, DE-1992-FS-STB-7835 — **180**

Fig. 36 Karg'sche Familienstiftung — **183**

Fig. 37 Stadtarchiv Stuttgart 9450 Postkartensammlung H 113/5 — **201**

Fig. 38 Karg'sche Familienstiftung — **205**

Fig. 39 Privataarchiv Henry Jasen — **212**

Fig. 40 Landesarchiv Berlin, F Rep. 290, Nr. 0033831, Photograph: Schütz, Gert — **229**

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Index of Persons

(without Georg Karg, Georg Tietz, Martin Tietz, Hugo Zwillenberg, Tietz family, Tietz/Zwillenberg family, Tietz/Twillenberg/Jasen family, Zwillenberg family)

- Adler, Adolf 19, 23, 66–67, 82, 90
Aldenhoff, Hans 50–51, 121, 230, 232–236
Alsberg (Family) 34
Andreae, Fritz 30, 55, 59–60, 82, 101
Arnhold, Hans 59, 131
Auerbach, Philip 182, 185, 187, 189
Aufrichtig, Hedwig 215, 217–218, 248
Aufrichtig, Hugo 85, 87, 214–220, 248
- Baier, Otto 54
Bajohr, Frank 4
Beit von Speyer, Herbert James 128
Benezet, Franz 144
Berend, Walter 73
Berger, Erich H. von 58, 96–101
Bernhard, Walther 132, 144
Beutner, Wilhelm 73
Bieber, Siegfried 128
Birnbaum, Michaelis 19, 82, 90
Bley, Bruno 126
Bock, Wilhelm 145
Bodenheimer, Siegmund 49
Böning, Rosa Anna (Anni) – see Tietz, Rosa Anna (Anni)
Boucicaut, Aristide 9
Breyer, Konrad 141, 145
Brüning, Heinrich 34, 44
- Chodowiecki, Daniel Nikolaus 147
Cohn (Chon), Julius 84–85, 87
Cretius, Konstantin 146
- Dernburg, Bernhard 49, 52, 62
Dölle, Hans 205 (=Prof. Dr. Dölle)
Döhler, Robert 145
Dresel, Alfred 58–59, 66, 86
Dyckerhoff, Paul 90
Dzjaloszynski, Isidor 67
- Eglau, Hans Otto 30, 32, 81, 87, 121, 162, 183
Eigner, Charlotte – see Kücher–Eigner, Charlotte
- Emden, Max 24, 31, 63
Emmer, Erik 116
Ernst, Friedrich 97, 102
- Feder, Gottfried 33, 52–53
Flesch, Richard C. 211
Frank, Theodor 29, 49
Franke, Hellmuth 225
Fränkel, Karl 90
Freimuth, Theo 131–132, 143, 235
Frick, Wilhelm 37
Friedel, Helmut 56–57, 61, 68, 83, 89–90
Friedland, Max 90, 103
Frederick II, King of Prussia 7
Froeb, Douglas 157–158
Froeb, Ursula 157–158
- Gaul, August 146
Gebert, Friedrich 133
Genschel, Helmut 37
Gerson (Family) 9, 28, 34
Goebbels, Joseph 37, 39
Goetz, Carl 99, 101
Göring, Herbert 50–51
Göring, Hermann 36, 50, 52–53
Götze, Hermann 237
Gogh, Vincent van 147
Graetz, Wilhelm 21, 30, 73
Graupe, Paul 148
Grohé, Josef 92
Grünfeld, Edith – see Tietz, Edith 13, 15
- Hagemann, Werner 112–113
Hakkert (Family) 134
Hamann, Kurt 58, 91, 223, 225
Hartung, Charly 49, 55, 58–59, 77, 86, 90–91, 96, 240
Hasler, Ludwig 129, 131
Hayler, Franz 112
Heidegger, Ferdinand 129
Heilemann, Hans 90, 114, 157

- Helldorff, Wolf Heinrich Graf von 139
 Hermsdorff, Wilhelm 83, 90, 103, 114–115
 Hess, Rudolf 53–55, 68
 Hesslein (employee of the Hermann Tietz company) 64
 Heuss, Theodor 229
 Hildebrandt, Eduard 146
 Hitler, Adolf 30, 33, 36–37, 44–45, 52–55, 67–68, 240
 Hochheimer, Samuel Siegfried Fritz 129
 Hoepner, Erich 133 (=General Hoepner)
 Hölling, Alfred 58
 Horten, Helmut 100, 154, 158–159
 Hugenberg, Alfred 45, 52
- Jacobowitz (Family) 180
 Jacobowitz, Georg 23, 228
 Jacobsohn, Kurt 144
 Jandorf, Adolf 11, 24, 82, 87
 Jandorf, Harry 87
 Jasen, Henry 5
 Jasen, June 5
 Jasen, Kurt (formerly Jacobowitz, Kurt) 180, 202–203, 206–207, 209, 211–212, 227–228, 230–231, 247
 Jasen, Roe (Rösli) neé Tietz 5–6, 14, 124–125, 129, 131–132, 180, 196–204, 208–212, 231, 236
 Joel, Rosa neé Gumpertz 86, 214–215, 218–219
 Joel, Karl Amson 112
 Joel, Max 86–87, 214–215, 217, 219–220
- Kaliski, Heinz 181
 Karding, Ernst 58, 102
 Karg, Brigitte – see Norman, Brigitte Gräfin von
 Karg, Hans-Georg 157, 159–160, 162–163, 166, 168–169, 208–209, 213
 Karg, Walter 85–86, 218–219
 Karg, Willy 217
 Keppler, Wilhelm 67
 Knobloch, Charlotte neé Neuland 5, 187
 Köhler, Bruno 215, 220
 Kraus, Hans 189
 Kröger, Hans 68, 90
 Kücher-Eigner, Charlotte 116, 126, 143, 147, 187, 193, 199, 203–204, 206, 208, 213, 229
- Lachmann-Mosse (family) 43
 Ladeburg, Richard 85–87, 214
 Ladwig-Winters, Simone 2
 Larlam (branch manager) 64
 Laupenmühlen, Erich 90, 103
 Lenz, Otto 182–185, 187–188, 190
 Levy, Franz 47, 97
 Lewecke, August 68
 Liebermann, Max 147
 Lindgens, Arthur 156–158
 Lindgens, Joachim 157
 Lindgens, Ursula (formerly Wertheim, Ursula) 157
 Lippert, Heinrich 102
 Löb, Rudolf 49, 58
 Löwenberger, David 19, 23, 29, 31, 66–67, 72, 82, 90
- Manasse, Georg 97
 Mendel, Samuel 83–84, 87
 Merton, Alfred 128
 Meyerheim, Paul 146
 Michel, Elmar 52–53
 Moses, Fritz 181
 Mosler, Alfred 144
 Mosse, Fritz 190
 Mosse, Rudolf 43, 50, 198
 Müller, Nathan 19, 50, 66–67, 82, 90
- Nachmann, Martin 216–219
 Neckermann, Josef 93, 100–114
 Neuland, Fritz 6, 182, 186–187
 Niederlechner, Max 148, 235–236
 Norman, Brigitte Gräfin von neé Karg 169, 208
 Norman, Roger Graf von 157
 Nowomiejski, Kurt 145
 Nünnik, Kurt 125
- Oliven (branch manager) 65
 Osborn, Max 26
 Ossmann, Olaf 157
 Overbeck, Gustav 103
- Papen, Franz von 153
 Paschke, Hans 58, 64, 80, 86

- Petzall (employee of the Hermann Tietz company) 65
 Pilder, Hans 57–58, 64
 Pohl, Richard 59
 Posse, Hans 52, 70
 Praser (employee of the Hermann Tietz company) 65
 Priester, Hans Erich 92
 Pünder, Hermann 36

 Quaat, Reinhold 58

 Rachelmann, Auguste 145
 Rachelmann, Hermann 144
 Rasche, Karl 102–103
 Rathenau, Walter 59, 125
 Ratzmann, Hugo 102–103
 Reichardt, Wolfgang 44–45
 Reuter, Karl 90
 Ritter, Alois 131
 Rosenkötter, Hans 144
 Rosenthal (branch manager) 64
 Rosenthal (entrepreneurial family) 57
 Rossi (economic expert) 73
 Ruge, Hartmut 215

 Sack, Walter 155
 Sauckel, Fritz 68
 Schaar, Björnson 49, 51, 55, 58
 Schacht, Hjalmar 45, 54, 117
 Schaeffler, Wilhelm 104–105
 Schell, Guido 157, 160, 187, 196–198, 202–203, 206–207, 209, 211, 215–217
 Schmidt, Walter 50, 190, 222
 Schmidt-Bangel, Ludwig 147
 Schmitt, Kurt – 52–54, 117, 240
 Schocken, Salman 34, 51
 Schocken (entrepreneurial family) 1, 34, 97
 Schöndorff, Hermann 30, 48
 Schröder, Käthe 81
 Seemann, Wilhelm 90
 Seyß-Inquart, Arthur 134
 Sichler (Lieutenant Colonel) 39
 Silverberg, Paul 128
 Simon, Arnold 90
 Sklow, Hermann 65

 Solmssen, Georg 128
 Spethmann, Paul 48, 55
 Spiegelberg, Ernst 48, 51, 80, 104
 Stauss, Emil Georg von 156–157
 Steffani, Hans-Heinz 73, 98, 108, 115

 Tann-Rathsamhausen, Trabart Reichsfreiherr von und zu der --- 30, 55–59, 61, 64, 66–68, 73, 82–83, 90–91, 102–103, 155, 240–241
 Tengelmann, Herbert 113
 Tietz, Alfred Leonhard 47, 50, 239
 Tietz, Anni – see Tietz, Rosa Anna (Anni) neé Böning
 Tietz, Betty – see Tietz, Rebecca (Betty)
 Tietz, Edith neé Grünfeld 13, 15, 17, 75, 124–129, 131–132, 138, 149, 196–205, 207–211, 213, 229, 232, 236, 244
 Tietz, Elise – see Zwillenberg, Elise neé Tietz
 Tietz, Hans Herrmann – see Tietz, Herman
 Tietz, Herman (formerly Tietz, Hans Herrmann) 124, 129, 131–132, 196–197, 199, 202, 204, 210–211, 225
 Tietz, Hermann 6–8, 11, 14–15, 19, 238
 Tietz, Julius 7, 20
 Tietz, Karl 7
 Tietz, Leonhard 7–9, 11, 13, 18, 25–26, 31–33, 47–48, 54, 70, 97, 99, 101, 129, 239
 Tietz, Markus 7
 Tietz, Oscar 6–11, 13–15, 19, 21, 23–24, 42, 59–60, 83, 100, 121, 125, 155, 230, 238
 Tietz, Rebecca (Betty) neé Graupe (Meyer) 6, 13–15, 17, 24, 42–43, 74–75, 78–79, 81, 91, 117, 125, 127–128, 132, 138–139, 141–142, 144–146, 180–181, 190, 222, 225, 230, 232–233, 238, 242, 244
 Tietz, Rösli – see Jasen, Roe (Rösli)
 Tietz, Rosa Anna (Anni) neé Böning 14, 16, 125, 127, 131–132, 138, 140, 180, 232, 244

 Uhlfelder, Max 57
 Uhlig, Heinrich 52

 Vandyk, Arthur 116
 Vogel (family) 229
 Vogel, Willy 125, 127, 229

- Wagener, Otto 49, 51, 53, 55, 58
 Weinstein, Sally 65
 Wertheim/Wertheim–Froeb (family) 1–2, 9, 11,
 13, 28, 30, 34, 37, 55, 100, 155–158, 170,
 195, 247
 Wendler, Herbert 215
 Wertheim, Albrecht 157
 Wertheim, Franz 156
 Wertheim, Georg 9, 156–157
 Wertheim, Klaus 157
 Wertheim, Ursula – see Lindgens, Ursula
 Wieland, Hermann 28–29, 31
 Winkler, Friedrich 147
 Wintermantel, Fritz 49, 58, 65, 86, 102
 Witte, Irene 97
 Wittkowski, Kurt 236
 Wolff, Richard Carl 73
 Wronker (merchant) 34, 155–156
 Wronker, Hermann 155
 Wronker, Max 155
 Wronker, Simon 156
 Zinsser, Hugo 156
 Zirpel, Elisabeth 157
 Zola, Émile 10
 Zwillenberg, Elise neé Tietz 13–14, 16–17, 43, 60,
 75, 133–134, 138, 141, 190, 230–231, 244
 Zwillenberg, Helga Henriette Linde 6, 14, 133
 Zwillenberg, Lutz Oscar 6, 14, 133