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The Journey of the Baltic Gold: Part One, The Thefts

Riga, Latvia, 12-13 July, 1940

Like many Soviet operations, the **NKVD came in the night**, to the vaults of **Latvijas Banka**.

The USSR's military forces and fake legal contexts were barely in place. The looting of the vaults of Latvijas Banka was:

- **four weeks** after the USSR Red Army began its full occupation (June 17) of Latvia in 1940 [KerstMolo]

- **ten days** before the USSR declared Latvia a Soviet republic (July 22), and

- **one day** before the forced elections (July 14), when Latvian citizens voted for the Soviet puppet government with proof of a stamp in their passport, or *they might be shot.* [Time]
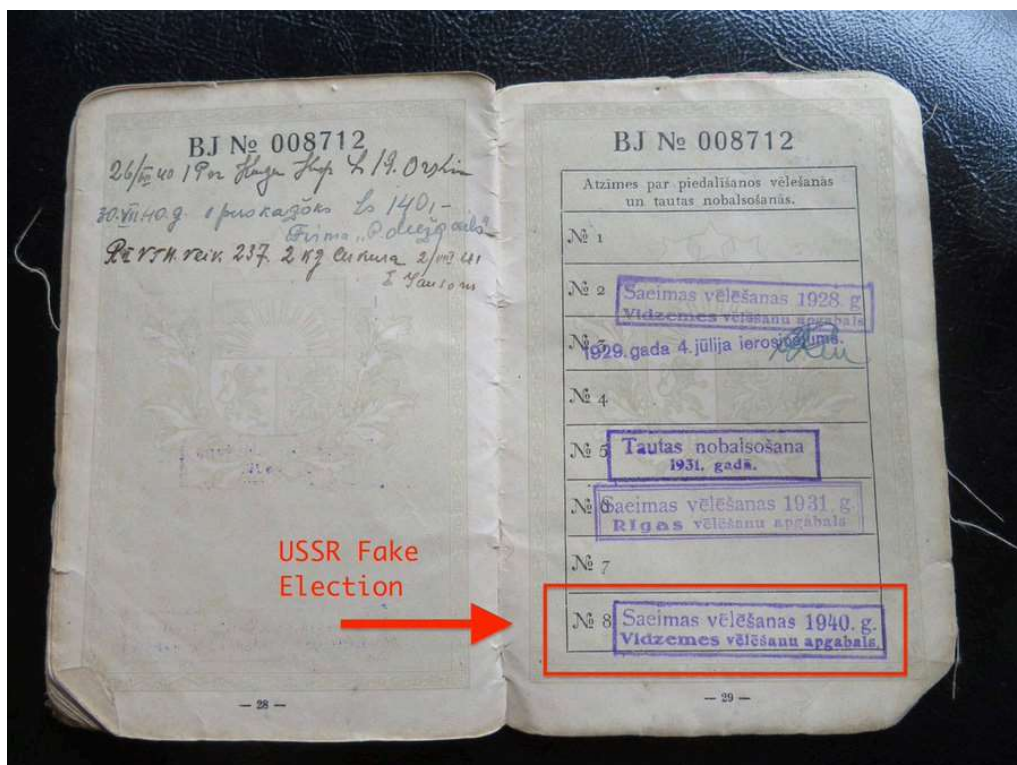
Figure 2. Passport of my grandfather: Aleksandrs Graps with stamp of vote in 1940 Fake Election under duress.

Ādolfs Klīve, the Latvian Bank's council chairman, received a hysterical phone call at midnight: [translated] "Russian robbers carry heavy gold and silver boxes out of the bank! Others stack them in transport machines. No one is allowed to be present!" [Duc]

The Soviet operatives **removed the Bank's** *on-site reserves*: **gold, silver coin stock, foreign currency**, and even large stocks of base-metal coins, which the central Latvian bank kept for circulation. Ādolfs Klīve in 1940 summed up the thefts in his memoirs at roughly **13-14 million lats** (~1,615 kg or **9.1million lats of gold**, plus foreign exchange: FX, silver plus **nickel coins worth 6.6 million lats** and **bronze coins worth 0.5 million lats** [Vest]. [N.B. 20-21 million lats, **~3.4 million USD** [Calc1] As almost 90% of Latvia's gold bullion reserves were stored abroad, more Soviet attempts for looting Latvia's gold soon followed (see Gosbank demands below).

"Security" pretext.

The Soviet government's explanation to Mr. Klīve about the Latvian Bank vault looting was that the USSR had "*secret information that Latvian bourgeoisie and fascists are preparing to plunder the Latvian Bank*" and therefore the "*Russians decided to take the Latvian Bank's valuables into their hands to prevent this*" [Duc] [Vest]

In the next weeks following the looting of the Latvian bank vaults, the Soviet occupiers also **opened and nationalized,** via the July 25, 1940 *Law on the Nationalization of Banks and Large Industrial Enterprises*, **the Latvian banks' private safe-deposit boxes across the country.** In about three weeks, **over 11,000 safe deposit boxes** were inspected; **foreign currency, most securities, precious stones, metals and jewelry** were stolen into Soviet state custody, much of it routed via Latvijas Banka using 'new management', after the previous Latvijas Banka management was dismissed on 13 July, 1940. [Silins]

The inventoried value of these safe-deposit box thefts was **at least 53,238,151.22 lats** [N.B. ~8.5 million USD [Calc2]]. After being transferred to a bank "storage", these valuables were carried away to Moscow in **45 crates and 2 sacks** on **26 June 1941**. [Silins]The looting of these boxes was at least as large of a story as the gold thefts, which I'll describe in an **upcoming story about the Baltic safe-deposit boxes**.

In a foreshadowing of what was coming, a year later, Kārlis Vanags, the *Latvijas Banka* Director General from 22 Sept 1926 to 13 July 1940, after his removal from office, was arrested by Soviet authorities and deported in the 14 June 1941 mass deportations into the interior of the USSR. He was imprisoned in the Soviet penal system and executed on 9 June 1942 in a camp at Usoļlags (Soviet Gulag). [Vanags]

Kaunas, Lithuania; Tallinn, Estonia, 14-16 July, 1940

On the next nights, 14-16 July 1940, the Soviet operations in Kaunas and Tallinn were a 'copy-paste' of their brazen theft at the Latvian Central Bank. In Lithuania's capital, Kaunas, the Soviets looted the central Lietuvos bankas, and, in Estonia's capital, Tallinn, the Soviets looted central Eesti Pank.

As before, NKVD units and Soviet commissioners: the People's Commissariat of Finance functionaries 'entered' the old vault and looted the domestic vault reserves: gold, silver coins, FX, and securities.

Raid on Lietuvos bankas:

Entering the vault of the Bank of Lithuania required a new level of coercion of the bank's leadership. The special vault door was part of the vault complex for reserves and customer safe-deposit boxes. To open it normally, required the Bank's own responsible officials locked with three different keys, all kept separately by three of the bank's employees. [Vault]

To begin to understand the brazen nature of this theft, the Kaunas headquarters of the Bank of Lithuania had a 20th century, unique, patented, British-made, 3-ton, Milners door designed to resist fire and explosives. The fire-resisting vault door could keep the internal chamber below ~200 °C, even if the outside was exposed to 1,000 °C fire conditions for several hours. Any physical or mechanical attack on the vault door would have been in vain. [MIL]

With compromised Lithuanian bank officials, the NKVD units and Soviet commissioners seized the domestic vault reserves (gold, FX, silver, coins). While 90%, or 9.5 tonnes [Mar31], of Lithuania's bullion gold was stored abroad, the remaining 10%, perhaps ~0.5 - 0.7 tonnes gold bullion, was in the Kaunas vault when the Soviets raided the

headquarters in July 1940. It was carried off immediately, along with the FX, silver, coins. The Kaunas Lithuanian Central Bank domestic vault gold reserves held an estimated value in 1940: **3.32 million litai -4.65 million litai (0.56-0.79 M USD)** [Calc3].

The 1940 Nr. 18 Bank of Lithuania Report [LT48] curve "A" on page 15 provides total, domestic and foreign, gold and FX reserves: as ≈ 76.65 million litai (bank-wide, i.e., wherever held). [LT48] See the next Figure.

As in the Latvian case, in the next weeks following the looting, the Soviet occupiers also opened and nationalized all personal items from Lithuanian banks' safe-deposit boxes via the July 26, 1940 *Law on the Nationalization of Banks and Large Industrial Enterprises (Bankų ir stambiosios pramonės nacionalizavimo įstatymas)*. In Lithuanian shops, jewelry, precious metals, gems, watches were also looted. In the next weeks, the homes of private citizens' didn't escape the Soviet's country-wide looting, either. I'll describe further these stories in another upcoming article, that focuses on the co-opted **role of the Baltic State Auditors**.

Figure 3. Bank of Lithuania Report. Number 48. May 24, 1940. Source: Bank of Lithuania. [LT48]

Raid on Eesti Pank:

In Tallinn, (14-15 July 1940), it was the same situation. The Soviet authorities forced Eesti Pank to hand over its **domestic reserves: gold, silver coin stock, foreign currency**. However, Estonians implemented slightly more foresight in the winter of 1939-40 and moved more of their gold reserves abroad [EestiPankHis2] than Latvia and Lithuania

did. Eesti Pank stored > 97% of its gold in the UK, USA, SE, and CH, so what remained in the Tallinn central vault was 22.1 kg of foreign gold coins together with 151,271 gold roubles [EestiPankHis2]. Upon calculating its total value, I found that amounted to 0.03-0.05 tonnes gold = ~141–238 thousand kroons or ~**34-56 thousand USD.** [Calc4]

Figure 4. Part of Eesti Pank's gold reserves, which were held by the Bank of International Settlements BiS via the US Federal Reserve. Source: Bank of Estonia.[EestiPankHist2]

In the next weeks, Estonian banks' safe-deposit boxes were opened, Estonian store shops raided, and Estonian citizens' home valuables were taken under a similar nationalization decree, theJuly 23, 1940 *Law on the Nationalization of Banks and Large Industrial Enterprises*.

On July 17, 1940, Jüri Jaakson announced that he was leaving the position of President of Eesti Pank. In a case similar to the former Latvian Bank director, on June 14, 1941, Jüri Jaakson was among the more than 10,000 Estonians, who the NKVD deported to Russia, in USSR's first mass deportation from the Baltic countries. He was sentenced to death and shot on April 20, 1942 in Sverdlovsk prison. [EestiPankHis2]

Gosbank's *Mostly* Unsuccessful Looting of the Baltic Gold Reserves Abroad

The Soviet authorities then attempted to assume control of the Baltic gold reserves held *abroad*.

Legalistic fake cover internationally:

The official Soviet line was that the three Baltic banks had been nationalized by the new "People's Government," and that the Baltic banks' foreign deposits now belonged to the USSR. What followed was the USSR's Gosbank requests, using an elaborate lie about 'sale-purchase' agreements, to every international financial institution which held the Baltic countries' gold.

1 pav. Lietuvos banko telegrama TSRS valstybiniam bankui

Figure 5. Telegram to the State Bank of the USSR. Source: Bank of Lithuania [Gryva]

The lies offered to the Latvians to fit USSR's Gosbank fake "sale-purchase" agreements were [Vest]:

1. The Latvian gold was payment for 1,000 tractors which Joseph Stalin promised to the Latvian farmers.

2. General Robert Dambite claimed that the gold taken is payment for the heavy weapons provided by the USSR that was placed in Liepaja, in the Strait of Irbes and in Bolder. (Mutual Assistance Pact [KerstMAP]).

3.The Soviet Puppet Government of Kirhenstein in August claimed that the Latvian Gold was simply a request by the USSR State bank, Gosbank, to *return* its Latvian Gold to it (Gosbank).

Gosbank asked that those institutions transfer "its" gold to meet Gosbank's "regular purchase agreements" between Gosbank and the Baltic banks. To prove to those international entities that Gosbank's request was 'legitimate', it explained that the Baltic banks sent Gosbank Telegrams that instructed Gosbank to make those gold transfers. The requests by Gosbank presented a false narrative that it had purchased the reserves "legally" and that the telegrams by the three coerced Baltic banks were voluntary instructions. Fig. 5 shows the version from Lithuania: the fake Telegram from the coerced Bank of Lithuania.

Washington, D.C. rejected these requests, as made under duress, and blocked the gold transfers under Executive Order 8484 (issued 15 July 1940). The U.S. record reproduces the Soviet wording and the dates. [USAForHist] I've selected a portion of the 1940 Washington, D.C. response in Figure 6.

> The attempt to transfer the gold belonging to the Banks of Lithuania, Latvia, and Estonia was made at a time when it had become apparent that the governments and peoples of those countries were being deprived of freedom of action by foreign troops which had entered their territories by force or threats of force. The attitude of the Government and people of the United States with regard to the use of force or threats of force in the conduct of international relations is well known. In keeping with this attitude, it is proper that the authorities of the American Government, in administering the orders and regulations referred to, should not fail to take into consideration the special situation existing in the three Baltic countries.

Figure 6. A portion of Washington, D.C. letter that rejected the gold transfers. Source: USA's Office of the Historian [USAForHist]

The Five Countries that Held the Baltic Gold

The five countries that held most of the Baltic gold in 1940 were: the UK: the Bank of England, the USA: the Federal Reserve, France: Banque

de France, Sweden: Swedish Riksbank, and Switzerland: the Bank of International Settlements or BIS.

Out of the five banks that received Gosbank's requests to transfer Baltic gold to Gosbank, *four refused*: the Bank of England, the Federal Reserve, the Banque de France, and BIS.

One *did not refuse Gosbank's request*: the Swedish Riksbank, which held 2.9 tonnes for Estonia, and 1.28 tonnes for Lithuania, so for a total of 4.18 tonnes. According to [Gryva], Riksbank transferred Lithuania's and Estonia's gold to the USSR State Bank in two installments: on July 22, 1940 – 1,249.8 kg (worth - 8.3 million Lt), and on August 30, 1940, 24.5 kg (value – 163 thousand Lt). In summary: Gosbank succeeded to loot the equivalent of 4.7 million USD of gold bullion from Estonia and Lithuania in July 1940 with those deceptions. We'll discuss the 1992-3 Swedish restitution result later in Part Two of this article.

Baltic Country	UK (t)	US (t)	FR (t)	SE (t)	CH (t)	*Total* (t)	Value (1940 USD million)	Value (1992 USD million)
Estonia	4.80	2.56	—	2.90	3.30	13.56 t	≈ 15.3 M USD	≈ 152.9 M USD
Latvia	6.55	3.05	1.00	—	5.02	15.62 t	≈ 17.6 M USD	≈ 176.1 M USD
Lithuania	2.95	2.49	2.25	1.28	0.63	9.60 t	≈ 10.8 M USD	≈ 108.2 M USD
Total (t)	14.30	8.10	3.25	4.18	8.95	38.78t	≈ 43.4 M USD	≈ 434.9 M USD

Assumptions used with specific data references:

- 1 tonne = 32,150.7466 troy oz
- Gold in 1940 = $35/oz → $1.125M per tonne
- CPI inflation multiplier 1940 → 1992 ≈ 10.02×

- Estonia. Eesti Pank gold of Estonia deposited in Sweden and England (2.9 t and 4.8 t respectively) and at the BIS (3.3 t) [Bank of Estonia][BoEHist]
- Latvia. Latvia – University of Latvia / Leits (1958): archival table (Bank of England: 6 554 kg, Federal Reserve Bank of New York: 3 048 kg, Banque de France: 1000 kg, BIS in Geneva: 5 kg) [University of Latvia Press PDF], page 114 [Leits]
- Lithuania. (BoE 2.947 t; BoF 2.247 t; FRBNY 2.494 t; BIS 0.632 t; Sweden ≈ 1.08 t inferred and later compensated). [Bank of Lithuania PDF][Gryva]

- U.S. Dept. of State, memorandum listing Baltic gold on deposit at FRBNY in 1940 Estonia $2.88 m (2.56 t); Latvia $3.43 m (3.05 t); Lithuania $2.81 m (2.49 t). [USAForHist2]

The Baltics in the 1938-40 European Economic Landscape

GDP of the Three Baltic countries

Upon seeing the thefts of millions worth of gold and personal valuables, you may have wondered at the wealth of these three countries in 1938-1940. According to [Broad], Latvia and Estonia were #10 and #11 in GDP per capita, in 1938. Lithuania was approximately #19 near Poland in this chart according to its GDP listed in [Krumins]. If you're curious about Latvia's economic trading partners, Karnups' book provides additional information as well. [Leits]. There is no denying that these three were prosperous, capitalist, sovereign, independent countries in 1938.

Table 8.3 Distribution dynamics: Country ranking according to GDP per capita, 1922, 1929, 1938 Source: The Cambridge Economic History of Modern Europe: Volume 2, 1870 to the Present

1922		1929		1938	
Country	GDP per capita	Country	GDP per capita	Country	GDP per capita
UK	4637	Switzerland	6332	Switzerland	6390
Switzerland	4618	Netherlands	5689	UK	6266
Netherlands	4599	UK	5503	Denmark	5762
Belgium	4413	Denmark	5075	Netherlands	5250
Denmark	4166	Belgium	5054	Germany	4994
France	3610	France	4710	Belgium	4832
Germany	3331	Germany	4051	Sweden	4725
Sweden	2906	Sweden	3869	France	4466
Austria	2877	Austria	3699	Norway	4337
Norway	2784	Norway	3472	Latvia	4048
Italy	2631	Italy	3093	Estonia	3771
Ireland	2598	Czech.	3042	Finland	3589
Estonia	2311	Ireland	2824	Austria	3559
Spain	2284	Estonia	2802	Italy	3316
Finland	2058	Latvia	2798	Ireland	3052
Czech.	2006	Spain	2739	Greece	2677
Greece	1963	Finland	2717	Hungary	2655
Latvia	1929	Hungary	2476	Poland	2396

Figure 7. European Country Raking according to GDP per capita. Source: Broadberry and O'Rourke (eds) ResearchGate [Broad]

Baltic Exports Serve the German War Economy and Lock Themselves In

The brazen Soviet thefts of the Baltic Gold in 1940 were a snapshot of part of the complete transformation of the three Baltic countries into the belly of a totalitarian system. **USSR's methodology was meticulous and surgical, assisted by one of the Estonia's and Latvia's largest trading partners in 1939: *Germany*.** Together, we see proofs from 1) The Memo, 2) Molotov-Ribbentrop Pact (MRP), 3) Soviet Mutual Assistance Pacts (MAP), 4) German-Soviet Trading Agreements, and the 5) forced expulsion of the Baltic Germans, that the three Baltic countries in 1939 were locked in a German-Soviet system, dominated militarily, controlled economically and culturally, and probed enough, to gain the necessary information which facilitated the 1940 tragedies that followed.

1. The Memo. On June 17 1940, on the first day of full Soviet occupation of Estonia and Latvia (Lithuania's began June 15), the German Foreign Office sent a memo to the Reich Foreign Minister [Baum]:

"Since the conclusion of the Soviet Mutual Assistance Pact with the Baltic countries in September–October 1939 [...] the economic importance of the three Baltic States for our supply of food and of raw materials essential for war has become quite considerable as a result of the commercial treaties concluded with these three States during the last year.

"In the course of the last six months, we have furthermore concluded **secret agreements** [Molotov-Ribbentrop Pact [KerstMolo] with all three States whereby **the entire export of these countries**, except the small part going to Russia and another small portion which goes to neutral countries, **will be sent to Germany**. That means for all three States about **70 percent of their total exports**."

The same memo notes how **Soviet influence** will disrupt this arrangement:

"The consolidation of Russian influence in these areas will seriously endanger these necessary imports... The Soviet Union was able to secure only about **10 percent of the export trade** of these countries for itself by means of the treaties it recently concluded."

The Memo effectively illustrates:

- Germany, via commercial and **secret agreements** had arranged that ~70% of Baltic exports were effectively locked into serving the German war economy.
- While the USSR, via the **Mutual Assistance Pacts** [WikiMAP] and later measures, was carving out a share (about 10%) and threatening to reorient the rest.
- Both Germany and the USSR are explicitly described as using the Baltic economies as **instruments of their war policies**.

2. Molotov-Ribbentrop Pact. August 23, 1939.

The Molotov-Ribbentrop Pact was a 1939 non-aggression treaty between Nazi Germany and the Soviet Union, signed by Foreign Ministers: Vyacheslav Molotov and Joachim von Ribbentrop, that 'secretly' divided Eastern Europe into spheres of influence. Poland was invaded by Germany one week later. The MRP was not particularly secret, as it was frequently front-page news on newspapers all over the world during the late summer and early Fall in 1939 as seen in the compilations by Jens Walter. The only 'secret' aspect about it were specific details and where the signed agreement was located. Yes, the MRP papers were in the Kremlin safe; Gorbachev lied about that too. The Baltic governments-in-exile gave abundant information on the MRP in eyewitness interviews in the early 1950s US Congress Kersten Committee report number one. Watch Stalin and Molotov and Ribbentrop haggle for dividing Lithuania: "divide Lithuania along the River Daugava? " "or along the River Nemunas?" on page no. 374 of that report. [KerstMolo]

3. Mutual-Assistance Pacts. 28Sep39-EE, 5Oct39-LV, 10Oct39-LT

The MAPs [WikiMAP] between the USSR and each of the three Baltic countries, signed in September and October 1939,gave permission to the USSR to station Soviet troops and military equipment on Baltic territories to help defend them. The MAPs effectively neutralized their personnel defenses with providing the same number of Red Army troops as what existed in the defense forces of the three countries. The treaties describe "respect for sovereignty" and "non-interference," with no explicit economic clauses.

However, in practice, the MAPs gave the USSR **military and political leverage** sufficient to dictate internal and external policy, including economics. The MAP agreements also opened the door to the USSR to collect intel on the financial and other state institutions.

The USSR broke the Estonian MAP agreements in less than 2 months as Johannes Kaiv, Acting Consul General in Charge of the Legation of Estonia, starting on p. 26, explains to the Kersten Committee [KerstMAP]. The Soviet troops and equipment outnumbered what was permitted, and which was negotiated in good faith by the Estonians.

For the Latvians, we see from November 18, 1939 news in Fig. 8, that the Soviets also broke the MAP agreement in less than two months. The news article reports on the large numbers of Soviet soldiers in, and around, Windau (German for 'Ventspils') and Libau (German for 'Liepāja') since the signing of the MAP on October 5. "Soviet troops .. are reported to have occupied five neighboring towns not mentioned in the [Latvia-Soviet] pact, which towns foreigners have been ordered to quit."

RUSSIANS IN LATVIA

Number of Soliders Excessive

LONDON, Friday.
Russian troops in Latvia far exceed the number stipulated in the pact of October 5.

Stockholm reports asserting this add that the Soviet troops have advanced in the rural areas round Libau and Windau, and are reported to have occupied five neighboring towns not mentioned in the pact, which towns foreigners have been ordered to quit.

Latvia and her sister Baltic States, Lithuania and Estonia, are now under Russian influence as a result of the recent pacts that they, were virtually forced to make with the Soviet.

Figure 8. November 18, 1939 news from the archive of the Recorder newspaper (Port Pirie, South Australia: 1919 – 1954). Many thanks to Jens Walter for finding it.

For the Lithuanians, Vilnius became part of their territory as a result of their MAP agreement with the USSR, along with significant Soviet troops and military equipment. Like the Estonians and Latvians, the

number of Soviet troops matched their own defense forces in number, effectively neutralizing them. [WikiMAP]

4. German-Soviet Economic Agreements (1939-1940)

These economic agreements show **how the two powers coordinated economic flows, including those affecting the Baltic region**:

- **German–Soviet Commercial Agreement (19 Aug 1939)** [WikiGSCA39] and follow-up **German–Soviet Commercial Agreement** [WikiGSCA40] arranged huge flows of Soviet raw materials (oil, grain, manganese, etc.) to Germany in exchange for German industrial goods.
- Soviet exports to Germany between 1939-41 reached roughly **598 million RM**, while Germany shipped back about **437 million RM** in machinery and military-related goods.[WikiGSCA40]

These flows drew in Baltic transit, ports, and shipping routes, further subordinating Baltic economic life to the bilateral German-Soviet economic regime. Once the USSR had Baltic military bases (>October 1939) and then occupied Baltic states (>June 1940), their **trade, ports, and transport networks** could be folded into this German-Soviet economic system, making the region a controlled corridor for raw materials and foodstuffs.

5. 'Repatriation' of the Baltic Germans

The Baltic Germans were 'extracted' by Hitler, Stalin and the Baltic people themselves. [WikiBaltGerm][LSMBaltGerm][KeysBaltGerm]

In the late Fall of 1939 and early 1940, ~80K Baltic Germans left the Baltic countries and were 'repatriated' back to Germany. The Baltics were their home for dozens of years, as the Baltic German community had roots stretching back roughly **700 years.** Their departure occurred amid rising Baltic nationalism since the countries' 1918 Independence during the interwar period.

In late 1939 and early 1940, after the signing of the Molotov-Ribbentrop Pact and under the Heim ins Reich [Heim] program, Hitler applied significant pressure to relocate most Baltic Germans to Germany, but they did not go all of the way to Germany,proper. Instead the Baltic Germans relocated to the Reichsgaue of Wartheland and Danzig-West Prussia, located on the occupied territory of the Second Polish Republic.[SecPolRep] Baltic Germans had no connection to this 'Promised Land'. The Baltic Germans were forced to renounce their

Baltic residences and citizenships and were required to pass tests of racial purity and German loyalty.

In Estonia, approximately 13,700 Estonian Baltic Germans resettled by early 1940. In Latvia, the numbers were three times larger: the ethnic Germans were the third largest minority in the country. About ~50,000 left Latvia that 1939 Autumn, and another ~12,00 Baltic Germans left by early 1940.

Latvia suffered disproportionate financial losses as Germany compensated the new immigrants for abandoned properties, but Latvia reimbursed Germany. It was a poor judgement, especially in light of the 30% population losses that Latvia experienced in the 1940s. For the Latvians, not only were their citizens taken away, but they paid for it. [KeysBaltGerm]

These population flows *additionally* drew in Baltic transit and upper class business tiers of society from which the Baltic Germans lived, subordinating Baltic cultural and industrial life to the bilateral German–Soviet totalitarianism regimes.

The USSR Occupation Blueprint

By early 1940, we can begin to see the USSR's Occupation methodology which would not have been successful, without Germany's large assistance. With Germany actively involved and applying pressure where the USSR couldn't, the three Baltic countries in 1939 were locked in the German-Soviet system, dominated militarily, and controlled economically and culturally.

The bank vault thefts and subsequent looting were brazen, shocking thefts. As you followed along, you were probably, like me, asking yourself, "*How* **could the USSR in June 1940 be so fast and efficient?**"

The bilateral German–Soviet totalitarianism regime in place by early 1940 answers some of that question.

We can **reasonably infer** that:

- Soviet financial and intelligence specialists used the period from autumn 1939 to June 1940 – when they enjoyed base rights, expanded embassies, trade missions and intelligence networks – to gather detailed information on Baltic state finances and banking structures.
- The sophistication and speed of the 1940 looting (especially the coordinated moves against gold and foreign reserves) almost

certainly required **pre-existing knowledge of accounts, legal frameworks and institutional structures**, not improvised guesswork.

For example, the Soviet-Russian State Bank: Gosbank, did not interact with the Eesti Pank in the 1930s; i.e. did not make requests. Yet, starting in February 1940, Gosbank began to make a series of "blank loan" requests, each request with more aggressive demands than previously, right up until June 1940, when USSR's full Occupation began. [EestiPankHis2] The requests were building intelligence, along the way.

By 1940, Muscovy/USSR had implemented enough aggressions, to show distinct methodologies when eyewitness victims were interviewed by the US Congress Kersten Committee, twelve years later. [HWTBack]

The Blueprint of USSR's Occupation operations are multistep with long timelines, built around three nodes:

1) Borders (including Sea, Air),

2) 5th Column of pro-Kremlin people inside the territory, and

3) Political-Legal changes that favor the Kremlin.

The MRP and MAP events for the Baltic countries hit on all three nodes. The Germany pressures provided additional actions for the multistep operations between the nodes, to weaken the Baltic countries economies and social structures.

The complete transformation of the three Baltic countries into the belly of a totalitarian system accelerated from mid-June 1940, after the three governments were given Ultimatums. If you think that the Bank thefts were brazen, the speed of the transformation of three **prosperous, capitalist, sovereign, independent countries into units of the Soviet Union** will leave you speechless. It is one of the USSR's most brutal operations. It took approximately six months. I will go through the steps in the Fourth Part of this Gold Journey series. The next two Parts of the Series will jump ahead a half-century in time to address the Gold Journey at the *other end* of the Occupation, upon the three countries' Re-Independences. See you there.

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The Baltic Gold Journey Stories by Amara Graps are a symbol of the Baltic countries' prosperity in 1938, a large education in Russian-Soviet

intelligence operations in 1939-1940, and a sign of hope, a half-century later in 1992-93. And just when you think that you have learned all of these lessons, the Gold points you to a few more lessons in 2008 and 2025.

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14. **Calculation**. Official U.S. government gold price in 1940: $35.00 per troy ounce. Gold parity of the Lithuanian litas (interwar): 1 Lt = 0.150462 g of pure gold Using gold parity with $35/oz gives 1 USD ≈ 5.9063 Lt. Convert mass to troy ounces. 1 kg = 32.1507466 troy oz. 0.5 t = 500 kg = 16,075.3733 oz. 0.7 t = 700 kg = 22,505.5226 oz Value at **$35.00/oz** (official). **In USD (1940): 0.5 t:** 16,075.3733 oz × $35 = **$562,638 0.7 t:** 22,505.5226 oz × $35 = $787,693. In Lithuanian litai (Lt, 1940; gold-parity implied): Using 1 USD ≈ 5.9063 Lt. 0.5 t: $562,638 × 5.9063 = 3,323,098 Lt 0.7 t: $787,693 × 5.9063 = 4,652,337 Lt [Calc3]

15. **Bank of Lithuania Report.** Number 48. May 24, 1940. Source: Bank of Lithuania. Another data point to understand what were the total reserves of Lithuania's wealth in June 1940 comes from page 15 of the Bank of Lithuania Report [LT48] curve "A", which provides total domestic and foreign reserves. Bank of Lithuania's own balance table shows that on 30 June 1940 the item "A − Aukso fondas ir užsienio valiuta" (gold fund + foreign currency) stood at ≈ 76.65 million litai (bank-wide, i.e., wherever held). As the Bank's gold holdings by 1940 are consistently described as ≈ 63 million litai (~9.5 t), mostly held abroad, if you subtract from the 76.65 m Lt total for gold + FX, than you get a foreign-exchange (FX) component ≈ 13.6 m Lt. [LT48]

16. **Villu Zirnask** 1999. *Eesti Pank 1939–1999*. Eesti Pank. Tallinn. [digar.ee][EestiPankHis]

17. **Villu Zirnask**. 2019. Eesti Panga Lugu [Eesti Pank PDF] [EestiPankHis2]

18. **Calculation**. Using official 1940 U.S. monetary gold price = $35 per troy ounce National Mining Association and 1 kg = 32.1507466 troy oz. For kroons, using the 20 Jun 1940 Eesti kroon rate band $1 = 4.17−4.23 EEK (buy/sell). Wikipedia 0.03 t (30 kg) fine gold. Troy ounces: 30 × 32.1507466 = 964.522 oz t. Value (1940 USD): 964.522 × 35 = $33,758. Value (1940 EEK): $33,758 × (4.17−4.23) = 140,772−142,798 kroons For: 0.05 t (50 kg) fine gold. Troy ounces: 50 × 32.1507466 = 1,607.537 oz t. Value (1940 USD): 1,607.537 × 35 = $56,264. Value (1940 EEK): $56,264 × (4.17−4.23) = 234,620− 237,996 kroons [Calc4]

19. **Laimonas Gryva. (2005).** TSRS Bandymai Perimti Lietuvos Banko Auksà ir Sàskaitas Uþsienyje 1940−1941 Metais. (eng: Attempts by the USSR to Seize the Gold and Accounts of the Bank of Lithuania Abroad in 1940-1941) Pinigų studijos, 2005(2) (BoE 2.947 t; BoF 2.247 t; FRBNY 2.494 t; BIS 0.632 t; Sweden ≈ 1.08 t inferred and later compensated). [Bank of Lithuania PDF][Gryva]

20. **Foreign Relations of the United States,** Diplomatic Papers, 1940, General, Volume I. 840.51 Frozen Credits/339: Telegram. The Acting Secretary of State to the Chargé in the Soviet Union (Thurston). Washington, August 9, 1940—6 p.m. 423. Your 885, July 20, 9:30 [9] p.m. [history.state.gov] [USAForHist]

21. **Eesti Pank.** *History of Eesti Pank*, "1940–1989: Liquidation of Eesti Pank and Occupation": gold of Estonia deposited in Sweden and England (2.9 t and 4.8 t respectively) and at the BIS (3.3 t) [Bank of Estonia][BoEHist]

22. **U.S. Department of State.** *Foreign Relations of the United States, 1950: Central and Eastern Europe; The Soviet Union*, **Vol. IV. Washington, DC:** U.S. Government Printing Office, 1978. Document 163, "Investment of Blocked Baltic Funds," which lists Baltic gold held at the Federal Reserve Bank of New York (Estonia, Latvia, Lithuania) on deposit from 1940. The memorandum appears in the context of U.S. non-recognition policy and discussions concerning Baltic state assets frozen in the United States after Soviet occupation. The memorandum listing Baltic gold on deposit at FRBNY in 1940 lists: Estonia $2.88 m (2.56 t); Latvia $3.43 m (3.05 t); Lithuania $2.81 m (2.49 t)[Office of Historian] [USAForHist2]

23. **A. Leits. (1958).** *Latvian gold reserves in foreign banks before and after Soviet occupation* (Archival data table pp. 169, 223). As cited in: Karnups, V. P. (2019). *The Little Country That Could: Latvian Economic Relations and Foreign Trade with Various Countries in the Interwar Period*, Table 6. The archival table lists: (Bank of England: 6 554 kg, Federal Reserve Bank of New York: 3 048 kg, Banque de France: 1000 kg, BIS in Geneva: 5 kg) [University of Latvia Press PDF], page 114. and at [Vestnesis] [Leits]

24. ***Stephen Broadberry*** *& Kevin H. O'Rourke (eds),* The Cambridge Economic History of Modern Europe: Volume 2, 1870 to the Present, Cambridge University Press, 2010 — Chapter 8, Table 8.3: Distribution dynamics: Country ranking according to GDP per capita, 1922, 1929, 1938. {ResearchGate][Broad]

25. **Gatis Krūmiņš' I:** How Difficult it is to Recover a Future Once Stolen: The Case of Latvia just published in a StratcomCOE Spring 2025 Defense Communication. PDF [Krumins]

26. ***Baumschule No. 57*** *of June 16, 1940. Nazi–Soviet Relations 1939– 1941: The German Foreign Office to the Reich Foreign Minister*, 17 June 1940 (Avalon Project, Yale).[avalon.law.yale.edu][Baum]

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Lithuanian Mutual Assistance Treaty (10 Oct 1939) [Wikipedia-LT] [WikiMAP]

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33. **Wikipedia** Heim in Reich [Wikipedia][Heim]
34. **Wikipedia** Second Polish Republic. [Wikipedia] [SecPolRep]
35. **Hybrid War Tracker.** Background. [HWT][HWTBack]

FIGURE 1. THE THREE TONNE, MILNERS, BANK-VAULT DOOR OF THE LIETUVOS BANKAS IN KAUNAS, LITHUANIA, WHICH LEADS TO THE MAIN BANK VAULTS. SOURCE: V. LAURINAVIČIUS, 2018. [LAURINAVICIUS]

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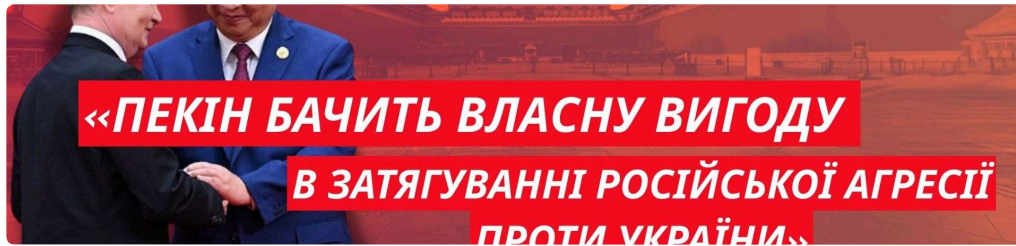PREV   NEXT

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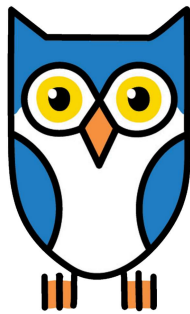### Why Disinformation Doesn't Stop When a Story Is Debunked

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