

Persecuted, “Aryanized,” Compensated?

How the Department Store Group Hermann Tietz Became Hertie

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Summary

Department store companies were hit harder than almost any other industry by the racial fanaticism of the National Socialists. Since almost all major department store chains were run by Jewish owners or board members, they were targeted by anti-Semitic agitation as a symbol of the supposedly negative influence of Judaism on the economy and society. The name “Hermann Tietz,” which stood for one of the greatest success stories in German retailing, was particularly ostracized. Department stores had already suffered a great deal from boycotts, acts of defacement, and violent attacks even before the National Socialists took power, but in the spring of 1933 there was no longer any protection against these crimes, and the new rulers left no doubt that Jewish department store owners would be cast aside. As a result, the Tietz family lost their retail enterprise at the end of 1934 after more than fifty years of operation - not because of economic problems, a business calculation by their creditor banks, or hostilities from the retail trade, but because of their Jewish faith.

This process of “Aryanization” and its consequences faded from the public eye for a long time. After the forced displacement of the Tietz family, their group of companies was given the name Hertie Waren- und Kaufhaus GmbH [Hertie Merchandise and Department Store Corporation], which was derived from the name of the Hermann Tietz company. It developed a new identity when it was taken over by the managing director Georg Karg, who had been appointed in 1933. After the restitution proceedings initiated by the Tietz family against Hertie in 1949 led to a settlement that brought both sides into a business relationship, it was possible to view the burdened past as apparently “wiedergutmacht” [“made good”], but the deeper question of moral guilt remained unresolved. At Hertie, this history was embellished with legends that told of a voluntary sale of the Hermann Tietz Group and a generous settlement for the Tietz family. Even later, when the role of companies under National Socialism was critically questioned, the Aryanization and its consequences were not dealt with. The department store companies did not have to face complaints from abroad like large German industrial firms and the major German banks were forced to do, and furthermore, the Hertie concern no longer existed. After Hertie was sold to Karstadt AG in 1993, the history of this company also began to fade.

The three foundations set up by Georg Karg and his descendants were primarily committed to their own family history but were not able to come to terms with their past during the Nazi

era. The Aryanization of the Hermann Tietz Group was only described on a few pages in a study of the Wertheim department store company, which Hertie took over after the war. It was an initiative by students and alumni of the Hertie School in 2018 that finally brought the story of Hermann Tietz into the public eye. The initiative urged the university and its sponsors, the non-profit Hertie Foundation founded by the Karg family, to face the burdened past and pay tribute to Hermann Tietz. When the critical questions of the initiative were then also repeated in the media, the Hertie Foundation commissioned the Business History Association in the autumn of 2020 to comprehensively examine the Aryanization of the Hermann Tietz Group and Hertie's role in the Nazi era in an objective, scholarly investigation.

For the first time in almost 90 years, a study is now available that draws a coherent overall picture by evaluating extensive source material from archives and private records. The investigation was not limited to Aryanization in the narrower sense, but also included the subsequent history in the post-war period, the restitution proceedings, the comparison between the Tietz family and Hertie, and the ensuing encounters between the two sides.

The Hermann Tietz Group until 1933

The study thus spans a broad analytical spectrum, beginning with an introduction to the history and structure of the Hermann Tietz Group. Thanks to innovative business practices, the linen goods business, founded by Oscar Tietz in 1882 in Gera in eastern Thuringia and named after his uncle Hermann, became a department store group. With the early opening of retail merchandise stores, defined as large department stores with a range of different product groups, Tietz helped to shape the changing consumer behavior in German cities. At the end of the German Empire in 1918, the Hermann Tietz company was the largest department store group in the country in terms of sales. It later came in second after Rudolph Karstadt AG and ahead of Leonhard Tietz AG, founded by Oscar Tietz's older brother. A market demarcation already existed between the two Tietz groups at an early stage in their history. While Leonhard Tietz was expanding in the west of the empire, especially in the Rhineland, Hermann Tietz set up branches in Thuringia, western Saxony, southern Germany, Hamburg, and Berlin.

Beginning with the turn of the century, the capital of the Reich, which was developing into a department store metropolis, became the focus of the group, which now also had its headquarters in Berlin. The Hermann Tietz company became popular through department stores in working-class districts and through luxurious consumer temples in Berlin (Leipziger Strasse, opened in 1900; Kaufhaus des Westens/KaDeWe [Department Store of the West], acquired in 1926) and in Hamburg (opened in 1912). By 1932 the number of Hermann Tietz department stores had increased to 20, half of which were in Berlin.¹

¹ The volume published to mark the company's 50th anniversary offers an overview of the Hermann Tietz Group: Hermann Tietz. Der größte Warenhauskonzern Europas im Eigenbesitz [Hermann Tietz. The Largest Self-owned Department Store Group in Europe], Berlin 1932.

The Hermann Tietz Group had some important peculiarities which influenced the Aryanization process. These include the fact that Hermann Tietz, even as a large department store group, had retained the legal form of a partnership. Unlike the joint stock companies Leonhard Tietz, Wertheim, and Karstadt, the company remained a general commercial partnership (OHG=offene Handelsgesellschaft) with personally liable partners. Another feature of the Hermann Tietz Group was that it had a network of more than 20 real estate, trading, and manufacturing companies that could hardly be comprehended by an outsider. The family and company assets were not strictly separated in these companies, since the Tietz family considered that they both formed a unit.

The real estate companies accounted for around two-thirds of the Group's assets and were particularly important. These companies also comprised the wealth of the Tietz family, who, like many department store owners, had invested their assets in the department stores' underlying properties and other real estate. Some of the real estate companies were founded to accommodate the buildings of large department stores, others held residential and commercial buildings that had been acquired as land for future department stores or in the course of Berlin property speculation. Deutsche Boden AG with extensive real estate holdings on Berlin's Kurfürstendamm was the most important of these companies.

After the death of the company founder in 1923, the Hermann Tietz company was managed by Oscar Tietz's two sons and son-in-law, the personally liable partners Georg Tietz, Martin Tietz and Dr. Hugo Zwillenberg. Oscar's widow Betty and her daughter Elise Zwillenberg were silent partners in the company. Betty Tietz, whose standing was greater than it was perceived from outside the family, retained the largest shareholding within the family.

At a time of rapid growth in the department store sector and increasing concentration within the industry, the Hermann Tietz owners decided in December 1926 to purchase the Berlin concern A. Jandorf. However, this takeover, for which Hermann Tietz paid an estimated RM [Reichsmark] 40 to 50 million, also increased the company's debt. The company thus entered the global economic crisis that began in the autumn of 1929 with considerable financial burdens. The decline in sales put the department stores under pressure in the years that followed and their business model made them vulnerable to liquidity bottlenecks. The suppliers had to be paid before the goods could be sold to the customers and this gap could only be bridged with commercial credit. There are no balance sheets for the business development of Hermann Tietz OHG in these years since, as a private company, it was not obligated to make public its annual report. However, after the excessive expense of a special sale to mark the company's 50th anniversary in the spring of 1932, the group undoubtedly ran into liquidity difficulties. Creditor banks and suppliers now became suspicious, especially since the company's financial situation was completely opaque. At the time, Deutsche Bank is said to have blocked its loans to Hermann Tietz.

After the war, Hertie claimed as part of the restitution proceedings that the Tietz family had given up their company because of its hopeless situation caused by the high level of debt incurred during the global economic crisis. In fact, this slump, which was later referred to as a "payment slump," was overcome. Due to its extensive property holdings, the group's assets

were still greater than the debts, which therefore continued to be covered. Unlike the even more indebted Karstadt AG, which in 1932 was saved from collapse only through a RM 25-million credit, Hermann Tietz did not have to be supported during the global economic crisis.

National Socialist Terror and the Beginning of “Aryanization”

Undoubtedly, the Tietz family group was brought to the brink of collapse only by the department store crisis brought about by the National Socialists in the spring of 1933. The attacks against “Jewish” shops and especially against department stores, which had already begun in the 1920s, swelled into continuous terror after the National Socialists took power. With the national “Jew boycott” proclaimed by the leadership of the NSDAP [Nationalsozialistische Deutsche Arbeiterpartei = National Socialist German Workers’ Party] on April 1, 1933, the campaigns of the Kampfbund für den gewerblichen Mittelstand [Battle League for the Commercially Engaged Middle Class] became a guideline for those in power. On that day, slogans such as “Jews out” and “Death to the Jew agitators” were placarded in front of department stores belonging to the Hermann Tietz Group, which were also defaced with swastikas. The boycott of April 1, 1933 is sometimes described as having little success since it was broken off after one day. In fact, it was just one wave in a tide of anti-Semitic terror that had begun years earlier and was to continue for a long time to come.

This campaign was a disaster for the department store companies. Even worse than the immediate consequences of the boycotts, they were faced with the fact that the future of the entire department store industry was now in question. A sizeable section of the public had stopped shopping at “Jewish” department stores even without a boycott. At Hermann Tietz, sales collapsed by more than 40 percent in April 1933 and by 20 percent in the entire department store sector in 1933. As a result of this crisis, which was politically caused by openly anti-Jewish discrimination, the Hermann Tietz Group, which had already been hit by the global economic crisis, experienced massive payment difficulties. In May 1933, contracts with suppliers and creditor banks were maintained only by pledging Betty Tietz’s private shares in the company, and even then the funds for salaries and wages threatened to run out. Without a loan in the double-digit millions, the banks now expected Hermann Tietz to stop making payments at the end of June 1933. In the Reich Ministry of Economics, however, it was assumed that the company had “a healthy balance sheet” and was “only in temporary difficulties.”²

The boycott of April 1 also marked the beginning of the Aryanization of the department store chains. At Leonhard Tietz AG, Alfred Leonhard Tietz, Georg and Martin’s cousin, was forced to resign on that day under pressure from the party and the banks. Three months later, a consortium of banks took over the majority of the company’s share capital. It was now only a matter of time before politicians, with the support of the banks, would push for an

² Excerpt from the minutes of the meeting of the Reich Ministry, June 23, 1933, in: Bundesarchiv Berlin [German National Archives, Berlin], R 43 II/369, Bl. 18.

Aryanization at Hermann Tietz OHG as well. The company's owners refused to negotiate, but the mounting liquidity problems their company had been forced into by the National Socialist campaigns made them vulnerable to blackmail. The banks were not willing to support Hermann Tietz with an urgently needed loan in the millions. Later they were accused of deliberately and prematurely pandering to the regime's expectations with this attitude of refusal. However, the encirclement maneuver against Hermann Tietz is to be blamed on those in power. From the point of view of the banks, the Tietz concern was no longer able to offer reliable security, not because of its debts, but because the continued existence of a "Jewish" department store company was politically endangered. As long as this risk existed, no bank was willing to grant a million-mark loan, not even the Akzeptbank [Acceptance Bank], an institute founded with the participation of the Reich that specialized in supporting ailing companies and had already rescued Karstadt AG in 1932. When the Hermann Tietz owner applied for a loan in the tens of millions from the Akzeptbank, the bank made a commitment dependent on the express consent of the Reich government.

Although the liquidity crisis worsened dramatically, the Tietz family initially resisted the pressure towards "Gleichschaltung"[enforced conformity] of 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 posh Hotel Adlon on June 22, 1933 under a pretext and locked in a room there until they "agreed."³ A few days later, Hermann Tietz received a bridging loan from the Akzeptbank, but the multi-million-mark loan could only be granted with Hitler's consent, and thus became a fundamental political issue. Hitler initially refused to support a "Jewish" department store chain, but then, on July 4, 1933, he gave in to a shift towards a more economically advantageous policy, as advocated by the new Reich Minister of Economics, Kurt Schmitt. A few days later, the NSDAP leadership banned party members from undertaking further actions against department stores. This change of strategy was tactically motivated and reversible at any time, but credits to department store companies were at least politically more or less secured. It was only now that the banks were able to act. Contrary to what had later been suspected, they had not worked purposefully towards an Aryanization of the Hermann Tietz company. Only in June 1933, almost at the final hour, did they begin to develop a strategy in consultation with the Reich Ministry of Economics.

The owners of the Hermann Tietz company, as personally liable partners in an OHG [general partnership], could not be forced to resign like members of the board of directors of a stock corporation. Since they were liable for the company's debts with their personal assets, they could only be forced out after a costly offsetting of the liabilities and a release from liability for the company's debts. This procedure required accounting for the debt burden, which had not previously been shown in detail, a breakdown between the mixed private holdings

³ Walter Schmidt/Hans Aldenhoff to the Compensation Chamber of the Berlin Regional Court, August 1950, 9, in: Leo Baeck Institute, Jasen Tietz Collection, AR 25956, Box 2, File 22.

of the Tietz family and the company's assets, and a certified valuation of the assets. And who would want to assume this liability as a shareholder instead of the owner?

The Final Displacement of the Owner Families

The Reich Ministry of Economics left it to the banks to find a solution. In lengthy discussions, the consortium of creditors, led by Dresdner Bank and its affiliated bank Hardy & Co., agreed to Aryanize Hermann Tietz OHG by means of a limited liability company [GmbH], which as a personally liable partner would join the company, displacing a member of the Tietz family. This GmbH of the banks was founded on July 24, 1933, based on the brand "Hertie," which had for some time been used by Hermann Tietz as a brand name, it operated under the name Hertie Kaufhaus-Beteiligungs GmbH [Hertie Department Store Investment Company Limited]. The Hermann Tietz authorized signatory Georg Karg and another employee of the group headquarters, Helmut Friedel, became shareholders with share capital raised by the banking consortium. At the same time, Karg was appointed managing director, together with Trabart von der Tann, who was considered as the representative of the banks in this context.⁴

As Karg later put it, Hertie Kaufhaus-Beteiligungs GmbH had the character of a "creditors' committee."⁵ As in insolvency proceedings, the creditors secured supervision of the company. The banking consortium's administrative advisory board, which had far-reaching powers over the management, was decisive. As the largest creditor, the Dresdner Bank/Hardy & Co. group and Deutsche Bank dominated the advisory board and Charly Hartung, a partner in Hardy & Co., was appointed the chair of the board. Its composition gives an idea of how broad the group of participants was. The consortium of creditors also included four "Jewish" private banks, that had no chance to offer an alternative to the solution being implemented. Three of the seven members of the first Hertie advisory board, including the chairman Hartung of Hardy & Co., were later persecuted as non-Aryans. Although Hertie GmbH was formed exclusively for the Aryanization of the Hermann Tietz Group, no member of its advisory board belonged to the NSDAP, and the two managing directors Karg and von der Tann were also not party members and did not join later.

In coordination with the Reich Ministry of Economic Affairs, the creditor banks had agreed to proceed with the Aryanization of Hermann Tietz OHG in two steps. First of all, the management was to be "gleichgeschaltet" [forced into line] through the entry of Hertie GmbH as a personally liable partner. After accounting for the company's assets and the level of debt, the Tietz family was to be forced out of the equation by means of a property dispute between the shareholders. As a result of this procedure, the family initially remained liable for the company's debts even after they were actually eliminated from the management.

⁴ Articles of Association, July 24, 1933 (copy), in: Bundesarchiv Berlin, R 8119F/11483.

⁵ Georg Karg, draft (enclosure to the letter to Carl Goetz), June 16, 1936, in: Historisches Archiv der Commerzbank [Historical Archive of the Commerzbank], 500-111656.

Only five days after Hertie was founded, the company owners had to sign an amendment to the articles of association on July 29, 1933, with which Hugo Zwillenberg was replaced as personally liable partner by Hertie GmbH. The company now operated as Hermann Tietz & Co., and the managing directors of Hertie moved into the management of Hermann Tietz, where they could overrule the two remaining managing directors Georg and Martin Tietz at any time.⁶ Since Hertie henceforth accounted for 60 percent of the profits of the Hermann Tietz company, it could now be presented as a company with “predominantly Aryan influence.”⁷

Only after the signing of the “Gleichschaltungsvertrag” [contract of enforced conformity] did Hermann Tietz receive the large loan of around 14.4 million RM, combined with a moratorium on debt service. The Akzeptbank contributed around RM 5.7 million to the loan, and the consortium of creditor banks contributed around RM 8.7 million. In the consortium formed by ten banks, including five private banks, led by Hardy & Co., the Dresdner Bank Group and Deutsche Bank dominated, as they did on Hertie’s Advisory Board as well.

The Jewish employees of Hermann Tietz & Co. felt the force of the “Gleichschaltung” right away. According to Karg, around 1,000 of the 14,000 employees were of Jewish origin, and 500 of them were laid off in August 1933. The management was not forced to do this by legal regulations, but rather pandered to the National Socialist operational cells and the Berlin SA (Sturmabteilung=paramilitary branch of the NSDAP) with the wave of layoffs. When the business threatened to suffer because no equivalent replacements could be found for the missing staff, Karg held on to Jewish employees for a while, especially in managerial positions. For this reason, Jewish employees are said to have been employed in the group until 1938.

A year after their loss of power in management, the Tietz family was forced to hand over their company assets in a second step of Aryanization on August 13, 1934. The fact that this was done through a settlement agreement resulted from the legal form of the Hermann Tietz company as a general partnership and at the same time followed the strategy that the creditor banks had adopted in consultation with the Reich Ministry of Economics. The owners could also have been robbed of their business by having their bank loans terminated, which would, however, have forced the Jewish shareholders and the entire company into foreclosure. The government and the banks wanted to avoid this at all costs because of the unforeseeable economic consequences. The Aryanization of the company’s assets could not be carried out with a simple purchase, since the company taking over, Hertie, had already joined Hermann Tietz & Co. as a personally liable partner. The forced displacement of the Tietz family had to take place under commercial law in the given framework as the resignation of the personally liable partners Georg and Martin Tietz through a settlement agreement

⁶ New version of the Articles of Association of the Hermann Tietz company, August 29, 1933, in: Staatsarchiv München [Bavarian State Archives Munich], WB Ia 315.

⁷ Advertisement by Hermann Tietz/Hermann Tietz & Co. „Wir beehren uns mitzuteilen“ [We are honored to inform you], in: Berliner Börsen-Zeitung, August 29, 1933, hereafter: Bundesarchiv Berlin, R 2501/2421.

with a new assignment of the “assets to be divided.” In the meantime, auditors from the Treuhand-Vereinigung (accounting firm of Dresdner Bank Group) and Treuverkehr (accounting firm affiliated with Deutsche Bank) had drawn up balance sheets, on the basis of which lengthy negotiations were conducted on the settlement agreement provisions. The Tietz/Zwillenberg family was aware that they would lose their group of companies. Their negotiating lawyers had only the small leeway that resulted from the fact that personally liable partners, according to the statutory provisions, were not to leave the negotiations empty-handed. As the negotiations dragged on until July 1934, it became clear how limited the scope was. The Reich Ministry of Economics now threatened the family’s lawyers with “measures.” The settlement agreement was signed two weeks later. In the preamble it was stated that the “retirement” of the family “has been described as necessary in the public interest.”⁸ It could not be stated more clearly that the family did not lose their company because of economic problems - as was later claimed - but in the course of the persecution and robbery of Jewish entrepreneurs. The family would have lost their concern even if the Hermann Tietz company had not had any debts.

In the contract of August 13, 1934, which, without annexes, is 44 pages long, the partners from the Tietz family had to agree to “resign from” their company. All of the family’s shares in group companies were transferred to Hertie. Hertie promised the personally liable Tietz owners that they would waive all claims, which corresponded to the family’s most important concern, namely release from the company’s debts. The family was also granted an exemption from the Reich flight tax, a special tax imposed on Jews trying to emigrate. In addition, some real estate and a small company in Berlin-Adlershof were left to them from the “divided estate.”

A “motivational report” written by the management at the end of October 1934 shows the balance sheet according to which the concern’s assets were offset when the Tietz/Zwillenberg family was ousted. The assets to be handed over to Hertie were included in this balance sheet minus the company’s debts, which the personally liable partners from the family were obligated to pay. Deviating from the balance sheets previously compiled by the bank consortium’s escrow auditors, there was now a capital shortfall of RM 29 million due to the undervalued worth of the firm itself, high provisions for debts of the group companies, “special write-downs” on real estate and an overall increase in bank debts. Faced with this requirement, Betty Tietz brought her entire private holdings, for which she was not liable as a silent partner, into the balance sheet. In this context, it should be noted that the sale of private assets of the family resulted in a surplus of 15.5 million RM. Hertie should have compensated them for this amount but received it without offering any equivalent value.⁹ The Tietz/Zwillenberg family was unable to defend themselves against this move, as they could have been blackmailed with the required declarations of release from liability.

⁸ Contract between the Tietz family and Hertie Kaufhaus-Beteiligungs GmbH, August 13, 1934, in: Bundesarchiv Berlin, R 81 19F/5211, Bl. 43.

⁹ Motive report on the dispute with the Tietz family and the intended reconstruction of the Hertie-Kaufhaus-G.m.b.H. after the examination, October 30, 1933, in: Bundesarchiv Berlin, R 81 19F/5212, Bl. 124.

In the overall balance, the family lost most of the group's assets due to the high debt level, which in mid-1933 was estimated at around 130 million RM. It was thus not only held liable for the costs of expansion before 1929 and the effects of the global economic crisis, but also for the damage to the company's assets caused by the persecution through Nazi terror. Further losses of assets estimated at a total of 15 to 20 million RM resulted from the aforementioned Aryanization gains in the balance sheet of the dispute. In contrast, the promises made to the Tietz/Zwillenberg family contained in the settlement agreement had a material value of around RM 2.5 million, according to Hertie's calculations.¹⁰ Of course, the achieved release from custody counted much more for the family as did the provision that they were allowed to pursue further commercial activities.

The Gradual Takeover by Georg Karg

After the Tietz/Zwillenberg family lost control of their business at the end of 1934, Hermann Tietz & Co. was taken over by Hertie Kaufhaus-Beteiligungs GmbH, which was then renamed Hertie Waren- und Kaufhaus GmbH [Hertie Merchandise and Department Store Company Limited] - the name which was maintained until the company was sold in 1993. After the takeover by Hertie, the group was owned by the consortium of creditor banks, which was dominated by the Dresdner Bank Group. It soon became clear that the banks only had Aryanization in mind when they got involved and were not commercially interested in the property they had taken over. The consortium continued to see itself primarily as a creditor to Hertie. The share capital was only increased to 2.5 million RM by converting bank debts - which in no way corresponded to the requirements of a department store group of this size. By way of comparison, the competitors Karstadt AG and Westdeutsche Kaufhof AG (formerly Leonhard Tietz AG) each had share capital of around RM 29 million. The banks had no restructuring plan for the Hertie Group and were not at all interested in restructuring, since a certain amount of debt relief would then have become unavoidable. Subsequent statements that the ousting of the Tietz family was a matter of urgent economic restructuring turn out to be a self-serving declaration on closer inspection.

When those opposed to accommodating the department store sector got the upper hand again in the spring of 1935 and helped significantly to plunge the industry into another crisis, Hertie again encountered liquidity problems due to its tight capital base. Only now did the banks see a need for action and appointed Erich H. Meyer, a proven reorganizer, to chair Hertie's advisory board. Meyer developed a restructuring plan that required the banks to waive their claims and provided for an increase in capital to 20 million RM; however, he was not able to implement it.

Hertie managing director Georg Karg used the difficult situation in the summer of 1936 to propose a plan to the banks that would enable him to take a majority stake in the company. He proposed that he acquire 51 percent of the shares at a price of 50 percent of the nominal

¹⁰ Ibid.

value, supported by a loan from Dresdner Bank and combining the repayment of this loan with a profit share from the bank.¹¹ Karg took advantage of the fact that Hertie's share capital was much too low and consisted almost entirely of converted bank debt. The banks wanted to see this money again, but in view of the unfavorable business development of the department store group, they had to fear that their involvement with Hertie would be even more expensive for them. In the books, the share capital of the department store company was valued as unsecured debt at only half of its nominal value. The Dresdner Bank, which had been taken over by the Reich during the banking crisis of 1931, was also due to be reprivatized. Against this background, the bank must have been particularly keen to reduce unsecured loans to heavily indebted companies.

With the active participation of the Reich Commissioner for the Credit Industry, Friedrich Ernst, the creditors finally agreed on a "reorganization package" for Hertie. It included an increase in share capital by converting bank debt to 7.5 million RM, a four-year standstill agreement, and the sale of a 51 percent stake to Karg. After the standstill agreement came into effect in May 1937, Karg began buying shares in Hertie, using proceeds from the sale of the group's real estate and funds from the Dresdner Bank loan. By September 1937 he already owned 51 percent of the shares. Now he also had the good fortune that the department stores were able to record a strong upswing after the long crisis. With the realized profits, Karg was able to further increase his financial participation. In June 1940 he finally achieved his goal of 100 percent ownership of Hertie. He now tried to turn Hertie into a private company but had to give up this plan because he did not receive the desired tax concessions.

Contrary to what is sometimes claimed, Karg did not take over the department store group directly from the Tietz family, but as a second buyer. However, he benefited from this Aryanization like no one else. While the department store group became a burden for the banks, he rose from an authorized officer to a manager with a wide range of networks and was finally able to use the weaknesses of the "bank rule" at Hertie to acquire the company with their support. In addition, as early as 1933, Karg took over private ownership of Jewish-owned department stores in Guben, East Prussia, and Berlin. Parallel to his promotion as Hertie's managing director, he developed the Aryanized Berlin department store Paul Held Nachf. into a private business mainstay. On the other hand, his attempts to take over Aryanized department stores in the effectively annexed areas of Czechoslovakia and the occupied Netherlands from 1938 to 1941 failed.

The Further Fate of the Tietz and Zwillenberg Families

After the loss of their group of department stores, the Tietz/Zwillenberg family stayed in Germany and tried to continue operating with the assets they had left. Georg and Martin

¹¹ Georg Karg, draft (appendix to the letter to Carl Goetz), June 16, 1936, in: Historisches Archiv der Commerzbank, 500/111656.

Tietz founded three trading companies in Berlin and London, which were integrated into the purchasing group of the Hertie concern. In connection with this activity, the brothers received approval from the foreign exchange authority in Berlin to finance foreign trade transactions with loans of up to nine million RM, whereby they had to share the foreign exchange proceeds with the tax authorities.¹² The narrative that arose during the restitution proceedings that the Tietz family had left Germany with a settlement of between six and twelve million RM was probably related to this connection. In reality, the special approval in the millions was a credit line for export transactions, which were then realized on a much smaller scale than originally anticipated. Neither can the transfer of the Mefa group of companies in Berlin-Adlershof and the subsidy of two million RM granted in this context be regarded as “compensation,” since it concerned reserves from the reassigned Tietz company assets.

These commitments to the Tietz family came about because the settlement agreement still contained provisions under commercial law that allowed a certain amount of leeway for activity in the private sector and were based on the concept of dividing the assets between the shareholders. If you consider that the family was left with less than two percent of the company’s assets in this contract and that they also lost large amounts of privately held shares, there can be no talk of “compensation” and certainly not of “fair treatment.” The Tietz/Zwillenberg family also had to learn that the promises did not last. With the intensification of anti-Semitic persecution in 1938, their trading companies were expelled from the Hertie concern purchasing group, and their remaining assets in Germany were subject to the Reich flight tax.

Nevertheless, the promises received proved useful in the short run. They made it easier for the Tietz family to transfer assets abroad before emigrating. Since they had long since invested parts of their assets in banks in Switzerland and the Netherlands, Georg and Martin Tietz were able to purchase citizenship of the Principality of Liechtenstein for themselves and their families after emigrating in 1937. Protected by this status, Georg and Edith Tietz finally managed to emigrate to the USA with their children via England and Cuba. Martin and Anni stayed in Cuba, while Betty Tietz followed her sons to Switzerland in order to emigrate from there to her home country, the USA.

The family went their separate ways when they fled. After his departure from Tietz, Hugo Zwillenberg retired to his country estate in West Havelland with his wife and children. He worked as a farmer, but kept a business office in Berlin, from where he coordinated various company investments. On the night of the November pogrom in 1938, he was arrested, robbed of his identification documents and taken to the Sachsenhausen concentration camp. Zwillenberg was only released after he had sold his property under duress and at less than a fair value. The family emigrated to the Netherlands. There, a diplomatic passport, which

¹² The President of the Berlin State Tax Office [foreign exchange office] to Georg, Martin and Betty Tietz, to the attention of Attorney Wilhelm Beutner, October 9, 1934, Brandenburgisches Landeshauptarchiv [Brandenburg Main State Archive], Rep. 36A, No. 1565; also in: Liechtensteinisches Landesarchiv [Liechtenstein State Archive] Vaduz, V 3/1937/10.

Hugo Zwillenberg had received in 1939 as Consul General of Nicaragua, protected them from the German occupying forces for several years. In October 1943 the family was arrested again and taken to the infamous Westerbork transit camp. Only their status as so-called privileged prisoners under international protection prevented them from being transported to an extermination camp in the East. After a failed attempt to get to the USA on the Swedish diplomatic ship Gripsholm, the family spent the last years of the war first in various military internment camps and finally in UN emergency shelters before returning to the Netherlands in August 1945.¹³ The members of the Tietz and Zwillenberg families experienced the torture of persecution and flight to very different degrees of intensity, but ultimately escaped the National Socialist fervor for murder.

In the context of emigration, state expropriation heralded the next stage in the economic persecution measures against the Tietz family. The Nazi regime used the Reich flight tax and an outrageously high currency discount rate in a form that had been practiced thousands of times in the meantime to indemnify the long-frozen domestic assets of the emigrants under the cloak of foreign exchange legislation. Large parts of the family's cash assets, estimated at more than five million RM in 1936, went to the National Socialist financial administration. Those who, like Betty Tietz, Hugo and Elise Zwillenberg, remained in Germany until the autumn of 1938 were also subject to the now unvarnished predatory "Jewish property tax," which swallowed up another quarter of their property. In addition to these general anti-Jewish taxes and levies, openly corrupt measures of enrichment occurred, especially in the case of Hugo Zwillenberg, when the Berlin police demanded a five-digit ransom disguised as a donation before giving him back his still confiscated passport.¹⁴

Although it has long been known from many historical studies on the varieties of confiscation, it is shocking to document how systematically and cunningly the state enriched itself from the assets of an entrepreneurial family that had belonged to the German business elite. Even more dismaying, however, is the finding of how many different, not only public but also private profiteers in the slipstream of the regime took part in the race to enrich themselves with the belongings of the Tietz family. This shows once again clearly that the will to Aryanization, robbery, and enrichment represented an integral phenomenon of a society that seemed to have completely lost its compass of values. Evidence of this can be found, for example, in the sale of the private real estate of these former department store owners. Between 1936 and 1939, the family sold their villas in the best residential areas of Berlin, not least to cover their tax obligations to the regime. The group of buyers was illustrious: Betty and Martin Tietz sold their representative residential building at Wilmersdorfer

¹³ Hugo Zwillenberg, brief curriculum vitae during the years of persecution, January 9, 1952, in: Landesamt für Bürger- und Ordnungsangelegenheiten der Stadt Berlin, Entschädigungsbehörde Berlin [Berlin State Office for Civil and Regulatory Affairs, Compensation Authority], 54.101, M 5; Annex to the application for compensation, February 8, 1952, in: *ibid.*, 72.283, M 24f.

¹⁴ See, *inter alia*, copy of the Reich flight tax notice for Georg and Edith Tietz on November 5, 1937, in: Leo Baeck Institute, Jasen Tietz Collection, AR 25956, Box 2, File 1; Certificate from the board of directors of the Jewish community in Berlin for submission to the police chief, February 25, 1939, in: Landesamt für Bürger- und Ordnungsangelegenheiten der Stadt Berlin, Entschädigungsbehörde Berlin, 54.101, D 23.

Kaiserallee 184/185 to the Kingdom of Bulgaria, which set up its embassy at this address. Hugo Zwillenberg handed over his house at Dahlemer Hohenzollerndamm 100/101 under duress to the army administration of the German Reich, while the sophisticated city villa of Georg and Edith Tietz at Koenigsallee 71 in the prominent Grunewald district was Aryanized by the Berlin manufacturer Willy Vogel and became his new domicile.¹⁵ If one widens the perspective of the properties that the Tietz family had brought into various real estate companies as an investment, the circle of “first- and second-hand buyers” expands from insurance companies to Nordwestdeutscher Rundfunk (a broadcasting company) to a master plumber and a small retailer.¹⁶ What they had in common was that they acquired the real estate of the Tietz family cheaply, in some cases for less than the taxation value. The higher market value of town houses in the best locations was generally no longer taken into account in the case of Jewish property. It must be conceded that the Berlin housing market in particular recorded a significant drop in prices during the Nazi era due to a flood of real estate owned by Jewish emigrants. In this way, too, the consequences of the Nazi Jewish policy could be carried out twice on the backs of the persecuted and converted into a profit for the private beneficiaries.

A veritable enrichment competition also arose for the valuable art and book collections that the brothers Tietz and Hugo Zwillenberg had accumulated over the years and had to leave behind when they emigrated. The collections were initially stored with freight forwarding companies together with the furniture and belongings to be moved. After all of the Tietz family’s remaining property had been confiscated in 1941 or appropriated as “Feindvermögen” [enemy property] in the summer of 1942, the Berlin tax authorities began to sell the goods. Experts appraised the objects and tried to secure particularly valuable pieces for their own art galleries or even for the anticipated Führer Museum in Linz. However, large parts of the collections were eventually sold off through individual sales and auctions. The family’s loss thus became associated with irreparable damage to the German cultural landscape.¹⁷

¹⁵ Purchase contract between Willy Vogel and the agents Charlotte Kücher-Eigner and Bruno Bley, July 19, 1938, in: Leo Baeck Institute, Jasen Tietz Collection, AR 25956, Box 2, File 2; File note in the matter of Georg, Tietz, Martin Tietz and Elise Zwillenberg ./. People’s Republic of Bulgaria, no date, in: Landesamt für Bürger- und Ordnungsangelegenheiten der Stadt Berlin, Entschädigungsbehörde Berlin, 72.283, D 202.

¹⁶ Letter from Walther Bernhard to the Foreign Exchange Office of the OFD [Oberfinanzdirektion= Regional Tax Administration] Berlin, April 15, 1939, in: Brandenburgisches Landeshauptarchiv, Rep. 36 A, G 3781.

¹⁷ Caroline Flick, “Umzugsgüter Tietz. Die Verwertung von Emigrantengut durch den Oberfinanzpräsidenten Berlin-Brandenburg am Beispiel der eingelagerten Mobilien von Georg und Martin Tietz” [The Tietz Removal Property. The Utilization of Emigrant Property by the Chief Finance President Berlin-Brandenburg Using the Example of the Stored Movable of Georg and Martin Tietz], in: *KUR – Kunst und Recht* 6, [art and law] 2018, pp. 174-189.

Compensation and Restitution Negotiations with the Authorities and Hertie

After the end of the Second World War, the attempts to “repair” the injustices of the National Socialist regime were confronted with the difficult task of mapping the complex experiences of persecution in legal normative structures in order to be able to deal with them legally at all. Two levels of restitution legislation emerged as the main categories: the first category was the “Rückerstattung”, that means private restitution of identifiable assets, i.e. companies, real estate or valuables that, under the pressure of Nazi repression, had been Aryanized from Jewish ownership into the hands of German buyers. The second category was the area of state compensation, called “Entschädigung”. It allowed those affected to make claims based on attacks on their life and liberty and on the confiscation of their property and assets.

As soon as there appeared to be a legally binding framework, the Tietz and Zwillingen families filed extensive claims in both fields starting in the late 1940s. Their experiences in the process of implementing their claims were highly divergent and riddled with numerous hurdles. From today’s perspective, a particularly inglorious chapter of West German politics dealing with the past was the behavior the German authorities displayed in dealing with the Tietz family’s justified claims for compensation. When it came to financial compensation for the anti-Jewish taxes and compulsory levies paid, for transfer losses, and for private assets confiscated and appropriated by the state, the clerks in charge entrenched themselves behind the paragraphs of compensation legislation that had remained incomplete and outdated for years. In an extremely bureaucratic manner, they imposed comprehensive documentation requirements on the applicants, confronted them with incomprehensible calculations of their financial losses, and often delayed the procedures for years.¹⁸ The officials acted unprofessionally and insensitively when, in the 1950s, they called in the same expert to appraise Georg Tietz’s valuable book collection, who had already served the National Socialists in the confiscation process. It must have been just as shameful and at the same time humiliating when they refused to classify as persecution the periods of time that the Zwillingen family had spent in military internment camps during their difficult escape from Nazi oppression. Such revisionist tricks had to make those affected doubt the impartiality of the compensation offices. It remains to be stated that the right to compensation suffered fundamentally from the “principal incongruity”¹⁹ inherent in every attempt to force the intensity of the experiences of exclusion, robbery and expulsion into a legal corset. As in many other cases, the German authorities did not take the opportunity with regard to the Tietz family to compensate for this hardship by treating the claims of the now often elderly applicants in a good-natured and speedy manner.

¹⁸ See, for example, Aldenhoff’s letter to the Berlin Compensation Office, December 11, 1956, in: Landesamt für Bürger- und Ordnungsangelegenheiten der Stadt Berlin, Entschädigungsbehörde Berlin 73.520, D 10.

¹⁹ Constantin Goschler, *Wiedergutmachung. Westdeutschland und die Verfolgten des Nationalsozialismus (1945–1954)* [Reparations. West Germany and those persecuted by National Socialism (1945-1954)], Munich 1992, p. 18.

The restitution of their department store group and thus of their parents' generation's material and emotional legacy was certainly of even greater importance to the family than state compensation payments. The encounter between the Tietz family and Georg Karg and Hertie took place under completely different circumstances, which put the applicants in a legally stronger position. Immediately after the end of the war, the Allied occupying powers placed the assets of the German companies under supervision and retained title. On the other hand, from 1947 on they anchored restitution ordinances that placed all business transactions concluded during the Nazi era with persecuted company owners under the blanket suspicion of illegal appropriation. This assumption reversed the burden of proof and put the buyer under pressure. For Georg Karg it was hardly possible to conclusively deny the accusation of Aryanization. Nor could he afford delaying tactics. For him, the entrepreneur, it had to be a matter of removing Hertie from the Allied external administration as quickly as possible and obtaining legal certainty for the continued operation of the department stores.

This was all the more true in view of the fact that the Hertie group, which was previously present primarily in Berlin and Central Germany, lost numerous business branches that were now sequestered by the Soviet occupying powers. In western Germany, Hertie only had four large branches: the Alsterhaus in Hamburg, the Hertie department store in Munich and the two Union department stores in Stuttgart and Karlsruhe. If the company wanted to gain a foothold here despite strong competition from Karstadt, Kaufhof or Herten, the restart could not be blocked by long-pending restitution procedures. These circumstances motivated Karg and Hertie to strive for a quick clarification of the restitution issue.

Starting in the summer of 1948, the former owners of Hermann Tietz OHG submitted almost a dozen restitution applications against Hertie. On the one hand, they related to the shares in the group and, on the other hand, to the real estate and real estate companies that they had transferred in the process of Aryanization, and that were now within the jurisdiction of American and British restitution law. Both parties, the applicants and opponents, as well as the responsible "Wiedergutmachungsbehörden" [restitution authorities], had to be aware that clarifying the complex claims by means of individual proceedings could be time-consuming and therefore not very effective. Consequently, they followed the suggestion of the restitution offices to consolidate the relevant legal proceedings at the Munich restitution authority and to negotiate a universal settlement there. This was the first strong signal that Georg Karg and the Tietz family were adopting a pragmatic approach to dealing with one another. The decision in favor of a private settlement meant that the negotiating parties would refrain from individually determining and offsetting the values of the assets - each piece of land or real estate, each warehouse, or each share in the company. Instead, they sought a material settlement based on estimates and, above all, on the sustainability of claims and obligations for both parties. Against this background, there were no precise calculations of the Aryanized assets. For historical analysis, this means that the justified questions of how high Hertie and Georg Karg's Aryanization profit was and to what extent Jewish property flowed into the company and its foundations before and after the war can no longer

be reconstructed with certainty. This study can only show the point in the restitution negotiations where both sides considered their rights and obligations reasonably balanced.

In the Munich settlement negotiations in the spring of 1949, the brothers Martin and Georg Tietz and Hugo Zwillenberg demanded a one-off payment of 22 to 25 million DM and the retransfer of the three large southern German department stores in Munich, Karlsruhe and Stuttgart. This all-inclusive package was intended to compensate for all financial losses suffered in the course of the Aryanization of Hermann Tietz OHG.²⁰ Given Hertie's difficult business situation, the claims put forward were a heavy burden for the firm's recovery plans. The Hertie group's reaction was correspondingly divided. Its legal representatives tried again to redefine the events of the Aryanization as a simple restructuring in order to mitigate the financial obligation. The company did not see itself as having incurred any moral guilt. Instead, responsibility for the discrimination and persecution of the Tietz family was shifted entirely to the Nazi state and the difficult political circumstances that Hertie had had no way to influence.²¹ From a historical point of view, the group was following a line of argument that was quite typical for the self-perception of many former purchasers of Jewish property. They saw themselves as purely rational acting businessmen in a market that had come into being as a result of the economic persecution of the Jews. As beneficiaries of this situation, however, they denied bearing a moral responsibility.

Agreement with Georg Karg and Further Involvement of the Previous Owners

Georg Karg shared this attitude. At the same time, however, he endeavored to have a personal exchange with the Tietz family in order to come to an amicable solution to the legally irrefutable claims for restitution. In the intensive negotiations that followed, the personal acquaintance between Karg and the previous owners, which dates back to their cooperation before 1933, seems to have played an important role in finding common ground for dealing with each other. Both sides stopped addressing the moral implications of the past and instead focused on balancing their present and future business interests. At this level, the restitution negotiations took place in a factual and constructive atmosphere and were quickly brought to a conclusion in the summer of 1949.

Similar to the early Aryanization of 1933/34 under special conditions, the restitution settlement also had a special character. In contrast to all restitution agreements known from the historical research so far, the parties did not agree on a one-off return or compensation payment but entered into a longer-term business relationship. The Tietz family was granted the house and land of the department stores in Karlsruhe, Stuttgart, and Munich, but immediately leased the property back to Hertie for a period of twenty years. A fixed share of up to

²⁰ Agreement between Hertie (signed by Georg Karg), Edith and Martin Tietz, and Hugo and Elise Zwillenberg, April 9, 1959, in: Leo Baeck Institute, Jasen Tietz Collection, AR 25956, Box 2, File 16.

²¹ Letter from attorney Otto Lenz to WB I regarding an objection to the application for reimbursement by Georg Tietz and others, May 25, 1949, in: Staatsarchiv München, WB Ia, 315, 125.

2.5 percent of the sales revenues of the department stores was set as the rent, which was to be paid quarterly and proportionately to the individual family members.²²

For Hertie, this meant that the company was not obliged to make a one-off payment in the millions, which it could hardly have shouldered in the 1950s. Instead, the compensation payments were converted into moderate lease payments, which the company was able to finance from its profits. The Tietz family, on the other hand, secured an important part of their property that was still available in West Germany, as well as a continuous source of income so that they and their heirs would be cared for in the long term. Surely, this settlement contained a certain business risk regarding the sales volume of the department stores. Would the turnover actually be high enough to cover the compensation payments to the Tietz family? This shift in the settlement towards the future of the Hertie company would, however, more than pay off for both involved parties. And here the onset of the wave of consumption known as the “Wirtschaftswunder” [“German economic miracle”] played a significant role. When the contract was signed in 1949, the calculation of the rent was based on an estimated average annual turnover from the three department stores of 50 million DM, from which the payments over the years would have totaled around 30 million. Considering that the annual sales of the Hertie department stores had been significantly higher since the beginning of the economic boom and almost reached the mark of 200 million DM in 1961 alone, the compensation payments for the Tietz family were also well above the original expectations.²³

Despite this extremely favorable financial development, the relationship between Hertie and the Tietz family was by no means free of conflict in the years that followed. This circumstance was mainly due to the fact that Georg Karg increasingly saw some key points of the settlement as a stumbling block for the growth of “his” department store company and aggressively pushed for an adjustment. In fact, the Hertie Group had been on an exceptionally successful course of expansion since the early 1950s. Georg Karg enlarged the sales areas of his company by opening many new stores and taking over a few smaller, previously independent department store companies such as the Hansa AG in Frankfurt, which emerged from the Aryanized Hermann Wronker AG. Finally, in 1953, he succeeded in acquiring the naming rights and real estate of the Wertheim group, which had also been Aryanized in the past. He managed to take advantage of the confusing ownership situation in the course of restitution negotiations and take over the majority of shares in the well-known company. At the same time, Karg adapted Hertie’s organizational and ownership structures to the new challenges. He streamlined the complex capital entanglements of the numerous group companies and finally placed Hertie GmbH under the umbrella of a company-related foundation, the “Karg’sche Familienstiftung” [Karg Family Foundation]. This hybrid governance model enabled him to shield his corporate holdings from the outside in the style of a family

²² Settlement of October 10, 1949, in: *ibid.*

²³ Overview of the lease statements, July 1, 1950 - December 31, 1958; 3rd quarter 1960, in: Leo Baeck Institute, Jasen Tietz Collection, AR 25956, Box 2, File 11.

business and to secure long-term internal control rights for himself and his family over the now hereditarily immune company property.²⁴

The disputes with some members of the Tietz family, which commenced in the mid-1950s, were also about expansion plans and the question of long-term development prospects for Hertie. The stumbling block was a non-competition clause in the restitution contract, according to which Hertie was not allowed to build further department stores in the three southwest German cities stipulated in the settlement. In this way, it was guaranteed that additional sales outlets would not undermine the share of sales from the established stores that were subject to restitution. In view of the boom in demand, Georg Karg increasingly saw a business corset that thwarted his plans to win more local customers by opening new branches of the group's own low-cost supplier "bilka" or the Hertie subsidiary "Kaufstätte für Alle" [Shopping Place for Everyone].

This request met with a mixed response in the Tietz family. Their skepticism increased because the Hertie management, through legal tricks and a lack of disclosure of information to the family, had opened themselves to the legitimate suspicion of asserting commercial interests over the heads of their restitution claimants. Members of the family, such as Rösli Jasen, the daughter of Georg Tietz, who died in 1951, then blocked the project, while other family members were willing to negotiate and demanded adequate and additional financial compensation.²⁵ This development clearly showed how difficult it was to reconcile the different perceptions within the large circle of claimants and their heirs. Hertie, which only had its business interests in mind, was largely insensitive to these tensions and drove the wedge even deeper by threatening an injunctive suit. This proved to be of little use, especially given the fact that at the end of the 1950s the Hertie group was negotiating bilaterally with Edith and Martin Tietz as well as with Hugo Zwillingen about a right of first refusal for the three department stores in order to buy back the properties after the restitution agreement had expired.

What is interesting is the finding that there were apparently always two levels of negotiation. While the respective legal representatives of the two parties fought fiercely about every detail of the implementation and adjustment of the restitution settlement, the thread of respectful exchange between Georg Karg and the former owners of the department store was not broken. Although he was in poor health, Martin Tietz in particular tried to moderate the conflicts on the part of the Tietz family. It is probably thanks to this circumstance alone that it was possible to finally settle the disputes in the early 1960s. Several supplementary settlement agreements gave Hertie permission to expand further locally. In return, the family

²⁴ Statutes of the Karg Family Foundation, August 26, 1953; Notarial approval of the Senate Chancellery of the Free and Hanseatic City of Hamburg, December 28, 1953, in: Karg'sche Familienstiftung [Karg family foundation], facts and data, folder 3, book 10, file 3.

²⁵ Letter from Rösli Jasen to Edith Tietz, undated (1955); Letter from Rösli Jasen to Georg Karg, undated (December 1955), in: Leo Baeck Institute, Jasen Tietz Collection, AR 25956, Box 1, File 7.

members' share of revenues was extended to the new or modernized sales areas. On a private level, the disagreements had, in any case, never been strong enough to tear the family apart.

When the restitution settlement finally expired on July 1, 1970, Hertie was able to fall back on the purchase options for the properties in Karlsruhe, Stuttgart, and Munich that had already been escrowed. The Hertie group paid well over DM 20 million for the property to Hugo Zwillenberg and Georg Tietz's heirs in various ways. On the other hand, Martin Tietz and his heirs extended their lease for a further 15 years and thus continued to work with the department store company as store owner. At the end of the long restitution phase, almost all of the property was returned into the hands of Hertie and Georg Karg. At the same time, all claims from the Aryanization in connection with other confiscated assets were considered to be legally settled. A precautionary regulation was even made in the settlement of 1949 for the properties located in East Berlin and in the SBZ [Sowjetische Besatzungszone = Soviet zone of occupation]. According to this stipulation, the Tietz family was to regain ownership of the property on (East) Berlin's Alexanderplatz as soon as there was a possibility of access under private law. All other property rights would remain with Hertie. When this window finally opened with reunification in 1989, a new round in the property carousel began regarding the former properties of Hermann Tietz OHG. After the sale to Karstadt in 1993, however, Hertie representatives were no longer involved.

If one takes into consideration the history of encounters between the former profiteer, George Karg, and the victims of anti-Jewish repression, the Tietz family, who faced each other after the war in changed roles in terms of those entitled and those liable, it remains to be stated that they interacted on equal footing. In the extremely complex legal and business details of restitution, the Tietz family was in the fortunate position of being able to afford competent representation by experienced lawyers, including even Kurt Jasen from their own ranks. Consequently, they managed to satisfactorily realize their material restitution claims. They were able to patiently and confidently fend off isolated attempts by Hertie to subsequently soften or circumvent individual settlement agreements. A counterexample of how the department store group was again able without scruples to place its business interests above the restitution claims of those affected is the restitution process for the Paul Held Nachf. department store, which had also been Aryanized. Here Hertie took advantage of the economic hardship and poor health of the spouses entitled to restitution to con them into accepting a far too low financial settlement payment. Despite superficial friendliness, the emigrants, who had become impoverished as a result of Nazi persecution, were degraded to the status of petitioners.²⁶

Here, too, Hertie's greatest shortcoming in dealing with the claims of its Jewish counterparts became apparent: their lack of willingness, regardless of any financial and legal

²⁶ See, inter alia, contract between Hedwig Ehrlich and Charlottenburger Immobilienverkehr GmbH, January 28, 1954; Letter from Martin Nachmann to Guido Schell, September 14, 1953, in: Karg'sche Familienstiftung, facts and data, part 2, book 9, file 3.

implications, to accept moral responsibility for their involvement with the unjust regime of National Socialism. This must be viewed as an omission that stretched far beyond the end of the restitution phase and the dissolution of Hertie into our recent past.