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# Annual Report

OFFICE OF  
**ALIEN PROPERTY**  
**DEPARTMENT OF JUSTICE**

FISCAL YEAR ENDED JUNE 30, 1952

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TABLE	Page
31. Stocks, Bonds, and Other Securities Vested and Acquired, March 11, 1942, to June 30, 1952, and Disposition Thereof to June 30, 1952.....	61
32. Interests in Estates and Trusts Vested, March 11, 1942, to June 30, 1952, Classified by Nationality of Ownership.....	64
33. Property Held as of June 30, 1952, Derived from the Vesting of Interests in Estates and Trusts.....	65
34. Suits and Other Judicial Proceedings in Which the Office of Alien Property Was Interested, Fiscal Years 1952 and 1951..	77
35. Administrative Expenses and Means of Financing, Fiscal Periods 1943 through 1952.....	89



## Basic Policies and Problems

The Office of Alien Property in the Department of Justice is charged with the responsibility of vesting enemy interests in property in the United States owned or controlled directly or indirectly by the Governments and nationals of Germany and Japan, and of administering and disposing of such property in accordance with the provisions of the Trading With the Enemy Act, as amended.

Enemy property, when identified, is vested in the name of the Attorney General by the issuance of vesting orders and the vested property is administered in the national interest by the Office. All vested property, with the exception of a few specified classes, is reduced to cash by sale or liquidation at the earliest practicable time. The disposition of the proceeds of sale or liquidation of vested property is carried out in the manner prescribed by the Congress. By legislation the Congress has provided for the payment of debt claims to American creditors of enemy nationals, the return of vested property to nonhostile persons, and the transfer of the net proceeds of German and Japanese property to the War Claims Fund.

Jurisdiction is also exercised by the Office over certain assets in the United States of designated foreign countries and their nationals which are subject to blocking and licensing. This program is designed to separate enemy assets from those of nonhostile foreign nationals for the purpose of vesting the former and releasing the latter. Blocked assets of countries that are beneficiaries under the European Recovery Program are released in such a manner as to aid the program.

### VESTING POLICY

#### Property of Enemy Nationals

The Office has limited its vesting program to property located in the United States on or prior to December 31, 1946, and accretions thereto, which is owned or controlled directly or indirectly by the Governments of Germany and Japan, individuals resident in those countries, business enterprises organized under their laws, and business enterprises organized under the laws of other foreign countries in which the former categories have substantial interests.

As a practical matter the vesting of German assets in the United States which were blocked as of January 1, 1947, has continued pursuant to a specific proviso in the Joint Resolution of the Congress terminating the state of war between the United States and Germany.<sup>1</sup> In view of the nominal value of known unvested Japanese assets in the United States, the Office has not seized any Japanese property since the Treaty of Peace with Japan<sup>2</sup> went into effect on April 28, 1952.

It can be seen, therefore, that the vesting program of the Office of Alien Property has been substantially completed. It is estimated that at the end

<sup>1</sup> 65 Stat. 451, approved Oct. 19, 1951. See Appendix, Exhibit F, p. 116.

<sup>2</sup> Executive A.82nd Cong., 2d sess.

thorized by section 32 of the Trading With the Enemy Act, as amended. Generally speaking, vested property can be returned to the following: non-enemy governments; citizens of allied and neutral countries not voluntarily resident in enemy countries during the war period; corporations of non-hostile countries that are not enemy controlled; certain American citizens regardless of their residence during the war; enemy citizens who continuously resided outside enemy or enemy-occupied territory since December 6, 1941, and who were not engaged in business in such territory; victims of enemy persecution who would otherwise have been ineligible because of enemy citizenship or residence in an enemy country; and the Government, nationals and residents of Italy who were previously ineligible because of their earlier enemy status.

The Office processed a total of 1,093 title claims during the fiscal year 1952. Of this total, the number allowed was 452 and the number disallowed or withdrawn was 641. Returned to former owners during the fiscal year were \$5,765,000 of cash and appraisable property, 325 patents, 19 part interests in patents, 9 patent applications, 16 interests in patent contracts, and certain other industrial properties.

The provisions of section 9 (a) of the Trading With the Enemy Act, as amended,<sup>11</sup> offer a judicial remedy for nonenemy claimants of vested property by permitting them to bring actions under this section in a Federal district court for the return of their vested property.

#### Nationals of Former Enemy Countries

At the request of the Department of State, most of the vested property of nationals of Bulgaria, Hungary, Italy, and Rumania is being withheld from sale or liquidation. The treaties of peace with these countries provide for the return of any vested property, or the proceeds therefrom, in excess of claims of the United States Government and its nationals.<sup>12</sup>

(NATIONALS OF ITALY.—Italian assets in the United States consisting of blocked property and vested property are being released or returned to their former owners under the terms of a general settlement agreement between the Governments of Italy and the United States. The blocked property is being released by the Office upon certification by the Italian Government that there are no ineligible interests in the specific properties claimed.<sup>13</sup>

The return of vested Italian property is being carried out under the authority of section 32 of the Trading With the Enemy Act, as amended.<sup>14</sup> The procedure involved requires the Italian Government to issue certificates to the Office of Alien Property in respect of citizenship, residence, ownership, and non-collaboration with Germany after September 8, 1943, of Italian claimants under this section.

Some Italian property may not be returned by the United States since the general settlement agreement provided for the retention of vested property formerly owned by specified classes of Italian nationals, such as war criminals

<sup>10</sup> 60 Stat. 50, 60 Stat. 784, 64 Stat. 1080, 50 U. S. C. App. sec. 32.

<sup>11</sup> 50 U. S. C. App. sec. 9.

<sup>12</sup> These treaties were ratified by the United States Senate on June 5, 1947, and came into force on September 15, 1947.

<sup>13</sup> As of June 30, 1952, the ineligible interests were limited to those persons in Germany, Japan, Hungary, Bulgaria, Rumania, Latvia, Estonia, Lithuania, Czechoslovakia, and Poland.

<sup>14</sup> 61 Stat. 784, 50 U. S. C. App. sec. 32.

Government.

NATIONALS OF BULGARIA, HUNGARY, AND RUMANIA.—Due to the unsettled international situation, the decision with respect to the ultimate disposition of the remaining vested and blocked Bulgarian, Hungarian, and Rumanian property in the United States is still pending.

#### Nationals of Germany and Japan

The War Claims Act of 1948<sup>15</sup> provides for the manner of disposal of vested property, or the proceeds therefrom, formerly owned by the Governments and nationals of Germany and Japan.<sup>16</sup>

Under the provisions of the War Claims Act of 1948 a War Claims Commission was established, which in conjunction with the Federal Security Administrator, was authorized to make adjudications and awards on certain classes of claims arising out of World War II, primarily those of American internees and prisoners of war maltreated by the enemy during their imprisonment. The act added section 39 to the Trading With the Enemy Act, as amended,<sup>17</sup> which specifically provided that property of the Governments and nationals of Germany and Japan shall not be returned except as authorized in section 32,<sup>18</sup> and no compensation shall be paid with respect to such property. The net proceeds available after completion of administration of German and Japanese property are to be covered into the Treasury under a War Claims Fund. The administrative expenses of the War Claims Commission and the awards which the act authorizes are to be paid out of the fund.

During the fiscal year ended June 30, 1952, two transfers of \$30,000,000 each were made by the Office to the War Claims Fund<sup>19</sup> bringing the total amount transferred to the fund to \$150,000,000 at the close of the fiscal year.

#### PHILIPPINE VESTED PROPERTY

The transfer of the administration of vested property located in the Philippine Islands from the Philippine Alien Property Administration to the Office of Alien Property effective as of June 29, 1951, has made mandatory a change in the method of presentation of the progress of liquidation of this property.

The provisions of Executive Order No. 10254 of June 15, 1951, effecting the transfer of jurisdiction and administration, also stipulated that all necessary expenses incurred in the administration of Philippine property be paid from funds or property or interests so transferred, so as to prevent diminution of funds otherwise available for future transfer to the War Claims Fund.<sup>20</sup> This provision was necessary because the terms of the Philippine Property Act of 1946,<sup>21</sup> provided that the proceeds of Philippine vested property, after liquidation and provision for the disposition of claims and suits, be turned over to the Republic of the Philippines.

<sup>15</sup> 62 Stat. 1240.

<sup>16</sup> Excluding vested property in the Philippines. See p. 6, *infra*.

<sup>17</sup> 50 U. S. C. App. sec. 39.

<sup>18</sup> 50 U. S. C. App. sec. 32.

<sup>19</sup> August 1, 1951 and May 23, 1952.

<sup>20</sup> See *supra*.

<sup>21</sup> 60 Stat. 418.

### Value of Vested Property

As of June 30, 1952, the Office had vested property with an estimated net value at dates of vesting of \$388,629,000.<sup>4</sup> Together with appreciation of vested property of approximately \$101,502,000 and income from vested property of \$50,544,000, the total estimated value of all vested property at June 30, 1952, was \$540,675,000.<sup>5</sup> The estimated net value of property vested during the fiscal year 1952 was \$12,681,000. The net values of vested property at dates of vesting classified by the different types of property, together with comparable data on the number of vesting orders issued, are presented in table 1. A further breakdown has been made between vested property of German and Japanese nationals and that of other nationals since the Congress has prescribed the manner in which the proceeds of the vested property of each category of nationals are to be disposed.

Table 1.—VALUE OF NET EQUITY VESTED AT DATES OF VESTING TOGETHER WITH NUMBER OF VESTING ORDERS ISSUED, MAR. 11, 1942, TO JUNE 30, 1952

Type of property	Mar. 11, 1942, to June 30, 1952	
	Number of vesting orders	Net equity vested <sup>1</sup>
<b>A. Property of nationals of Germany or Japan:</b>		
Interests in business enterprises.....	787	\$163,446,000
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting).....	1,068	3,855,000
Real property (including mortgages) and tangible personal property.....	950	8,710,000
Interests in estates and trusts.....	5,695	78,577,000
Securities (stocks, bonds, etc., not representing substantial interests in business enterprises).....	2,073	32,706,000
Bank accounts, currency and coin.....	3,323	44,420,000
Notes, claims, and credits.....	1,751	24,392,000
Life insurance and annuity contracts and other property received from Netherlands Government per intercustodial agreement <sup>2</sup> .....	2,224	3,831,000
<b>B. Property of nationals of other countries.....</b>	<b>1,267</b>	<b>27,842,000</b>
<b>Total.....</b>	<b>19,138</b>	<b>388,629,000</b>

<sup>1</sup> Exclusive of patents, copyrights, and trade-marks, and other properties on which dollar valuations are not practicable; of net income and appreciation of vested properties since dates of vesting; and of property located in the Philippine Islands, which is being handled separately, since the net proceeds after liquidation and settlement of claims and suits, must be turned over to the Government of the Philippines by the terms of the Philippine Property Act of 1946 (60 Stat. 418).

<sup>2</sup> See p. 8, *infra*.

### ADMINISTRATION AND LIQUIDATION OF VESTED PROPERTY

As soon as practicable after vesting, the Office endeavors either to liquidate or sell to nationals of the United States most of the property under its administration. Pending its liquidation or sale, vested property is administered in the national interest in a manner designed to conserve and increase its value.

<sup>3</sup> On April 15, 1953, the Office terminated the vesting of German property.

<sup>4</sup> The estimated value of \$9,058,000 of vested property located in the Philippine Islands, which has been shown in the past as an addition to net equity vested and a deduction from it for "transfer to the Philippine Alien Property Administration," has been omitted this year from the net equity figures of the Office. For further details, see p. 6, *infra*.

<sup>5</sup> Before deductions, both administrative and those required by law. For the deductions, see Ch. II, table 5, p. 14.

and Italian patents are subject to return to their former owners under the provisions of section 32 of the Trading With the Enemy Act, as amended.<sup>6</sup> Pending such return, these patents are licensed on a nonexclusive, royalty-bearing basis if satisfactory terms can be agreed upon by the former owner and the applicant for a license.

### Liquidation and Sale

The Office received a total of \$57,800,000 during the fiscal year 1952 as net proceeds of the sale and liquidation of vested property and the receipt of funds considered vested per intercustodial agreements<sup>7</sup> and collected \$4,299,000 as net income from vested property. As of June 30, 1952, total net proceeds amounted to \$268,218,000 and total net income equalled \$48,704,000.

For policy or legal reasons the following classes of vested properties were not sold or liquidated during the fiscal year: (1) patents, copyrights, or trade-marks; (2) properties of nationals of countries other than Germany and Japan, which are being withheld from sale at the request of the Department of State; and (3) properties against which title claims or suits for return were pending.<sup>8</sup>

As of June 30, 1952, approximately \$150,000,000 of vested property had not been reduced to cash because of the above-mentioned legal or foreign policy reasons. Excluded from this figure are values for patents, copyrights, and trade-marks on which dollar values cannot be computed.

### DISPOSITION OF VESTED PROPERTY

The disposition of vested property or the proceeds of its sale or liquidation, has been determined by the Congress through the enactment of various amendments to the Trading With the Enemy Act, as amended.

### Creditors of Former Owners of Vested Property

Section 34 of the Trading With the Enemy Act, as amended, permits the payment of certain debt claims to creditors of the former enemy owners of vested property. Such creditors must be citizens of the United States or Philippine Islands or residents of this country since December 7, 1941.

Debt claims against property subject to a title claim or section 9 (a) suit are not generally paid until such title claim or suit has been settled. The Office, upon allowance of a title claim under section 32 to a nonresident or a foreign corporation, must give notice in the *Federal Register* of intention to return at least 30 days prior to making the return. During this 30-day period, debt claimants may attach the property and proceed to have the validity of the debts determined in the courts.

During the fiscal year, 425 debt claims were disposed of, with 79 claims being allowed in the aggregate amount of \$437,227<sup>9</sup> and 346 claims disallowed or withdrawn or disposed of through consolidation.

<sup>6</sup> 50 U. S. C. App. sec. 32.

<sup>7</sup> See p. 8, *infra*.

<sup>8</sup> Certain properties subject to administrative title claims, but not involved in section 9 (a) litigation, were sold where continued retention of the properties would result in loss or deterioration.

<sup>9</sup> Because of the insolvency of 7 of the debtors' accounts, payments totalling only \$214,529 were made on these allowed claims during the 1952 fiscal year.

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**Nonhostile Persons Whose Property Has Been Vested**

The administrative return of vested property to nonhostile persons is authorized by section 32 of the Trading With the Enemy Act, as amended.<sup>10</sup> Generally speaking, vested property can be returned to the following: non-enemy governments; citizens of allied and neutral countries not voluntarily resident in enemy countries during the war period; corporations of non-hostile countries that are not enemy controlled; certain American citizens regardless of their residence during the war; enemy citizens who continuously resided outside enemy or enemy-occupied territory since December 6, 1941, and who were not engaged in business in such territory; victims of enemy persecution who would otherwise have been ineligible because of enemy citizenship or residence in an enemy country; and the Government, nationals and residents of Italy who were previously ineligible because of their earlier enemy status.

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**Nationals of Former Enemy Countries**

At the request of the Department of State, most of the vested property of nationals of Bulgaria, Hungary, Italy, and Rumania is being withheld from sale or liquidation. The treaties of peace with these countries provide for the return of any vested property, or the proceeds therefrom, in excess of claims of the United States Government and its nationals.<sup>12</sup>

**NATIONALS OF ITALY.**—Italian assets in the United States consisting of blocked property and vested property are being released or returned to their former owners under the terms of a general settlement agreement between the Governments of Italy and the United States. The blocked property is being released by the Office upon certification by the Italian Government that there are no ineligible interests in the specific properties claimed.<sup>13</sup>

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Some Italian property may not be returned by the United States since the general settlement agreement provided for the retention of vested property formerly owned by specified classes of Italian nationals, such as war criminals

and others who continued to aid the enemy cause after Italy became a co-belligerent. The ultimate disposition of any Italian property not returned will be determined by the United States, in consultation with the Italian Government.

**NATIONALS OF BULGARIA, HUNGARY, AND RUMANIA.**—Due to the unsettled international situation, the decision with respect to the ultimate disposition of the remaining vested and blocked Bulgarian, Hungarian, and Rumanian property in the United States is still pending.

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<sup>10</sup> 60 Stat. 50, 60 Stat. 784, 64 Stat. 1080, 50 U. S. C. App. sec. 32.  
<sup>11</sup> 50 U. S. C. App. sec. 9.  
<sup>12</sup> These treaties were ratified by the United States Senate on June 5, 1947, and came into force on September 15, 1947.  
<sup>13</sup> As of June 30, 1952, the ineligible interests were limited to those persons in Germany, Japan, Hungary, Bulgaria, Rumania, Latvia, Estonia, Lithuania, Czecho-

<sup>15</sup> 62 Stat. 1240.  
<sup>16</sup> Excluding vested property in the Philippines. See p. 6, *infra*.  
<sup>17</sup> 50 U. S. C. App. sec. 39.  
<sup>18</sup> 50 U. S. C. App. sec. 32.  
<sup>19</sup> August 1, 1951 and May 23, 1952.  
<sup>20</sup> See *supra*.  
<sup>21</sup> 60 Stat. 410.

The Office, on January 7, 1947,<sup>22</sup> had transferred vested Philippine property to the Philippine Alien Property Administration valued at an estimated \$9,058,000.<sup>23</sup> The progress of the conversion of vested property into cash proceeds and the necessary deductions therefrom are shown in table 2.

Table 2.—STATEMENT OF REALIZATION OF PHILIPPINE VESTED PROPERTY, AS OF JUNE 29, 1951, FOR THE FISCAL YEAR 1952, AND AS OF JUNE 30, 1952

	June 30, 1952	Fiscal year 1952	June 29, 1951
<b>Proceeds realized:</b>			
Cash	\$2,053,020.00		\$2,053,020.00
Personal property	4,906,145.00	\$162,305.00	4,743,840.00
Real estate	1,277,145.00	55,386.00	1,221,759.00
Total proceeds received	8,236,310.00	217,691.00	8,018,619.00
<b>Disbursements:</b>			
Transfers to Philippine Government <sup>1</sup>	-2,275,050.00	-600,000.00	-1,775,050.00
Payment to title claimants	-61,365.00		-61,365.00
Provision for expenses <sup>2</sup>	-1,636,939.00	-43,638.00	-1,593,461.00
Restitution deposits made by claimants under claim awards		-9,562.00	9,562.00
Direct expenses recovered and debt and general claims paid	-1,089,127.00	-69,375.00	-1,019,762.00
Total deductions	-5,062,511.00	-622,475.00	-4,430,038.00
Balance in realization account	3,183,799.00	-404,784.00	3,588,583.00

<sup>1</sup> Cash transfers only under section 3 of the Philippine Property Act of 1946. For transfers of agricultural lands and improved property in Manila under section 5 of the Act, see *infra*.

<sup>2</sup> A reserve for expenses is provided for by the Act. The figures used here are provided for by a reserve of 20 percent of the realization proceeds only.

Through June 30, 1952, a total of \$8,236,310 had been realized from the sale and liquidation of vested Philippine property. In addition, a total of \$556,970 of net income had been received from vested property, of which more than \$218,000 had been received during the fiscal year 1952. At the close of the fiscal year, approximately \$183,107 of vested property had not been sold or liquidated.

Section 3 of the Philippine Property Act of 1946 provided that the proceeds of Philippine vested property, after liquidation and provision for the disposition of claims and suits, be turned over to the Government of the Republic of the Philippines. Under this section, there have been six transfers of cash made between September 7, 1949, and February 19, 1952, the dates of the first and last transfers, totaling \$2,275,030.

Section 5 of the Act also provided for the transfer to the Philippine Republic for a nominal cash consideration vested shares of agricultural corporations, agricultural lands, miscellaneous personal property and improved property in Manila urgently needed administratively by the Philippine Government. The statute requires that in all cases of transfer, the Philippine Government agrees to indemnify fully the United States for all claims payable under the Trading With the Enemy Act, as amended, and for all costs and expenses of administration. Under this section of the Act, between August, 1946, and June 29, 1951, the dates of the first and last transfers, 86 transfers have been made of vested shares in agricultural corporations, agricultural lands, miscellaneous personal property and improved real

<sup>22</sup> Executive Order No. 9818, approved January 7, 1947.

<sup>23</sup> This estimate of the value of vested property transferred to the Philippine Alien Property Administration was based upon incomplete and fragmentary records in existence in the Philippine Islands at the time of its liberation from the Japanese occupation forces, and, as table 2 indicates, was too high a value.

property, totaling as follows: 230,000 hectares<sup>24</sup> of agricultural land located in Davao Province, of which the Japanese held leasehold interests in 150,000 hectares; 400,000 square meters of residential and commercial land, 50 buildings, and 3,000 items of machinery and other personal property, located chiefly in or near Manila; and 135 sunken vessels.

## LITIGATION

The Office of Alien Property is involved in a variety of suits concerning property under the control of the Attorney General. This litigation arises as a result of the administration of the Trading With the Enemy Act, as amended.

At the end of the fiscal year approximately 124 section 9 (a) suits to recover vested property were pending. These suits seek the return of vested property valued at approximately \$144,000,000. In addition during the fiscal year the Office was active in 236 cases to enforce delivery of vested property and to preserve property already vested. In litigation involving estates and trusts, the Office was active in 1,429 cases during the fiscal year and closed 312 cases. At the end of the fiscal year, there were pending 1,117 cases involving estates and trusts.

## INTERCUSTODIAL PROBLEMS

During World War II all of the principal allied governments established programs seizing enemy assets within their jurisdictions. As a result of such seizures many jurisdictional problems involving conflicting claims to the same asset have arisen among the enemy property custodians of the allied governments.

These conflicts take various forms. For example, the Attorney General has vested 100 shares of stock directly from the registration books of the issuing domestic corporation and has received from the latter a new certificate representing the 100 vested shares. The old certificate, representing the same 100 shares, is located in an allied country and the custodian of that country has seized it and claims the underlying property which it evidences. A second type of problem arises in the case of foreign currency bank accounts. A bank organized in an allied country has a dollar account on its books for a German resident in Germany and maintains cover for the obligation by carrying an account in a United States bank. The custodian of the allied country has seized the obligation owed by the bank in his country to the German national; the Attorney General has vested the dollar account in the bank in this country because it was beneficially owned by the German national.

A third type of conflict arises in the case of business enterprises. A company organized in an allied country is partially or wholly owned by a German resident in Germany. The custodian of the allied country has seized those shares of the company stock which were owned by German nationals. The company has assets in the United States; e. g., a bank account, securities and a subsidiary. If the corporation had been 50 percent or more German owned or otherwise German controlled, the Attorney General has vested all of its assets located in this country.

These examples raise many important legal and policy questions. Since litigation would be costly and drawn out and most of the conflicts are between the Custodians of Allied Governments, the better way to settle the dif-

<sup>24</sup> A hectare=10,000 square meters=2.471 acres.

ferences appears to be international negotiation and agreement. Accordingly, discussions were undertaken by delegates to the Inter-Allied Reparation Agency in Brussels, Belgium, beginning in June, 1946.<sup>25</sup> These negotiations eventuated in an international agreement, commonly known as the Brussels Intercustodial Agreement of December 5, 1947. This Agreement, which went into effect on January 24, 1951, has been signed by the Governments of Belgium, Canada, Cuba, Denmark, Haiti, Honduras, Luxembourg, Nicaragua, The Netherlands and the United States. It is no longer open for signature by additional countries.

Legislation authorizing the President, or such officers and agencies as he may designate, to conclude and implement agreements for the settlement of intercustodial conflicts was approved on September 28, 1950.<sup>26</sup> By Executive Order No. 10244 of May 17, 1951 the President authorized the Secretary of State and the Attorney General to implement the statute.<sup>27</sup>

The Brussels Intercustodial Agreement of December 5, 1947 treats only of German external assets. In general it provides that: (1) securities in both registered and bearer form, currency and evidences of indebtedness shall be released to the custodian of the country of issue; (2) bank accounts maintained in one signatory country by a bank in another signatory country for the account of an enemy shall be divided equally by the custodians of the two countries involved; (3) the custodian of the country having primary administration over an estate or trust shall administer all assets wherever located and shall retain the enemy interest in the estate or trust; (4) with respect to German owned or controlled enterprises organized under the laws of signatory countries (primary countries) and having assets in other signatory countries (secondary countries) the custodians of the secondary countries shall, with certain exceptions, release control over the assets of such enterprises in their territories but shall receive in reimbursement that percentage of the value of the assets released as is equal to the agreed percentage of enemy interest in the enterprise; and (5) with respect to enterprises organized under the laws of Germany in which there is a 25 percent or more interest of nonenemy nationals of the signatory countries, nonenemy owners who are nationals of signatory countries shall recover the assets in signatory countries to the extent of their ownership in the enterprise.

During the fiscal year ended June 30, 1952, the Office conducted negotiations with several allied governments for the purpose of resolving intercustodial conflicts. Settlement was reached with the Government of The Netherlands regarding approximately \$10,000,000 of blocked securities issued by firms in the United States. These securities were registered in the names of Dutch Administration Offices which had in turn issued their own bearer certificates. The Office of Alien Property agreed to unblock the securities and the Government of The Netherlands agreed to pay the Attorney General the sum of \$3,500,000 as representative of the German interest in the securities. The first installment of \$850,000 has been paid on this account and the remainder is to be paid by October, 1953. This money will be treated as German vested property by the Office as provided for under the statute of September 28, 1950.<sup>28</sup>

<sup>25</sup> IARA was created under the Paris Agreement on Reparation from Germany, of January 24, 1946, as an instrumentality for allocating German reparations among the 19 signatory governments, including all major allied powers except Russia and China.

<sup>26</sup> 50 U. S. C. App. 40.

<sup>27</sup> 3 CFR, 1951 Supp.

<sup>28</sup> 50 U. S. C. App. 40.

During the fiscal year negotiations were conducted with representatives of the Government of Norway which resulted in a draft of an intercustodial agreement covering about 30 cases and involving approximately \$1,500,000. This agreement awaits formal approval of both countries.

### FOREIGN FUNDS CONTROL

The blocking controls asserted over certain assets in the United States of designated foreign countries and their nationals continued during the fiscal year ended June 30, 1952, pursuant to Executive Order No. 8389 of April 10, 1940, as amended,<sup>29</sup> No. 9989 of August 20, 1948,<sup>30</sup> and No. 10348 of April 26, 1952.<sup>31</sup>

During the fiscal year approximately 900 applications were filed with the Office requesting unblocking of or permission to deal in the assets which remained blocked. The very substantial decrease in the number of applications filed was due primarily to the decrease in the amount of assets which remained blocked. With respect to the 900 applications, unblocking applications were granted generally in those cases where sufficient proof was submitted as to the beneficial ownership and the nonenemy status of the owners of the blocked assets. In those cases in which the owners of the blocked assets were citizens and residents of countries receiving aid under the European Recovery Program, the appropriate governments were furnished the pertinent information and thereby given an opportunity to assert control over the dollar assets prior to their unblocking.

The furnishing of information in such cases was in accordance with the program outlined in the February 2, 1948 letter from the Secretary of the Treasury Snyder, as Chairman of the National Advisory Council, to the late Senator Arthur H. Vandenberg, then Chairman of the Senate Foreign Relations Committee. Unblocking licenses were generally denied to nationals of enemy or former enemy countries, except Italy, unless proof was furnished that such nationals were eligible for the return of their properties, if vested, pursuant to the provisions of section 32 of the Trading With the Enemy Act, as amended.

As a further step in implementing the Snyder-Vandenberg program, during the fiscal year copies of 898 reports relative to blocked assets were made available to the governments of countries receiving aid under the European Recovery Program. These reports covered properties, valued at \$12,750,000, alleged to be owned by persons who were citizens and residents of such countries, including properties for which unblocking applications had never been filed. This step gave the governments of these countries a further opportunity to marshal and use dollar assets in this country to reconstruct their economies.

As part of the settlement reached with the Netherlands Government,<sup>32</sup> General License No. 99 was issued on October 20, 1951,<sup>33</sup> unblocking the \$10,000,000 of American securities against which Dutch Administration Offices had issued bearer certificates, a portion of which had been German owned. Another step in terminating blocking controls was the issuance of General License No. 100 of January 23, 1952.<sup>34</sup> The effect of this license was to unblock all obligations expressed in German currency owed by a

<sup>29</sup> 3 CFR, 1943 Cum. Supp.

<sup>30</sup> 3 CFR, 1948 Supp.

<sup>31</sup> 3 CFR, 1952 Supp.

<sup>32</sup> See p. 8, *supra*.

<sup>33</sup> 16 FR, 10715.

<sup>34</sup> 17 FR, 800.

person in the United States to a person in Germany which are secured by mortgages on real estate located in Germany.

During the fiscal year further progress was made in connection with the "looted" securities program. This program was initiated after the termination of hostilities in Europe to assist in the restoration of securities looted by the Germans during the occupation of Western Europe. During the preceding fiscal year an agreement had been entered into with the Netherlands Government, in which country most of the looting occurred, and more stringent prohibitions were imposed on all dealings in these securities, described in lists appended to General Ruling Nos. 5 and 5B.<sup>8</sup> During the fiscal year ended June 30, 1952, vesting orders were issued vesting obligations owed by domestic corporations evidenced by such looted securities as had not been deposited with the Federal Reserve Bank of New York as required by General Ruling No. 5B. The total value of the obligations vested was approximately 3 million dollars. It is expected that the Netherlands Government, acting on behalf of its nationals from whom the securities were looted, will file claims for the return of the vested property.

As of June 30, 1952, in addition to property of Germany, Japan, and their nationals, the bulk of the property in the United States that continued to be blocked was owned by the Governments or nationals of Bulgaria, Hungary, Rumania, Estonia, Latvia, Lithuania, Poland and Czechoslovakia. Additional blocked property was held for nationals of Austria, Belgium, Denmark, France, Greece, Italy, Luxembourg, The Netherlands, Norway, Sweden and Switzerland who had not taken advantage of the procedures available for unblocking. At the end of the fiscal year it was anticipated that, as a further step in liquidating the blocking controls, the property in this latter group would be unblocked in the near future.

<sup>8</sup> 8 CFR 511.205 and 511.205b.



## General Description of Controlled Property

This chapter presents descriptive and statistical information in summary form relating to the properties controlled by the Office of Alien Property. Excluding blocked foreign assets,<sup>1</sup> controlled property has been divided into two categories: (1) vested property, and (2) property held in safekeeping. Since vested property is by far the most important type in terms of dollar value and over-all significance, most of the statistical tables and descriptive summaries relate to this category.

### VALUE OF CONTROLLED PROPERTY

Property administered by the Office has been evaluated in two ways for purposes of this report, namely *total property controlled* and *net equity vested*. *Total property controlled* means the total amount or value of property over which the Office exercises control through vesting and deposit for safekeeping. *Net equity vested* means the estimated value of the vested property actually held by the Office of Alien Property on the date indicated.

As of June 30, 1952, total controlled property amounted to \$388,830,000. Of this amount, \$296,890,000 represented net equity vested.<sup>2</sup> The \$91,940,000 difference represents (1) \$3,896,000 of property held in safekeeping, and (2) the \$88,044,000 difference between the total assets of controlled enterprises in which interests have been vested and the estimated net value of the vested interests.

#### Property Not Included in Evaluations

There are some types of property, e. g., industrial property, held by the Office which have not been evaluated. Were it practical to value these properties, the amount shown for net equity would be higher. The following summary indicates such properties held as of June 30, 1952:

Type of property	Number of items
Patents	<sup>1</sup> 42,611
Part interests in patents	285
Patent applications	1,683
Abandoned patent applications	525
Unpatented inventions	810
Copyrights (estimated)	500,000
Trade-marks	353
Interests in ships	3
Interests in patent contracts	1,137

<sup>1</sup> Approximately 24,320 of these patents have expired.

Also excluded from the evaluations of property are assets, either directly vested or owned by business enterprises in which the Office holds substantial interests, which are located in enemy or formerly enemy-occupied countries.

<sup>1</sup> For details of the blocked foreign properties program, see Ch. I, pp. 9-10.

<sup>2</sup> Property remaining from World War I is excluded from these figures and is treated separately. See pp. 20-21, *infra*.

### Changes in Net Equity Vested

Total net equity has declined from \$388,629,000 as of dates of vesting to \$296,890,000 as of June 30, 1952. The factors responsible for the \$91,739,000 decline are shown in table 5. The more important reasons for the reduction in net equity were: the transfer of funds to the War Claims Fund pursuant to the War Claims Act of 1948;<sup>4</sup> the use of funds to defray the administrative expenses of the Office; and the return of property to successful title claimants—discussed in the succeeding paragraph. As shown in table 5, the decline in net equity was offset substantially by the appreciation of the vested interests in business enterprises and by income from vested properties.

**Table 5.—CHANGES IN NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1952, FROM DATES OF VESTING TO JUNE 30, 1952**

[In thousands of dollars]

Net equity vested as of dates of vesting.....		388,629	
Add:			
Net appreciation of interests in business enterprises <sup>1</sup> .....	101,502		
Income on interests in business enterprises..	17,090		
Income on other vested property.....	33,454		
		152,046	
Less:			
Revaluation of property turned over to the Office as liquidating distributions of business enterprises.....	-11,074		
Property returned to nonhostile persons....	-42,465		
Debt claims paid.....	-1,230		
Funds transferred to the War Claims Fund..	-150,000		
Funds transferred to the Treasury Department pursuant to Lombardo and reverse lend-lease agreements.....	-1,199		
Direct expenses not allocated to specific types of property.....	-2,185		
Conservatory and administrative expenses allocated to specific alien property accounts.....	-5,242		
Funds used to defray administrative expenses of the Office.....	-30,390		
		-243,785	-91,739
Net equity vested as of June 30, 1952.....			296,890

<sup>1</sup> Appreciation and depreciation of properties other than interests in business enterprises cannot be computed. Other properties are, therefore, carried at the same values on June 30, 1952, as at dates of vesting.

<sup>4</sup> See Ch. I, p. 5.

Table 6 shows the value of vested property returned to nonhostile former owners by administrative or judicial action, classified by nationality of former ownership and by types of property.

**Table 6.—PROPERTY RETURNED BY ADMINISTRATIVE OR JUDICIAL ACTION MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP<sup>1</sup>**

[In thousands of dollars]

Type of property	Total	Nationality of former ownership						
		German	Japanese	Italian	Hungarian	Rumanian	Bulgarian	Enemy occupied <sup>2</sup>
Total.....	42,465	14,522	2,279	14,224	1,874	204	108	9,254
Cash.....	23,150	10,134	1,888	6,323	314	161	108	4,222
Interests in vested business enterprises.....	5,821	1,961	260	3,592				
Royalties on patents <sup>3</sup> .....	4,900					8		4,900
Real property.....	1,064	197	98	761	8			
Personal property.....	2,645	1,467	33	1,013				132
Interests in estates and trusts.....	4,885	763		2,535	1,552	35		

<sup>1</sup> Does not include returns of property vested in the Philippine Islands, nor the sum of \$1,230,000 paid to creditors of former owners of vested property.

<sup>2</sup> The category enemy-occupied includes interests as follows: French \$7,469,000; Danish \$1,168,000; Norwegian \$126,000; Polish \$8,000; Dutch \$290,000; Belgian \$99,000; and Czechoslovakian \$94,000.

<sup>3</sup> Represents certain accrued royalties in the hands of third parties which were assigned to claimants upon return of certain patent properties.

### Nationality of Former Owners

Table 7 classifies net equity vested by nationality of former owners as of dates of vesting and as of June 30, 1952. Table 8 presents the changes in values of properties vested from nationals of each country from dates of vesting to June 30, 1952.

Table 7.—NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP, AS OF DATES OF VESTING AND AS OF JUNE 30, 1952

[In thousands of dollars]

Date of valuation and type of property	Total	Nationality of former ownership						Enemy occupied
		German <sup>1</sup>	Japanese	Italian	Hungarian	Rumanian	Bulgarian	
<b>A. Valued as of dates of vesting:</b>								
Interests in vested business enterprises.....	171,614	109,994	53,452	7,614	52	5	497	-----
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting).....	12,062	3,853	2	1,130	193	1	1	6,882
Real property.....	8,782	5,925	1,927	780	57	89	4	445
Personal property.....	108,641	96,157	10,050	1,299	239	431	20	-----
Interests in estates and trusts.....	86,680	77,739	838	5,026	2,372	587	118	-----
Received from Netherlands Government per intercustodial agreement.....	850	850	-----	-----	-----	-----	-----	-----
<b>Grand total.....</b>	<b>388,629</b>	<b>294,518</b>	<b>66,269</b>	<b>15,849</b>	<b>2,913</b>	<b>1,113</b>	<b>640</b>	<b>7,327</b>
Percent of total.....	100.0	75.8	17.1	4.1	0.7	0.3	0.2	1.8
<b>B. Valued as of June 30, 1952:</b>								
Cash.....	110,223	252,988	30,071	2,185	1,364	739	479	2,787
Interests in vested business enterprises.....	118,612	107,594	11,010	8	-----	-----	-----	-----
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting).....	1,893	1,656	581	366	20	-----	2	-----
Real property.....	30,751	21,562	7,449	1,648	20	76	4	-----
Personal property.....	34,561	33,152	355	798	100	106	50	-----
Interests in estates and trusts.....	-----	-----	-----	-----	-----	-----	-----	-----
Received from Netherlands Government per intercustodial agreement.....	850	850	-----	-----	-----	-----	-----	-----
<b>Grand total.....</b>	<b>296,890</b>	<b>417,802</b>	<b>49,466</b>	<b>4,273</b>	<b>1,504</b>	<b>921</b>	<b>527</b>	<b>2,787</b>

<sup>1</sup> The figures in this column include approximately \$2,500,000 of property formerly owned by residents of Austria, Sudetenland, and Danzig who were regarded as nationals of Germany at the time of vesting.  
<sup>2</sup> Funds for administrative expenses and the War Claims Commission (\$180,390,000) have been deducted from this figure. These funds have not been allocated to specific alien property accounts and as a consequence have not been deducted from the nationality columns. The totals of all the nationality columns, therefore, exceed the \$296,890,000 net equity as of June 30, 1952, by \$180,390,000.  
<sup>3</sup> Value of property returned and cash realized from real estate vested from Italian nationals exceeds the value of such property at dates of acquisition by \$366,000.  
<sup>4</sup> Cash received by the Office as a result of the vesting of personal property of Bulgarian nationals exceeds the value of such property at date of vesting by \$4,000.

Table 8.—CHANGES IN NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1952, FROM DATES OF VESTING TO JUNE 30, 1952, BY NATIONALITY OF FORMER OWNERSHIP

[In thousands of dollars]

Type of property	Total	Nationality of former ownership						
		German	Japanese	Italian	Hungarian	Rumanian	Bulgarian	Enemy occupied
Net equity vested as of dates of vesting.....	388,629	294,518	66,269	15,849	2,913	1,113	640	7,327
<b>Add:</b>								
Net appreciation of interests in business enterprises <sup>1</sup> .....	101,502	103,096	-2,612	1,009	6	3	-----	-----
Income on interests in business enterprises.....	17,090	16,240	324	526	-----	-----	-----	-----
Income on other vested property.....	33,454	23,867	953	2,514	770	16	1	5,333
<b>Less:</b>								
Revaluation of property turned over to the Office as liquidating distributions of business enterprises.....	-11,074	-1,000	-10,074	-----	-----	-----	-----	-----
Property returned to non-hostile persons.....	-42,465	-14,522	-2,279	-14,224	-1,874	-204	-108	-9,254
Debt claims paid.....	-1,230	-531	-634	-11	-45	-1	-----	-8
Funds transferred to the War Claims Commission.....	-150,000	-----	-----	-----	-----	-----	-----	-----
Funds transferred to the Treasury Department pursuant to Lombardo and reverse lend-lease.....	-1,199	-----	-----	-813	-----	-----	-----	-386
Direct expenses not allocated to specific types of property.....	-2,185	-1,293	-365	-320	-141	-2	-5	-59
Conservatory and administrative expenses allocated to specific alien property accounts.....	-5,242	-2,573	-2,116	-257	-126	-4	-1	-166
Funds used to defray administrative expenses of the Office.....	-30,590	-----	-----	-----	-----	-----	-----	-----
<b>Net equity vested as of June 30, 1952.....</b>	<b>296,890</b>	<b>417,802</b>	<b>49,466</b>	<b>4,273</b>	<b>1,504</b>	<b>921</b>	<b>527</b>	<b>2,787</b>

<sup>1</sup> Appreciation and depreciation of properties other than interests in business enterprises cannot be computed. Other properties are, therefore, carried at the same values on June 30, 1952, as at dates of vesting.  
<sup>2</sup> Total amounts only are shown inasmuch as the charges have not been allocated to specific alien property accounts. The totals of all the nationality columns, therefore, exceed the \$296,890,000 net equity as of June 30, 1952, by \$180,390,000.

### Cash Income From Vested Property

Net income received from vested property during the fiscal year 1952 amounted to \$4,299,428, an increase of slightly more than \$300,000 from the total of the previous fiscal year. The major portion of the increase was due to a substantial advance in the amount of royalties collected from patents, patent applications and patent contracts. The allocation of cash income by type of property from which the income was received is shown in table 9.

### Cash Proceeds of Liquidation and Sale

Cash proceeds from the sale and liquidation of vested property during the fiscal year was the largest ever recorded for any fiscal year since 1942. A total of \$57,799,596 was received during the fiscal year making an overall total of \$268,217,864 received through June 30, 1952. The increased tempo of the sale and liquidation of stocks and bonds and the sale of the vested interest in Schering Corp. during the fiscal year 1952 provided the main reasons for the more than doubling of the total sales and liquidations

312144

for the previous fiscal year. Data on the net proceeds from the sale and liquidation of vested property is presented in table 10.

### SUPERVISED PROPERTY

The total value of the properties placed under the supervision of the Office was \$31,238,000. Of this amount business enterprises represented \$30,220,000. All of the properties placed under supervision had been released as of June 30, 1952. No properties were placed under supervision during the fiscal year.

Table 9.—CASH INCOME ON PROPERTY VESTED, CLASSIFIED BY TYPE OF PROPERTY, MAR. 11, TO JUNE 30, 1952

NOTE.—These figures are net of direct expenses paid in connection with the operation of the vested property during the period of the Office's ownership. The classification according to type of property is based on the form in which property was held at the time the income was produced. For example, cash income on real estate distributed to the Attorney General from a trust is classified as income on real estate rather than as income on trusts.

Type of property	Total	Period	
		July 1, 1951, to June 30, 1952	Mar. 11, 1942, to June 30, 1951
<b>Interest in vested business enterprises:</b>			
Stock.....	\$16,604,135.17	\$1,563,448.29	\$15,040,686.88
Equity in enterprises whose assets or excess assets have been vested.....	3,622.88		3,622.88
Partnership interests.....	373,265.67		373,265.67
Other proprietary interests.....	7,069.30	1,320.00	5,749.30
Bonds.....	27,709.55	553.13	27,156.42
Notes and accounts receivable.....	74,429.68		74,429.68
<b>Total.....</b>	<b>17,090,232.25</b>	<b>1,565,321.42</b>	<b>15,524,910.83</b>
<b>Royalties on patents, copyrights, and trade-marks (accrued subsequent to dates of vesting):</b>			
Patents, patent applications, and patent contracts.....	17,721,954.04	1,109,541.18	16,612,412.86
Copyrights and copyright contracts.....	2,762,169.91	161,330.43	2,600,839.48
Trade-marks and trade-mark contracts.....	1,138,897.52	19,074.69	1,119,822.83
<b>Total.....</b>	<b>21,623,021.47</b>	<b>1,289,946.30</b>	<b>20,333,075.17</b>
<b>Real property:</b>			
Real estate.....	1,576,291.30	103,709.73	1,472,581.57
Mortgages.....	118,028.87	4,197.79	113,831.08
Ground rents, leaseholds, and other interests.....	137,792.95	41,156.79	96,636.16
<b>Total.....</b>	<b>1,832,113.12</b>	<b>149,064.31</b>	<b>1,683,048.81</b>
<b>Personal property:</b>			
Tangible personal property.....	216,939.91	5,171.79	211,768.12
Stocks.....	3,669,547.27	948,401.82	2,721,145.45
Bonds.....	1,020,976.81	188,789.99	832,186.82
Other securities.....	2,072.32	1,242.92	829.40
Mortgage participations.....	52,977.93	1,688.19	51,289.74
Bank balances.....	54,642.51	1,787.36	52,855.15
Notes, claims, and credits.....	112,949.14	11,792.18	101,156.96
Life insurance and annuities.....	52,087.85	21,903.23	30,184.62
<b>Total.....</b>	<b>5,182,193.74</b>	<b>1,180,777.48</b>	<b>4,001,416.26</b>
<b>Interests in estates and trusts:</b>			
Decedents' estates.....	169,722.39	4,626.86	165,095.53
Trusts under wills.....	3,500,073.80	385,168.06	3,114,905.74
Trusts inter vivos.....	1,112,847.27	191,072.05	921,775.22
Guardianship estates.....	33,807.54	4,233.64	29,573.90
<b>Total.....</b>	<b>4,816,451.00</b>	<b>585,100.61</b>	<b>4,231,350.39</b>
<b>Conservatory and administrative expenses<sup>1</sup>.....</b>	<b>-808,957.03</b>	<b>-119,695.64</b>	<b>-689,261.59</b>
<b>Direct expenses not allocated to specific types of property<sup>2</sup>.....</b>	<b>-1,051,364.71</b>	<b>-351,086.90</b>	<b>-680,277.81</b>
<b>Grand total.....</b>	<b>48,703,689.84</b>	<b>4,299,427.58</b>	<b>44,404,262.26</b>

<sup>1</sup> Expenses allocated to specific alien property accounts upon the return of vested property or the payment of debt claims.

<sup>2</sup> The allocation of a direct expense to the type of property has proved impractical in certain cases in which several types of property may be involved.

Table 10.—CASH RECEIVED THROUGH LIQUIDATION AND SALE OF PROPERTY VESTED, CLASSIFIED BY TYPE OF PROPERTY, MAR. 11, 1942, TO JUNE 30, 1952

NOTE.—These figures are net of direct expenses paid in connection with the sale or liquidation of the vested property or to discharge liabilities incurred prior to vesting. The classification according to types of property is based on the form in which property was held at the time of liquidation or sale. For example cash received from the sale of real estate distributed to the Attorney General from a trust is classified as proceeds of real estate rather than as proceeds of trusts.

Type of property	Total	Period	
		July 1, 1951, to June 30, 1952	Mar. 11, 1942, to June 30, 1951
<b>Interests in vested business enterprises:</b>			
Stock.....	\$100,197,604.91	\$30,073,226.71	\$70,124,378.20
Equity in enterprises whose assets or excess assets have been vested.....	18,850,966.16		18,850,966.16
Partnership interests.....	177,030.62		177,030.62
Other proprietary interests.....	25,707.08	1—4.05	25,731.13
Bonds.....	125,903.10	300.00	125,603.10
Notes and accounts receivable.....	6,940,243.09	303,489.50	6,636,753.59
<b>Total.....</b>	<b>126,317,464.96</b>	<b>30,376,992.16</b>	<b>95,940,462.80</b>
<b>Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting):<sup>1</sup></b>			
Patents, patent applications, and patent contracts.....	5,309,787.21	142,292.02	5,167,495.19
Copyrights and copyright contracts.....	1,106,950.70	1—4,153.19	1,111,083.89
Trade-marks and trade-mark contracts.....	745,253.15	2,030.00	743,223.15
<b>Total.....</b>	<b>7,161,991.06</b>	<b>140,188.83</b>	<b>7,021,802.23</b>
<b>Real property:</b>			
Real estate.....	6,083,841.56	738,690.24	5,345,151.32
Mortgages.....	1,155,287.64	43,136.83	1,112,150.81
Ground rents, leaseholds, and other interests.....	42,798.04	8,423.04	34,375.00
<b>Total.....</b>	<b>7,281,927.24</b>	<b>790,250.11</b>	<b>6,491,677.13</b>
<b>Personal property:</b>			
Tangible personal property.....	970,619.95	1,042.46	969,577.49
Stocks.....	24,125,782.98	7,692,015.56	16,433,767.42
Bonds.....	11,796,102.41	3,148,618.24	8,647,484.17
Other securities.....	138,532.86	41,903.85	96,629.01
Mortgage participations.....	559,323.44	11,853.60	547,469.84
Bank balances.....	28,040,296.14	7,442,984.27	20,597,311.87
Notes, claims, and credits.....	22,409,045.48	4,728,595.78	17,680,449.70
Currency and coin.....	9,891,701.68	1,320,779.55	8,570,922.13
Life insurance and annuities.....	2,930,853.07	491,319.25	2,439,533.82
<b>Total.....</b>	<b>100,862,258.01</b>	<b>24,879,112.56</b>	<b>75,983,145.45</b>
<b>Interests in estates and trusts:</b>			
Decedents' estates.....	20,064,224.70	1,314,696.77	18,749,527.93
Trusts under wills.....	7,466,873.94	165,065.30	7,301,808.64
Trusts inter vivos.....	3,124,463.23	226,431.91	2,898,031.32
Guardianship estates.....	675,189.85	1,463.20	673,726.65
<b>Total.....</b>	<b>31,330,751.72</b>	<b>1,707,657.18</b>	<b>29,623,094.54</b>
<b>Received from Netherlands Government per inter-custodial agreement.....</b>	<b>850,000.00</b>	<b>850,000.00</b>	
<b>Conservatory and administrative expenses<sup>1</sup>.....</b>	<b>-4,432,555.57</b>	<b>-402,249.55</b>	<b>-4,030,304.02</b>
<b>Direct expenses not allocated to specific types of property<sup>2</sup>.....</b>	<b>-1,153,965.29</b>	<b>-542,555.16</b>	<b>-611,609.83</b>
<b>Grand total.....</b>	<b>268,217,864.13</b>	<b>57,799,595.83</b>	<b>210,418,268.30</b>

<sup>1</sup> Excess of expenditures over cash receipts.

<sup>2</sup> Royalties on interests in patents, copyrights, and trade-marks that accrued prior to the vesting of such interests are treated as principal. Royalties that accrued subsequent to vesting are treated as income.

<sup>3</sup> Expenses allocated to specific alien property accounts upon the return of vested property or the payment of debt claims.

<sup>4</sup> The allocation of a direct expense to the type of property has proved impractical in certain cases in which several types of property may be involved.

### PROPERTY HELD IN SAFEKEEPING

The Office has acquired some properties without the issuance of supervisory or vesting orders. As of June 30, 1952, the estimated value of such properties was \$3,895,757. Of this amount, \$2,836,652 was in stocks.

## ASSETS REMAINING FROM WORLD WAR I

The value of World War I assets held as of June 30, 1952, amounted to \$2,053,474.26.

During the fiscal year ended June 30, 1952, a total of \$467,318.35 was transferred to the Secretary of the Treasury for deposit in the "German Special Deposit Account" under the provisions of Public Law 375,<sup>5</sup> making a grand total of \$6,664,787.06 so transferred. On June 30, 1952, \$50,000 was held by the Office subject to call of the Treasurer of the United States under this law. It is anticipated that when an audit of all World War I accounts and claims is completed, additional sums may be available for transfer.

Also during the year, \$195,539.06, representing unclaimed German funds; was transferred to the Treasury in accordance with the provisions of section 25 (d) of the Trading With the Enemy Act, as amended. There was also transferred during the fiscal year \$45,265.49 under the provisions of the Settlement of War Claims Act of 1928.<sup>6</sup>

A total of \$64,900.76 was paid 74 claimants during the fiscal year.

Of the cash assets held in the amount of \$2,003,158.48 as of June 30, 1952, \$359,598.89 is claimed by French nationals, \$239,442.35 is claimed by Austrian nationals, and \$1,404,117.24 is claimed by persons of other nationalities. At the start of the fiscal year 1952, there were pending 248 claims in the amount of \$406,073.45 filed by French nationals. During the year, 37 French claims were allowed and paid amounting to \$52,268.12. Additional sums in the amount of \$38.48, representing 20 percent withheld, and \$21.30, covering section 26 (a) interest, were transferred to the "German Special Deposit Account." In addition, income and estate taxes amounting to \$3,146.66 were paid with respect to the property and income covered by the allowed claims.

There were pending at the beginning of the fiscal year 192 claims filed by Austrian citizens in the amount of \$247,500.63. During the year, 30 Austrian claims were allowed and paid in the amount of \$8,007.90. Three other Austrian claimants were not eligible for the return of their property, and cash in the amount of \$50.38 covering the amount of their claims was transferred to the "German Special Deposit Account" under Public Law 375.

There were 7 claims allowed and paid during the fiscal year which had been filed by persons of other nationalities, amounting to \$4,624.74. Income and estate taxes were paid in the amount of \$811.38 with respect to the funds covering these claims.

<sup>6</sup> 61 Stat. 789, 50 U. S. C. App. sec. 9.

<sup>5</sup> 45 Stat. 254, 50 U. S. C. App. sec. 9.

Table 11.—CHANGES IN WORLD WAR I PROPERTY FROM JULY 1, 1951, TO JUNE 30, 1952

Value at July 1, 1951.....		<sup>1</sup> \$2, 745, 055. 45	
Add: Cash and property received.....		134, 486. 00	
			2, 879, 541. 45
Less:			
Payments to claimants.....	—\$64, 900. 76		
Expenses paid and administrative deductions upon settlement of claims.....	—51, 270. 90		
Worthless assets written off.....	—3. 00		
Transfers to World War II accounts.....	—1, 778. 63		
Transfers to German Special Deposit Account:			
Under section 25(d) of the Trading With the Enemy Act.....	—\$195, 539. 06		
Under Settlement of War Claims Act of 1928.....	—45, 256. 49		
Under Public Law 375 of 1947.....	—467, 318. 35		
		—708, 113. 90	—826, 067. 19
Value at June 30, 1952.....			<sup>1</sup> 2, 053, 474. 26

<sup>1</sup> Excludes \$57,284,365.78 at July 1, 1951, and \$57,419,820.73 at June 30, 1952, of United States Treasury certificates of deposit which are considered worthless and are being omitted from the figures in this *Annual Report*. The value of these certificates is contingent upon the fulfillment of certain obligations of the German Government, which has been in default since 1931.

Table 12.—COMPARATIVE STATEMENT OF WORLD WAR I PROPERTY HELD, APR. 21, 1942, JUNE 30, 1951, AND JUNE 30, 1952

Type of property	Apr. 21, 1942	June 30, 1951	June 30, 1952
Property in process of administration:			
Cash deposit (U. S. Treasury).....	<sup>1</sup> \$9, 984, 803. 80	<sup>1</sup> \$2, 880, 191. 62	<sup>1</sup> \$2, 053, 158. 48
Stocks.....	72. 00	7. 00	6. 00
Bonds.....	1. 00	9. 00	9. 00
Real estate.....	29, 915. 00	215. 00	215. 00
Mortgages.....	15, 761. 50	1. 00	1. 00
Miscellaneous assets.....	36. 00	86. 78	84. 78
Total.....	<sup>1</sup> 10, 030, 589. 30	<sup>1</sup> 2, 880, 510. 40	<sup>1</sup> 2, 053, 474. 26

<sup>1</sup> Includes funds of \$970,498.29 at Apr. 21, 1942 under the Settlement of War Claims Act of 1928, \$123,537.46 at June 30, 1951 and \$50,000 at June 30, 1952 under Public Law 375, which were subject to call by the Treasurer of the United States for transfer to the "German Special Deposit Account."



## Business Enterprises

The Office of Alien Property has vested controlling or substantial interests in 433 business enterprises whose total assets amount to \$407,654,000 as of dates of assumption of control. As of June 30, 1952, the Office had under its administration 154 enterprises with total assets of \$274,031,000, of which \$118,612,000 represents the value of the Attorney General's interest.

In the case of a corporation, the Office vests the enemy-owned capital stock. Where partnerships and other types of unincorporated business enterprises are involved, the Office vests the enemy proprietary interests where the enterprise is partially enemy-owned and all of the assets where the enterprise is wholly enemy-owned. In the case of certain unincorporated banks and insurance companies, however, the Office has vested the remaining excess assets after payment of claims and liabilities in accordance with the law of the state or territory in which the institution is located. The Office, in addition to vesting ownership interests, also vests the interests of creditors.

### GENERAL DESCRIPTION OF VESTED ENTERPRISES

#### Interests Vested During Fiscal Year

The vesting program regarding interests in business enterprises has been completed. Creditor interests of vested business enterprises are still being vested in small amounts.

#### Status of Vested Enterprises

Of the 433 vested enterprises, the Office has continued 105 as going concerns while the remaining 328 were either in liquidation at date of vesting or have been placed in liquidation. Of the 105 continued in operation, 50 have been sold, 21 returned to nonhostile persons, and 1 company was merged with another vested enterprise. The Office has completely liquidated 186 of the 328 enterprises in liquidation, and in addition, has sold 2 companies in liquidation and has returned the vested interests in 19 companies in liquidation. The Office continues to hold vested interests in 33<sup>1</sup> going business enterprises and 121 inactive enterprises in liquidation as of June 30, 1952.

#### Size and Business Activity

At dates of assumption of control, 10 of the companies had assets in excess of \$10,000,000, while 42 others had assets exceeding \$1,000,000. As of

<sup>1</sup> This figure does not include certain minority stock interests which, although of substantial value, did not justify taking supervision of the particular enterprises.

June 30, 1952, the Office still had controlling interests in 4 companies whose assets exceeded \$10,000,000, and in an additional 16 with assets exceeding \$1,000,000.<sup>2</sup>

The following summary, arranged according to the nationality of the former owners of the 433 enterprises, indicates the distribution of the enterprises and their total assets at date of assumption of control:

Nationality of former ownership	Number of companies	Total assets
German.....	219	\$290,837,000
Japanese.....	175	100,715,000
Italian.....	33	13,564,000
Other.....	6	2,538,000
Total.....	433	407,654,000

Table 13 groups the 433 business enterprises according to the kinds of business in which they are or were engaged and shows total assets in each group.

### Percent of Controlling Interests Vested

The Office has vested 50 percent or more of the controlling interests, or 100 percent of the assets in 371 cases, or 86 percent of the companies. Table 14 indicates the percentage of assets or controlling interests vested by type of enterprise.

### CONSOLIDATED BALANCE SHEETS

Consolidated comparative balance sheets of all 433 vested enterprises as of dates of assumption of control and of the 154 enterprises still held as of June 30, 1952, are presented in table 15. The three middle columns of the table indicate changes during the period of administration by the Office.

#### Assets

Total assets were \$407,654,000 at dates of assumption of control as compared with \$274,031,000 as of June 30, 1952. The sale and return of enterprises with total assets of \$175,259,000 caused a substantial decline in the overall total assets figure. However, the books of the companies indicated increases in domestic assets of \$64,613,000 and decreases in foreign assets of \$22,977,000, resulting in a net increase of \$41,636,000.

As in past years, the increase in domestic assets of enterprises in which the Office has a substantial control represents improvements in manufacturing facilities and working capital of several important corporations. The expansion of these corporations has been financed primarily from operating profits.

<sup>2</sup> The difference in the number of companies at dates of assumption of control and at June 30, 1952, does not solely reflect companies sold, returned or liquidated, as several companies, whose total assets at dates of assumption of control did not reach either \$10,000,000 or \$1,000,000, have reached these figures while under the control of the Office of Alien Property.

312147

Table 13.—BUSINESS ENTERPRISES VESTED, MAR. 11, 1942, TO JUNE 30, 1952, DISTRIBUTED ACCORDING TO KIND OF BUSINESS ACTIVITY

[Total assets in thousands of dollars]

Kind of business activity	All vested enterprises (including companies disposed of prior to June 30, 1952) <sup>1</sup>			Enterprises held on June 30, 1952 <sup>2</sup>	
	Number of companies	Total assets		Number of companies	Total assets as of June 30, 1952
		As of dates of assumption of control	As of June 30, 1952, or date of sale or return		
Total.....	433	407,654	449,288	154	274,031
Manufacturing:					
Chemical.....	22	130,861	234,339	5	141,299
Miscellaneous.....	43	62,007	79,889	10	16,466
Agriculture.....	8	4,193	95		
Mining and petroleum.....	5	2,028	964	1	60
Trade:					
Wholesale.....	159	43,749	36,896	61	28,783
Retail.....	34	5,598	7,376	8	6,042
Transportation and related services.....	21	2,932	1,911	7	1,467
Holding:					
Investment.....	17	61,247	56,161	9	54,415
Real estate.....	32	8,687	6,392	14	3,294
Patent and copyright.....	23	2,545	2,538	12	1,574
Finance:					
Banking.....	21	64,940	20,056	15	18,976
Insurance.....	8	15,688	1,037	1	638
Miscellaneous.....	9	327	222	4	215
Services:					
Engineering.....	3	2,004	677	1	560
Other services rendered for profit.....	15	428	345	4	122
Nonprofit.....	13	420	190	2	120

<sup>1</sup> Including 52 companies sold, 40 companies returned to their former nonenemy owners, 1 merged with another vested company, and 186 completely liquidated.  
<sup>2</sup> Excluding companies mentioned in footnote 1. The asset column is affected only by the exclusion of the 93 sold or returned; the exclusion of the 186 liquidated companies does not affect the asset column inasmuch as the assets of these companies as of June 30, 1952, are zero.

Table 14.—BUSINESS ENTERPRISES IN WHICH INTERESTS WERE VESTED, MAR. 11, 1942, TO JUNE 30, 1952, BY TYPE OF ENTERPRISE AND PERCENT OF ASSETS OR CONTROLLING OWNERSHIP INTERESTS VESTED

Percent of assets or controlling ownership interests vested <sup>1</sup>	Type of enterprise							Total	Percent of total
	Corporations	Partnerships	Proprietorships	Non-profit organizations	United States branches of foreign enterprises	Miscellaneous associations			
Total.....	316	27	24	12	51	3	433	100.0	
100 percent assets.....	3	17	24	12	33	1	90	20.8	
100 percent excess assets.....					17		17	3.9	
100 percent controlling interests.....	168				1		169	39.0	
75-99.9 percent controlling interests.....	41						41	9.5	
50-74.9 percent controlling interests.....	51	3					54	12.5	
25-49.9 percent controlling interests.....	42	5					47	10.8	
Less than 25 percent controlling interests.....	11	2				2	15	3.5	

<sup>1</sup> The phrase "controlling ownership interests" means the voting stock of corporations, partnership shares, etc.; it specifically excludes preferred stock and other nonvoting interests. Indirect interests of the Attorney General, such as shares held by estates and trusts in which all interests have been vested or by other enterprises in which assets or majority interests have been vested, are included in the calculation of percent vested wherever such interests exist.

Table 15.—CONSOLIDATED COMPARATIVE BALANCE SHEETS OF ALL VESTED ENTERPRISES, AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1952

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control	Changes from dates of assumption of control to June 30, 1952				As of June 30, 1952
		Additional interests vested	Changes reflected on books of enterprises	Less enterprises sold	Less enterprises returned	
<b>ASSETS<sup>1</sup></b>						
Located in the United States.....	311,419		64,613	-159,968	-12,638	203,226
Located in allied and neutral countries.....	14,752		-9,126	-2,056	-140	3,430
Located in enemy and formerly enemy-occupied countries.....	81,483		-15,851	-149	-108	67,375
Total assets.....	407,654		41,636	-162,173	-13,086	274,031
<b>LIABILITIES AND NET WORTH</b>						
<b>Liabilities:</b>						
Owing to residents of the United States.....	108,900		32,775	-42,063	-5,318	94,294
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	9,208		-6,481	-727	-163	1,837
Owing to residents of enemy countries.....	9,871		-6,183	564	-942	3,050
Owing to Attorney General (vested) <sup>3</sup> .....	8,652	6,183	-10,205	-199	-858	3,573
Total liabilities.....	136,631		16,653	-43,249	-7,281	102,754
<b>Net worth:</b>						
Net worth of solvent enterprises.....	279,512		28,862	-118,949	-5,931	183,494
Deficit of insolvent enterprises.....	-8,489		-3,879	25	126	-12,217
Total net worth.....	271,023		24,983	-118,924	-5,805	171,277
Total liabilities and net worth.....	407,654		41,636	-162,173	-13,086	274,031
<b>Net worth of solvent enterprises distributed according to ownership shares:</b>						
Vested in Attorney General <sup>3</sup> .....	202,127	5,654	14,857	-68,459	-4,781	149,398
Owned by estates and trusts in which Attorney General is sole beneficiary.....	2,852	24	-2,829	-47		
Owned by others.....	74,533	-5,678	16,834	-50,449	-1,150	34,096

<sup>1</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositories; and securities according to location of issuers.  
<sup>2</sup> Not vested for policy or other reasons.  
<sup>3</sup> For further data on the value of the Attorney General's interests, see table 17.  
<sup>4</sup> For an explanation of the factors producing this change, see table 16.

**Liabilities**

The total liabilities as of dates of assumption of control amounted to \$136,631,000 as compared with \$102,754,000 on June 30, 1952. There was an increase in liabilities on the books of the companies amounting to \$16,653,000.

The Office has vested liabilities of the companies owed to enemy nationals of \$14,835,000. The unliquidated value of these interests at June 30, 1952, amounted to \$3,573,000.

**Net Worth**

Total net worth of all vested enterprises has declined from \$271,023,000 at dates of assumption of control to \$171,277,000 as of June 30, 1952. This net reduction of \$99,746,000 is accounted for by (1) the sale of companies having a total net worth of \$118,924,000; (2) the return to non-hostile persons of companies having a total net worth of \$5,805,000; and (3) offset partly by an increase of \$24,983,000 in net worth on the books of the companies.

The factors responsible for this increase of \$24,983,000 in net worth, as shown in table 16, were net operating profits of \$124,173,000, capital gains

312148

REPRODUCED AT THE NATIONAL ARCHIVES

of \$3,250,000, and liquidating gains of banks and insurance companies of \$1,706,000. Net worth was reduced by distributions of profits and liquidating payments of cash and other assets to owners (including the Attorney General) amounting to \$104,146,000.

**Table 16.—FACTORS RESPONSIBLE FOR CHANGES IN NET WORTH OF ALL VESTED ENTERPRISES FROM DATES OF ASSUMPTION OF CONTROL TO JUNE 30, 1952**

[In thousands of dollars]

Factors responsible for changes	Amount	
1. Operating profits and losses (after taxes): <sup>1</sup>		
Profits of 157 companies.....	132, 170	
Less: Losses of 216 companies <sup>2</sup> .....	-7, 997	
Net change.....		124, 173
2. Capital adjustments: <sup>3</sup>		
Revaluation of assets (including losses and gains on sale of assets, liquidation of receivables and changes in expenses and taxes applicable to periods prior to vesting):		
Gains.....	15, 825	
Losses.....	-12, 575	
Net change.....		3, 250
3. Liquidating gains and losses of banks and insurance companies: <sup>4</sup>		
Gains of 12 companies.....	3, 966	
Losses of 17 companies.....	-2, 260	
Net change.....		1, 706
4. Distributions to stockholders, partners, and other owners (including Attorney General):		
Distributed profits in cash and in kind.....	-35, 541	
Liquidating payments in cash and in kind.....	-67, 956	
Less: Funds returned to companies.....	75	-67, 881
Stock bought in by companies.....	-724	-104, 146
Total changes in net worth reflected on the books of the enterprises (per table 15).....		24, 983

<sup>1</sup> Does not include profits and losses of banks and insurance companies which are reflected in factor 3. <sup>31</sup> vested enterprises, 1 of which is actively engaged in business, made neither profits nor losses.

<sup>2</sup> Almost without exception the companies showing operating losses are in liquidation.

<sup>3</sup> Does not include capital adjustments of banks and insurance companies which are reflected in factor 3.

### ATTORNEY GENERAL'S INTEREST IN VESTED ENTERPRISES

The interests of the Office in both net worth and obligations of the vested companies are shown in table 15. Book values, although constituting the best available basis for valuation, do not accurately portray the value of the Office's interests in certain of the enterprises. Accordingly, two general types of adjustments have been made, as follows: (1) in determining net equity vested, assets located in enemy and formerly enemy-occupied countries have been treated as valueless and the book value reduced accordingly; and (2) the book value of vested creditor interests has been adjusted to reflect the amounts that the Office can expect to receive upon liquidation of the companies.

After making the above adjustments, the Attorney General's net equity in vested enterprises is estimated at \$171,614,000 at dates of assumption of

control and \$118,612,000 as of June 30, 1952. Table 17 shows net equity vested classified according to the character of the interest.

An analysis of the \$53,002,000 decline in net equity from dates of assumption of control to June 30, 1952, is presented in table 18. The major portion of the decline was caused by the sale of interests in business enterprises and the payment of liquidating dividends to the Office by enterprises in liquidation. Offsetting the decline to a great extent was the net appreciation of interests in business enterprises.

### OPERATION OF VESTED ENTERPRISES AS GOING CONCERNS

Of the 433 enterprises in which substantial interests have been vested by the Office, 105 have been operated as going concerns. The sale of 50 companies, the return of 21 to former owners, and the merging of 1 concern, leaves 33<sup>3</sup> continued in operation as of June 30, 1952.

**Table 17.—NET EQUITY IN VESTED ENTERPRISES, CLASSIFIED BY CHARACTER OF INTEREST, AS OF DATES OF VESTING AND AS OF JUNE 30, 1952**

[In thousands of dollars]

Character of interest	As of dates of vesting	As of June 30, 1952
Total.....	171, 614	118, 612
Interests in net worth.....	159, 942	115, 667
Stock.....	110, 666	106, 720
Equity in enterprises whose assets or excess assets have been vested.....	49, 046	8, 850
Partnership interests.....	180	4
Other proprietary interests.....	50	93
Interests as creditor.....	11, 672	2, 945
Bonds.....	518	55
Notes and accounts receivable.....	11, 154	2, 890

**Table 18.—CHANGES IN NET EQUITY IN BUSINESS ENTERPRISES, DATES OF VESTING TO JUNE 30, 1952**

[In thousands of dollars]

Net equity as of dates of vesting.....		\$171, 614
Add:		
Net appreciation of vested interests.....	\$101, 502	
Distribution of interests formerly owned by vested estates and trusts.....	2, 296	
		\$103, 798
Less:		
Liquidating dividends in cash and kind paid to the Office.....	-53, 305	
Interests sold by the Office.....	-88, 792	
Debts paid to Office in cash and kind.....	-7, 160	
Interests returned by Office.....	-5, 821	
Transfer of minority interests in business enterprises to miscellaneous stock <sup>1</sup> .....	-3, 385	
	-158, 463	
Deduct direct expenses incurred in management or sale of vested interests.....	1, 663	
		-156, 800
		-53, 002
Net equity as of June 30, 1952.....		118, 612

<sup>1</sup> Shares of stock remaining after the sale or return of most of the shares.

<sup>2</sup> See footnote 1, p. 22, *supra*.

312150

**Total Assets and Kinds of Business Activity**

The total assets and kind of business activity in which the 33 going enterprises are engaged are shown in table 19. Due to the sale or return of 72 active business enterprises with total assets of \$173,329,000, total assets of going concerns showed a decline from dates of assumption of control to the close of the fiscal year 1952 from \$241,180,000 to \$200,966,000.

**Table 19.—VESTED ENTERPRISES CONTINUED AS GOING CONCERNS, DISTRIBUTED ACCORDING TO KIND OF BUSINESS ACTIVITY**

[Total assets in thousands of dollars]

Kind of business activity	All going concerns (including companies sold or returned) <sup>1</sup>			Going concerns held on June 30, 1952 <sup>2</sup>	
	Number of companies	Total assets		Number of companies	Total assets as of June 30, 1952
		As of dates of assumption of control	As of June 30, 1952, or date of sale or return		
Total.....	105	241,180	374,295	33	200,966
Manufacturing:					
Chemical.....	17	130,265	234,329	5	141,299
Miscellaneous.....	27	60,375	79,887	9	16,464
Agriculture.....	1	209	95		
Mining and petroleum.....	3	1,154	964	1	60
Trade:					
Wholesale.....	19	13,539	18,317	6	10,499
Retail.....	8	3,931	7,179	1	5,846
Transportation and related services.....	1	110	444		
Holding:					
Investment.....	3	23,892	24,236	2	22,490
Real estate.....	12	5,829	5,987	3	2,832
Patent and copyright.....	8	1,520	2,434	5	4,479
Miscellaneous finance.....	1	8	8		
Services:					
Engineering.....	1	43	117		
Rendered for profit.....	3	218	228	1	6
Nonprofit.....	1	87	70		

<sup>1</sup> Including 50 companies sold, 21 companies returned to their former nonenemy owners, and 1 merged prior to June 30, 1952.

<sup>2</sup> Excluding companies mentioned in footnote 1.

<sup>3</sup> See footnote 1, p. 22, *supra*.

**Control Exercised by the Office**

In all cases when the Attorney General acquires a substantial voting stock interest in a corporation, the vested shares are voted for the election of directors to the extent permitted by the corporation's bylaws. There have been instances when arrangements were made to elect one or more directors when the vested shares represented a substantial minority interest.

Responsibility for the conduct of the business of an active corporation rests with its board of directors and officers. Each active business enterprise operates under a general authorization by the Office permitting such transactions as are necessary to the normal functioning of the business. These authorizations, however, prohibit any unusual transactions, such as the sale of a substantial part of the assets of the corporation or the issuance of additional capital stock. Certain specific types of transactions may also be prohibited by the general authorization, depending upon the circumstances in a particular case. Before any prohibited transaction may be undertaken by the enterprise concerned, a special authorization must be obtained from the Office.

During the fiscal year interests in 4 active business enterprises were sold by the Office, making a total of 50 sold to June 30, 1952. The Office has now received a total of \$88,792,000 from the sale of vested interests in going business enterprises.

**Enterprises Sold During Fiscal Year**

**SCHERING CORPORATION.**—The vested shares of stock of Schering Corporation were sold by the Office on March 13, 1952, at a public sale on a sealed bid basis to an underwriting group represented by Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., and Drexel & Co. for \$29,131,960.00. The vested interest consisted of all the issued and outstanding shares (440,000) of no par value common stock of the corporation.<sup>4</sup>

**JETTER & SCHEERER PRODUCTS, INC.**—Jetter & Scheerer Products, Inc., is a corporation organized under the laws of the State of New York and engaged in the production and sale of surgical instruments. Pursuant to Vesting Order No. 590, dated December 29, 1942, the Office vested 200 shares (100%) of the common stock of the corporation registered in the name of Ernest S. Beck, but beneficially owned by Fritz Scheerer of Tuttlingen, Germany. In addition, Vesting Order No. 590 vested an account payable on the books of the corporation, and owed to the German Jetter & Scheerer corporation in an amount of \$127,054.33 and interest from April 1, 1941.

The petition filed by Beck under section 9 (a) of the Trading With the Enemy Act, as amended, to recover the 200 shares of common stock of the corporation vested by Vesting Order No. 590, was dismissed by the United States District Court for the District of Connecticut on March 30, 1949, and this judgment was affirmed by the United States Court of Appeals for the Second Circuit on May 19, 1950. No appeal was taken from this decision prior to expiration of the time for appeal.

As a means of making the company more attractive to prospective purchasers, a plan of reorganization was developed under which the total outstanding shares (50) of 6% cumulative preferred stock, owned by Beck, were purchased by the corporation in March 1951 and retired. The authorized stock of the corporation, by an amendment to the Certificate of Incorporation, was reduced to \$25,000, consisting of 250 shares of common stock of \$100.00 par value. All the issued and outstanding shares (200) were in the name of the Attorney General. In addition, the Attorney General forgave the vested debt of the company on February 15, 1951, which by December 31, 1950, had amounted with accrued interest to \$192,155.21. The net result was that \$95,372.28 was credited to donated surplus, thus making a much more attractive balance sheet from a prospective purchaser's point of view.

On August 6, 1951, a prospectus was issued inviting sealed bids for the purchase of the vested shares of stock. The sale was advertised in the *New York Times* of August 6, 1951, and opening of bids was set for August 29, 1951. When the sealed bids were opened at the New York office of the Office of Alien Property, Carrell G. Ziegler had submitted the highest of three bids in the amount of \$73,000, and on September 4, 1951, his bid was accepted by the Office. Closing took place on September 12, 1951. Ex-

<sup>4</sup> For a description of the sale and other details, see Ch. IV, "Selected Vested Enterprises," pp. 43-45.

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penses of the sale in the amount of \$1,500 were paid by Mr. Ziegler in addition to his bid price.

**FERD. MULHENS, INC.**—Ferd. Mulhens, Inc., is a corporation organized under the laws of the State of New York and engaged in the manufacture of toiletries and perfumeries. Pursuant to Vesting Order No. 407, dated November 28, 1942, and amended December 16, 1946, the Office vested all the outstanding stock of the corporation, consisting of 1,000 shares of no par value common stock and 3,000 shares of 6% cumulative preferred stock of \$100 par value and any indebtedness owed the Swiss firm of Paul Peter Muelhens (Aktiengesellschaft für Aetherische Oele, also known as "Clarus") by Ferd. Mulhens, Inc. By Vesting Order No. 523, dated December 18, 1942, Vesting Order No. 1059, dated March 11, 1942, and Vesting Order No. 1590, dated June 3, 1943, the Office vested certain trade-marks registered in the United States owned by Ferd. Mulhens, Inc. and Paul Peter Muelhens of Cologne, Germany. Also vested were certain non-registered trade-marks, label copyrights and registrations owned by the same companies.

Pursuant to a plan of reorganization, the Attorney General, by private sale on June 15, 1951, assigned to the company for a consideration of \$10.00 all the registered and unregistered trade-marks, copyrights, and registrations with all the goodwill appurtenant thereto. On June 19, 1951, the Attorney General forgave the vested debts mentioned above, and surrendered for cancellation the 3,000 shares of 6% cumulative preferred stock. The company amended its certificate of incorporation to eliminate all the authorized preferred shares.

A prospectus was issued inviting sealed bids for the purchase of all the capital stock of the company. The sale was advertised in the *Wall Street Journal* on October 3, 1951, and *Drug Trade News* on October 15, 1951, and opening of bids was set for October 25, 1951. At the appointed time in the New York office of the Office of Alien Property, the nine bids received were opened and the highest bidder was Mr. Raymond E. Lee, with a bid of \$126,500. Mr. Lee was notified of the acceptance of his bid on October 25, 1951, and on November 1, 1951, the sale was closed. Expenses of the sale in the amount of \$1,500, in addition to the high bid of \$126,500, were paid by the successful purchaser.

**J. M. LEHMANN COMPANY, INC.**—J. M. Lehmann Co., Inc., is a corporation organized under the laws of the State of New York and engaged in the manufacture, sale and servicing of medium heavy machinery principally for the paint, lacquer, ink, soap, and chocolate industries. Pursuant to Vesting Order No. 29, dated June 18, 1942, the Office vested 1,225 shares of \$100 par value common stock of the company, representing 84.19 percent of the issued and outstanding shares, which were registered in the name of Franz B. Lehmann, a resident of Dresden, Germany.

Although several claims for the return of all or portions of the vested shares had been filed from time to time, there was no pending litigation under section 9 (a) of the Trading With the Enemy Act, as amended, which would have acted as a legal bar to the sale of the vested shares.

Accordingly, on December 20, 1951, the Attorney General announced the sale of the 1,225 shares of the company, with bids to be opened on January 30, 1952, at the New York office of the Office of Alien Property. The sale was advertised in various New York newspapers on December 20, 1951. On January 30, 1952, 13 bids had been received and were opened. The highest in the amount of \$520,019 was submitted by Sigmund Morey, of New York, whose bid was accepted by the Office on February 14, 1952.

Closing of the sale took place on February 25, 1952. The high bid was in addition to an amount of \$5,500 for expenses of the sale, to be paid by the successful purchaser.

#### Sales Procedure

The policy of the Office regarding its vested interests in business enterprises is to dispose of such interests as rapidly as circumstances permit. All pending litigation contesting title must be eliminated before such interests can be sold.

The Office generally utilizes a public sale by means of sealed bids in disposing of its substantial vested interests. This procedure affords the widest possible participation in the sale. A prospectus is prepared containing detailed information on the operations of the company and the procedures for the sale, accompanied by a statement of terms and conditions, form of bid, questionnaire, and notice of sale.

Where the interests to be sold either represent voting control or majority control of a particular company and it appears probable that the offering will be of interest to underwriters who intend to make an immediate public distribution of the shares under circumstances requiring registration of the securities, the Office directs the company to file a registration statement with the Securities and Exchange Commission. Such registration statement meets the same requirements of the Commission as any registration statement filed by a private concern issuing shares of stock for public distribution. In other cases where a registration statement is not deemed necessary, the Office attempts to conform to the standards of the Securities and Exchange Commission in its prospectus and related documents, although no registration statement is filed with the Commission.

Each sale is advertised in newspapers and national periodicals, in order to afford the widest possible coverage for the proposed sale. In addition, the Office maintains a mailing list of interested persons, numbering approximately 3,000, who receive notices of sales at the time of public announcement of sale. A prospectus and related sales documents are made available to all persons who request them.

A period of 20 days or more is generally allowed from the time of the announcement to the date for opening bids to afford prospective purchasers sufficient time to appraise the value of the interests being offered for sale. In order for the Office to establish the eligibility of a purchaser, a questionnaire must be filed at the time specified in the statement of terms and conditions governing the sale. The questionnaire affords the Office full information on matters concerning antitrust questions and the citizenship qualification of the bidder.

Bids are submitted on a form of bid provided for that purpose. Each offer must be accompanied by a deposit specified in the statement of terms and conditions governing the sale. The deposit is applied to the purchase price of the successful bidder, while all other deposits are returned to unsuccessful bidders at or before the time of announcement of award to the successful bidder.

Depending upon the nature of the offering, the Attorney General allows himself anywhere from 24 hours to 30 days to consider the acceptability of the bids received. The time period is always stated in the statement of terms and conditions. The purchaser is required to pay the balance of the purchase price above his deposit at the time of the consummation of the sale. All proceeds from the sale of vested interests are deposited in the Treasury of the United States as required by law.

312151

REPRODUCED AT THE NATIONAL ARCHIVES

## LIQUIDATION OF VESTED ENTERPRISES

Of the 433 business enterprises in which substantial interests have been vested by the Office of Alien Property, 328 companies were either in liquidation at the time of assumption of control by the Office or were placed in liquidation because they were unable to operate profitably or because their continued operation would not serve the national interest. Of this number, 29 enterprises are banks and insurance companies which are discussed in the succeeding section of this chapter. The nature of the remaining 299 companies and their total assets are shown in table 20.

**Table 20.—VESTED ENTERPRISES IN LIQUIDATION (OTHER THAN BANKS AND INSURANCE COMPANIES), DISTRIBUTED ACCORDING TO KIND OF BUSINESS ACTIVITY**

[Total assets in thousands of dollars]

Kind of business enterprise	Number of enterprises	Total assets	
		As of date of assumption of control	As of June 30, 1952
Total.....	299	85,848	53,451
Manufacturing:			
Chemical.....	5	596	
Miscellaneous.....	16	1,633	2
Agriculture.....	7	3,984	
Mining and petroleum.....	2	874	
Trade:			
Wholesale.....	140	30,210	18,284
Retail.....	26	1,666	196
Transportation and related services.....	20	2,823	1,467
Holding:			
Investment.....	14	37,354	31,925
Real estate.....	20	2,857	462
Patent.....	15	1,025	104
Miscellaneous finance.....	8	319	215
Services:			
Engineering.....	2	1,962	560
Rendered for profit.....	12	210	116
Nonprofit.....	12	333	120

<sup>1</sup> Including 186 completely liquidated companies which have no assets remaining as of June 30, 1952.

<sup>2</sup> Almost all of these assets are located in enemy and formerly enemy-occupied countries.

### Procedure in Liquidation of Corporations

The first step in the liquidation of corporations is the cancellation of the existing certificates for vested stock and the issuance of new certificates in the name of the Attorney General. The corporation is then restaffed with personnel of the Office of Alien Property. When necessary the corporate structure is amended to facilitate liquidation and corporate procedures. Inventory and appraisal of all physical property follow, together with a review of all other assets and a determination of the corporation's fiscal and tax status. Liquidation of the physical property may be carried out through usual trade channels, by public sale, or through negotiated offers, depending on the method most advantageous to the Office and the corporation. Other assets, such as receivables and claims, must also be reduced to cash.

Claims against the corporation are reviewed, their validity determined, and necessary steps taken to dispose of them. Following the issuance of a dissolution order by the Office, the proceeds of the liquidation are distributed in accordance with applicable State and Federal laws.

**ACCOUNTS RECEIVABLE.**—In collecting accounts receivable, it is first necessary to develop information to show that the debt is due and owing by

the person, firm, or corporation indicated to be the obligor by the books of the company. In some instances, making and enforcing the demand results in counterclaims by the obligor based on agreements alleged to have been made prior to vesting between the company and the obligor. If the files of the company are not sufficiently clear to refute such claims, a compromise offer of settlement may be sought. When the initiation of a suit to enforce collection is necessary, the matter is referred to counsel for the company.

**PAYMENT OF CLAIMS.**—Among the primary responsibilities of the Office in its liquidation program is the prompt payment of valid claims against corporations. Payments are made as the liquidation of assets progresses. In the case of an insolvent corporation having substantial assets, pro rata payments are made to the extent possible from available funds to all creditors whose claims have been allowed. Funds are reserved for the payment of contingent claims.

**LIQUIDATING DIVIDEND.**—In 100 percent stock vestings, the declaration and payment of a liquidating dividend is preceded by:

1. Liquidation of assets, either completely or to the point where there are sufficient funds to pay all creditors' claims in full.
2. Payment of creditors' claims.
3. Dissolution of the corporation.

Because means of expeditious closing of corporate cases are not always provided in applicable state statutes, the Office has accelerated the final distribution of dividends to itself in cases where it is sole stockholder by issuing "Dissolution Orders"; these orders are directives to the corporate officers and directors and provide for the manner of winding up corporate affairs and making final distribution of assets. Dissolution orders are based on a review of all actions taken since the capital stock of the corporations was vested and a determination of the extent to which the liquidation and dissolution of the companies in accordance with state law have progressed. The orders provide for the payment of a final liquidating dividend either wholly in cash or partly in unliquidated assets. Liquidating dividends are paid partially in kind if the nature of some of the assets would delay the complete liquidation of a corporation. Dividends paid in kind generally consist of securities and accounts receivable involving difficult collection problems. The dissolution order speeds up the payment of a liquidating dividend by directing the turning over to the Office, as the sole shareholder, all remaining assets after creditors' claims have been paid, without waiting for the expiration of the statutory period which may be required under applicable laws of the state in which the company is incorporated. The order also provides for exculpation of the officers and directors in making such payments before the expiration of the waiting period.

Where the vested interest of the Office is a majority interest but not 100 percent, the same procedure is followed in making liquidating distributions, except that before the dissolution order is issued it is necessary for the other shareholders, exclusive of the Attorney General, to furnish bond to protect the officers and directors of the company as well as the Attorney General in the event that creditors' claims not shown on the books are asserted and allowed prior to the expiration of the waiting period.

If only a minority interest in a company has been vested, the management is generally not designated by the Office. No dissolution orders are issued, but the plans for distribution adopted by the officers are passed on by the Office if supervisory powers are in effect.

312152

### Procedure in Liquidating Unincorporated Enterprises

In liquidating the vested assets of unincorporated enterprises, the procedure followed is first to take possession or control of the vested properties. The property is then inventoried and appraised. In preparing for and carrying out the sale of the property, the Office's General Order No. 26<sup>5</sup> is followed: this order requires, except as provided therein, that property be offered for sale through sealed bids publicly opened and recorded. When public offerings do not produce adequate bids, negotiations are undertaken with prospective purchasers in order to obtain satisfactory offers. Receivables, claims, and other assets are reduced to cash, generally through negotiation with the other parties involved.

**CLAIMS.**—Claims asserted against unincorporated vested enterprises must necessarily be handled in a different fashion from those made against corporations in which interests have been vested. A corporation, as a legal person, can proceed to pay claims against it or can be sued by claimants the validity of whose claims is questioned. When the Office assumes control of an unincorporated enterprise through the issuance of a vesting order taking title to the assets of a company, there frequently are outstanding claims against the property that arose from ordinary business transactions prior to vesting. Such claims can be paid only by the Office. The procedure adopted for payment of such claims is contained in Public Law 671, 79th Cong., 2d sess., approved August 8, 1946.<sup>6</sup> For a fuller discussion of claims, see Chapter VII, "Claims and Suits."

### Progress of Liquidation

Of the 186 companies fully liquidated, 6 were liquidated during the past fiscal year.

Table 21 indicates the general progress of liquidation. From the dates of assumption of control to June 30, 1952, total assets have been reduced<sup>7</sup> from \$85,846,000 to \$53,451,000. In some cases, liquidation of remaining assets has involved certain difficulties. Legal matters have delayed the disposition of substantial amounts of cash held by a few companies. Certain of the receivables, claims, and deposits are difficult of collection while others may prove uncollectible. Silesian-American Corporation alone has physical properties located in what was formerly German-occupied Poland and is now Russian-held Poland valued at more than \$30,000,000, the collection of any part of which appears very remote.

The net worth of liquidating companies as of dates of assumption of control and as of June 30, 1952, is reconciled as follows:

<sup>5</sup> 8 CFR 501.25.

<sup>6</sup> 60 Stat. 925, 50 U. S. C. App. sec. 34. For the complete text of Public Law 671, see *Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1947*, pp. 53-57.

Net worth as of dates of assumption of control.....		\$43,416,000
Operating profits and losses: <sup>1</sup>		
Profits of 72 companies.....	\$3,746,000	
Losses of 197 companies.....	-6,822,000	
		-3,076,000
Capital gains and losses:		
Capital gains.....	5,944,000	
Capital losses.....	-60,093,000	
		-149,000
Distributions to stockholders and other owners (including Attorney General):		
Regular dividends.....	-886,000	
Liquidating payments.....	-15,241,000	
		-16,127,000
Interests bought in by companies.....		-23,000
Net worth of enterprises sold and returned.....		-121,000
Total changes in net worth.....		-19,496,000
Net worth as of June 30, 1952.....		23,920,000

<sup>1</sup> 30 companies had neither profits nor losses.

**Table 21.—CONSOLIDATED COMPARATIVE BALANCE SHEETS OF VESTED ENTERPRISES IN LIQUIDATION (EXCEPT BANKS AND INSURANCE COMPANIES), AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1952**

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control	Changes reflected on books of companies	Less enterprises sold and returned <sup>1</sup>	As of June 30, 1952
<b>ASSETS<sup>2</sup></b>				
Located in the United States:				
Cash.....	14,546	-2,572	-295	11,679
Receivables.....	3,705	-3,125	-54	526
Inventory.....	5,759	-5,755		4
Investments.....	5,412	-3,940		1,466
Fixed assets.....	4,224	-4,112	-34	78
Intangibles.....	1,316	-1,244	-2	70
Deferred charges.....	182	-181		1
Claims and deposits.....	4,536	-3,160	-2	1,374
Total assets in the United States.....	39,680	-24,095	-587	15,198
Located in allied and neutral countries.....	7,067	-5,362	-63	1,642
Located in enemy and formerly enemy-occupied countries.....	39,099	-2,488		36,611
Total assets.....	85,846	-31,945	-450	53,451
<b>LIABILITIES AND NET WORTH</b>				
Liabilities:				
Owing to residents of the United States.....	26,811	-2,110	-13	24,688
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	3,449	-2,649	-1	799
Owing to residents of enemy countries.....	5,370	-2,727	-19	2,624
Owing to Attorney General (vested).....	6,800	-5,084	-296	1,420
Total liabilities.....	42,430	-12,570	-329	29,531
Net worth:				
Net worth of solvent enterprises.....	51,707	-17,567	-224	34,126
Deficits of insolvent enterprises.....	-8,291	-2,018	103	-10,206
Total net worth.....	43,416	-19,575	-121	23,920
Total liabilities and net worth.....	85,846	-31,946	-450	53,451
Net worth of solvent enterprises distributed according to ownership shares:				
Vested in Attorney General.....	31,576	-12,166	-210	19,201
Owned by estates and trusts in which Attorney General is sole beneficiary.....	289	-289		
Owned by others.....	19,842	-4,908	-14	14,925

<sup>1</sup> Includes 11 companies returned and 2 companies sold while in liquidation.

<sup>2</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositories; and securities according to location of issuers.

<sup>3</sup> See footnote 2, table 15, p. 25.

312153

REPRODUCED AT THE NATIONAL ARCHIVES

## LIQUIDATION OF BANKS AND INSURANCE COMPANIES

During the fiscal year the Office completed the liquidation of Meiji Fire Insurance Company, Ltd., of New York. The Office continues its supervision of the liquidation of 15 banks and 1 insurance company.<sup>7</sup> The majority of these institutions are being liquidated by the appropriate state officials<sup>8</sup> or by liquidating trustees<sup>9</sup> under the supervision of this Office.

### Progress of Liquidation of Banks and Insurance Companies

Table 22 indicates the financial condition of vested banks and insurance companies as of dates of assumption of control and as of June 30, 1952.

**Table 22.—CONSOLIDATED COMPARATIVE BALANCE SHEETS OF VESTED BANKS AND INSURANCE COMPANIES IN LIQUIDATION, AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1952**

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control	Net change	Less enterprises returned <sup>1</sup>	As of June 30, 1952
<b>ASSETS<sup>2</sup></b>				
Located in the United States:				
Cash.....	35,910	-28,152	-1,071	6,687
Receivables.....	12,961	-11,389	-328	1,246
Investments.....	9,615	-9,510		105
Fixed assets.....	142	-140		2
Deferred charges.....	96	-89		7
Claims and deposits.....	1,730	-1,680		50
Total assets located in the United States.....	60,454	-50,960	-1,397	8,097
Located in allied and neutral countries.....	5,227	-4,174	-1	1,052
Located in enemy and formerly enemy-occupied countries.....	14,947	-4,401	-81	10,465
Total assets.....	80,628	-59,555	-1,479	19,614
<b>LIABILITIES AND NET WORTH</b>				
Liabilities:				
Owing to residents of the United States.....	8,916	-6,698	-551	2,667
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	3,107	-3,077	-26	4
Owing to residents of enemy countries.....	1,591	-1,016	-151	425
Owing to Attorney General (vested).....		265		265
Total liabilities.....	13,614	-9,526	-728	3,361
Net worth:				
Net worth of solvent enterprises.....	67,014	-48,001	-751	18,262
Deficits of insolvent enterprises.....	(1)	-2,009		-2,009
Total net worth.....	67,014	-50,010	-751	16,253
Total liabilities and net worth.....	80,628	-59,555	-1,479	19,614
Net worth of solvent enterprises distributed according to ownership shares:				
Vested in Attorney General.....	66,514	-47,588	-744	18,182
Owned by others.....	500	-413	-7	80

<sup>1</sup> Includes 6 banks and 2 insurance companies returned to former Italian owners.

<sup>2</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositaries; and securities according to location of issuers.

<sup>3</sup> See footnote 2, table 15, p. 25.

<sup>4</sup> Less than \$500.

<sup>7</sup> Since Dec. 7, 1941, 21 banks and 8 insurance companies owned or controlled by enemy nationals have been put into liquidation by or under the supervision of this Office. The figure of 21 banks represents a correction of the 22 banks indicated in previous *Annual Reports*.

<sup>8</sup> Many of the vested institutions were being liquidated by state authorities prior to the establishment of the Office of the Custodian. In order not to interfere with the liquidation proceedings of the state authorities, vestings were addressed to the "excess proceeds" of such institutions remaining after the payment of creditors preferred under state law.

<sup>9</sup> In some jurisdictions the liquidation of the enemy-owned or controlled banks was not undertaken by state authorities. These liquidations are being conducted either by liquidating trustees (where the bank was a domestic corporation and stock therein was vested), or by this Office (where "all property" of the bank was vested).

Liquidations have now advanced to the point where domestic assets in kind have been reduced from \$24,544,000 to \$1,410,000 by the end of the fiscal year 1952. The majority of the remaining assets represent receivables due the vested enterprises.

The two principal factors in reducing total assets have been the payments of dividends to creditors and the distribution to the Office of cash and assets in kind, such as receivables and securities. Nonliquid assets of \$26,932,000 book value distributed to the Office are no longer shown on the balance sheets of the companies. The liquidation of these assets presents a difficult task. A substantial amount of the assets in kind distributed to the Office consists of claims against other enterprises vested by the Office. The disposition of these claims must be carried out in conformance with the claims procedures established by the Office under section 34 of the Trading With the Enemy Act, as amended.<sup>10</sup> The collection of many foreign claims has been complicated by the fact that the assets of the debtors have been seized or blocked by friendly foreign governments. During the fiscal year, however, this Office received approximately \$60,000 representing the net proceeds of collections made in 1940 and 1941 in South American countries for the New York agencies of Japanese banks. These proceeds previously had been regarded as blocked property by the South American countries.

During the fiscal year the New York Superintendent of Banks, as Liquidator of the business and property in New York of the Yokohama Specie Bank, Ltd., turned over, in compliance with turnover directives issued by this Office, the sum of \$664,515 as vested "excess proceeds" of the liquidation not required to be held as reserves for contingent liabilities.

Prior to the beginning of the fiscal year all except two of the banks and insurance companies in the process of liquidation by state authorities and liquidating trustees had declared 100 percent dividends to creditors. The San Francisco Branch and the Los Angeles Branch of the Yokohama Specie Bank, Ltd., had declared 80 percent dividends. During the fiscal year these two banks in liquidation declared additional 20 percent dividends to creditors. Accordingly, the record for all banks and insurance companies liquidated or in the process of liquidation by state authorities and liquidating trustees under the supervision of this Office is payment of 100 percent of approved claims. The claims of creditors of those banks and insurance companies which are being liquidated by this Office must be settled in accordance with sections 32 and 34 of the Act, as amended.<sup>11</sup>

### Liquidation of Assets

At the outbreak of war, the United States branches and the domestically incorporated subsidiaries of Japanese banks were holding, either as capital or as collateral for loans, over \$4,000,000 in dollar bonds of Japanese issues. During the war, under a law enacted in 1941 relating to the treatment of foreign currency bonds, the Japanese Government invalidated these bonds and others in which the Attorney General is interested by reason of the vesting of Japanese business enterprises in the United States, by converting them into Japanese currency bonds. Although trading in dollar bonds of these issues was resumed in the United States during the preceding fiscal year, the bonds which had been converted into Japanese currency bonds could not be traded, inasmuch as they had been placed on a proscribed list

<sup>10</sup> 60 Stat. 925 (1946), 50 U. S. C. App. sec. 34.

<sup>11</sup> 60 Stat. 50 (1946), as amended 60 Stat. 930 (1946), 61 Stat. 784 (1947), 64 Stat. 1080 (1950), 50 U. S. C. App. sec. 32; 60 Stat. 925 (1946), 50 U. S. C. App. sec. 34.

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by the Securities and Exchange Commission on the representation of the Japanese Government that they were invalid. As a result of the efforts of a mission from this Office to Japan to have these bonds revalidated, the Japanese Diet on November 29, 1951, enacted legislation authorizing the revalidation of these bonds.

**Decline in Net Worth**

The reduction in net worth from \$67,014,000 to \$16,253,000 from dates of assumption of control to June 30, 1952, is reconciled as follows:

Net worth at dates of assumption of control.....		\$67,014,000
Liquidating gains and losses:		
Add: Gains of 12 companies.....	\$3,977,000	
Less: Losses of 17 companies.....	-2,271,000	
Net change.....	1,706,000	
Distributions to stockholders and other owners (including Attorney General):		
Liquidating payments in cash.....	-24,784,000	
Liquidating payments in kind.....	-26,932,000	
Total distributions.....	-51,716,000	
Net worth of enterprises returned.....	-751,000	
Total change in net worth.....	-50,761,000	
Net worth as of June 30, 1952.....		16,253,000

**Selected**

Three of the most important interests have been vested and w Alien Property during the fiscal Aniline & Film Corp. and its wh Corp., remained under the co year, while the vested interests i

**GENERAL ANIL**

**Interest of the Office**

The Office of Alien Proper standing shares of common A shares of common B stock of the year by Vesting Order No. 176 the common A stock in the na Switzerland, and owned benefic during the fiscal year by Vest were 133 shares of the comm Zurich, Switzerland, and own national of Germany. The C stock by Return Order No. 126 Mexico City, Mexico.

On April 7, 1952, the Supren of Appeals for the District of the District Court denying tl section 9 (a) suit brought by the Attorney General.<sup>2</sup> In its enemy stockholders of nonem interest in the corporate assets of innocent stockholders to ar to their stockholdings must be f was filed with the Special Mas seeking leave to intervene in th half of 554 nonenemy sharehc shares of I. G. Chemie stock, of all other nonenemy shareh

<sup>1</sup> Although this vesting order w included in the number of shares Report due to the fact that the v were not identified until the 1952 fi  
<sup>2</sup> Kaufman v. the Societe Inter U. S. 156. For a background of Alien Property Custodian, fiscal ye Office of Alien Property, Depart pp. 40, 78-79, June 30, 1950, p. 1

By virtue of various vesting orders the Attorney General had acquired certain rights and interests in patents and patent applications which had been subject to agreements between Schering Corp. and Schering, A. G., its former German parent. It was felt desirable, in the interest of and for the benefit of the United States, to make these rights and interests available to qualified licensees. As a consequence, in accordance with a directive issued by the Attorney General on January 5, 1952, an agreement was entered into, by and between the Attorney General and Schering Corp., effective January 1, 1952, under the terms of which all of the corporation's patents issued on patent applications filed during the period of German control of the corporation, that is prior to April 18, 1942, be transferred and assigned to the Attorney General to be administered in accordance with policies and procedures generally applicable to other patents held by him pursuant to the Trading With the Enemy Act, as amended. Under these policies and procedures royalty-free revocable licenses are issued to any qualified applicant. The agreement provided that all other patents heretofore or hereafter issued on patent applications filed on or after April 18, 1942 and before January 1, 1952, shall be made available by the corporation for licensing to any qualified applicant on a non-discriminatory, non-exclusive, reasonable royalty basis. The Attorney General granted a non-exclusive, irrevocable, non-assignable, royalty-free license to the corporation to make, use and sell each of the inventions described in the patents transferred to him.

All royalties accruing after January 1, 1952, under licenses granted by the corporation under patents transferred to the Attorney General were also transferred to the Attorney General. The only exception was the rights under the "Cortisone Agreement", which were reserved to the corporation. All licenses heretofore issued by the corporation under the patents assigned to the Attorney General, except as to the "Cortisone Agreement", may be surrendered by licensees either by their express terms or by reason of the corporation's agreement with the Attorney General.

The arrangements under the agreement affect only the corporation's United States patents and the compulsion to license requires the corporation to grant non-exclusive licenses to make, use or sell under the corporation's patents for manufacture in the United States. The arrangements do not affect patents issued on applications filed subsequent to January 1, 1952.

In preparation for the sale of the vested shares of Schering Corporation, the Attorney General issued Special Order No. 31 on January 18, 1952. In conformity with this order, the corporation on January 18, 1952, filed a registration statement with the Securities and Exchange Commission, which was amended by Amendment No. 1, filed January 29, 1952, and was made effective January 31, 1952.

#### Sale

A prospectus was issued on January 31, 1952 in connection with the invitation of the Attorney General for sealed bids for the purchase of the entire stock of the corporation. The sale was advertised in the *New York Times* and the *Wall Street Journal* on February 1, 1952. Bids were to be opened at 3:30 p. m. on March 6, 1952, at the New York Office of the Office of Alien Property.

At the appointed time and place, 8 sealed bids were opened and the highest bid in the amount of \$29,131,960 was found to have been made by Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co., and Drexel & Co., representing an underwriting group. The next highest bid had been

submitted by F. Eberstadt & Co., Inc., also representing an underwriting group, in the amount of \$26,845,544.

On March 13, 1952, the Director of the Office of Alien Property delivered to representatives of the high bidder the original stock certificates of Schering Corp. for 440,000 shares of no par value common stock and in return received a certified check in the amount of \$89,100 in payment of expenses of the sale, together with a certified check in the amount of \$28,251,960, which with the bid deposit of \$880,000, totalled \$29,131,960, the bid price.

Subsequent to the sale, the 440,000 shares were split four for one and given a par value of \$.15 per share. The purchasers publicly distributed the 1,760,000 resulting shares of stock.

#### Financial Information

The net worth of Schering Corp. increased from \$1,185,898 as of March 31, 1942 (18 days prior to vesting) to \$11,551,477 as of December 31, 1951 (9 weeks prior to sale). This represents an increase of \$10,365,579 in net worth for the period during which the company was under the ownership and supervision of the Office of Alien Property. The sale price of the vested shares represents an amount in excess of \$17,500,000 above the book value of the company.

#### SCHERING CORP. (NEW JERSEY) AND DOMESTIC SUBSIDIARIES,<sup>1</sup> CONSOLIDATED COMPARATIVE BALANCE SHEETS,<sup>2</sup> MAR. 31, 1942, JUNE 30, 1951, AND DEC. 31, 1951<sup>4</sup>

	Mar. 31, 1942 <sup>3</sup>	June 30, 1951	Dec. 31, 1951 <sup>4</sup>
<b>ASSETS</b>			
Located in the United States:			
Cash.....	\$43,375.21	\$842,361.00	\$471,824.00
Receivables.....	190,041.67	1,321,398.00	2,193,428.00
Inventory.....	1,278,593.12	5,298,593.00	5,619,534.00
Investments.....	43,548.08	1,003,600.00	1,881,078.00
Fixed assets.....	888,371.65	3,477,493.00	3,702,192.00
Intangibles.....			
Deferred charges.....	69,334.16	391,424.00	339,469.00
Claims and deposits.....		957.00	
Total assets in the United States.....	2,513,263.89	12,335,826.00	14,208,125.00
Located in allied and neutral countries.....	55,066.05	1,159,246.00	( <sup>5</sup> )
Located in enemy and formerly enemy-occupied countries.....			
Total assets.....	2,568,329.94	13,495,072.00	14,208,125.00
<b>LIABILITIES AND NET WORTH</b>			
Liabilities:			
Owing to residents of the United States.....	1,313,775.02	2,687,584.00	2,656,648.00
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	66,657.19	7,542.00	( <sup>5</sup> )
Owing to residents of enemy countries.....	2,000.00		
Owing to Attorney General (vested).....			
Total liabilities.....	1,382,432.21	2,695,126.00	2,656,648.00
Net worth.....	1,185,897.73	10,799,946.00	11,551,477.00
Total liabilities and net worth.....	2,568,329.94	13,495,072.00	14,208,125.00
Book value of shares vested in Attorney General.....	855,147.73	10,799,946.00	11,551,477.00
Book values of shares not vested <sup>6</sup> .....	330,750.00		

<sup>1</sup> Except Pharmex, Inc., a holding company for wholly owned corporations organized in foreign countries.

<sup>2</sup> These balance sheets are not the official balance sheets of the company.

<sup>3</sup> 18 days before vesting.

<sup>4</sup> 9 weeks prior to date of sale.

<sup>5</sup> The financial data as of Dec. 31, 1951, were taken from an audit report by Haskins & Sells, certified public accountants, and are not strictly comparable to the data shown for previous periods. Assets which might be located in former allied and neutral countries are shown as being located in the United States, and liabilities which might be owing to residents of former allied, neutral and enemy-occupied countries are shown as being owed to residents of the United States.

<sup>6</sup> These shares were no-par preferred stock, stated here at their call value. They were called in for redemption by the company on June 1, 1949.

312156

REPRODUCED AT THE NATIONAL U. S. ARCHIVE



## Patents, Copyrights, and Trade-Marks

The Office of Alien Property controls directly and indirectly a vast amount of industrial and intellectual property consisting of patents, copyrights, and trade-marks, together with many contracts and license agreements relating thereto. The total number of vested patents comprise more than five percent of the number of unexpired patents registered with the United States Patent Office at time of vesting. The Office also supervises the administration of a large group of patents controlled by patent holding companies and other business enterprises, the majority of whose stock has been vested.

The copyright program of the Office embraces the administration of more than one-half million copyrighted literary and artistic works, such as scientific periodicals, technical treatises, motion pictures, and musical compositions.

Although the vesting of trade-marks has proceeded on a selective basis only, the Office is responsible for the control of approximately four thousand registered enemy trade-marks in the United States.

### VESTED PATENTS AND PATENT APPLICATIONS

There are three main categories of patent properties controlled by the Office. They are (1) patents and pending patent applications of nationals of enemy countries, and countries formerly occupied by the enemy; (2) interests of nationals of enemy countries and formerly enemy-occupied countries in patent contracts and license agreements; and (3) patents and pending patent applications owned by patent holding companies and other enterprises in which enemy interests have been vested.

#### Property Vested

Patent properties, exclusive of patent contracts and license agreements, vested by the end of the fiscal year 1952, were as follows: 41,176 patents, 362 part interests in patents, 4,706 patent applications, 529 abandoned patent applications, and 868 inventions on which patent applications had been prepared but had not been filed. Table 23 classifies these various properties on the basis of the nationality of the former owners.

The following properties, excluding patent contracts,<sup>1</sup> were vested or assigned to the Office during the fiscal year:<sup>2</sup>

Patents..... 227 Abandoned patent applications..... 4

#### Changes in Character of Property Since Vesting

Many of the patent properties controlled by the Office have undergone changes since dates of vesting. These changes have been due principally

<sup>1</sup> See p. 50, *infra*.

<sup>2</sup> The greater part of the vesting program was completed by June 30, 1944. Since then small numbers of patent properties have been vested each year. For a detailed statement of the vesting program, see *Annual Report, Office of Alien Property Custodian, fiscal year ended June 30, 1944*, pp. 90-93.

to the following: the prosecution of patent applications before the United States Patent Office, which reduces the number of patent applications and increases the number of patents held; the expiration of patents; and the return of patents and patent applications to American citizens and non-hostile foreign nationals. Table 24 indicates the changes in the patent holdings of the Office.

Table 23.—PATENTS AND RELATED PROPERTIES VESTED, MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP

Residence of former owners	Number of properties vested					
	Total	Patents	Part interests in patents	Patent applications	Abandoned patent applications	Inventions
Grand total.....	47,641	41,176	362	4,706	529	868
Enemy countries.....	34,662	29,905	282	3,418	435	622
Germany.....	30,855	26,713	246	2,962	379	555
Japan.....	1,215	1,126	1	72	14	2
Italy.....	1,920	1,561	16	259	29	55
Hungary.....	569	428	17	105	11	8
Rumania.....	73	59	2	8	2	2
Bulgaria.....	5	3		2		
Two or more countries.....	25	15		10		
Formerly enemy-occupied countries.....	12,934	11,231	79	1,285	93	246
Belgium.....	918	849	6	54	5	4
China (occupied).....	3			3		
Czechoslovakia.....	823	731	9	56	18	9
Denmark.....	586	516	2	59		9
Dutch East Indies.....	21			18		3
Estonia.....	11	11				
France.....	8,133	7,125	41	731	48	188
Greece.....	13	10		1	2	
Hong Kong.....	8	8				
Latvia.....	11	11				
Lithuania.....	4	4				
Luxembourg.....	67	47		20		
Monaco.....	1			1		
Netherlands.....	1,455	1,156	3	266	15	25
Norway.....	674	607	8	50	2	7
Philippine Islands.....	18			18		
Poland.....	124	115	1	4	3	1
Straits Settlements.....	1			1		
Thailand.....	1	1				
Yugoslavia.....	30	26	1	3		
Two or more countries.....	32	14	8	10		
Joint ownership (enemy and formerly enemy-occupied).....	45	40	1	3	1	

<sup>1</sup> Included in this total are approximately 1,200 patent properties vested from nationals of Austria.

312157

REPRODUCED AT THE NATIONAL ARCHIVES

Table 24.—CHANGES IN PATENT HOLDINGS FROM DATES OF VESTING TO JUNE 30, 1952

Type of change	Types of property				
	Patents	Part interests in patents	Patent applications	Permanently abandoned patent applications	Inventions
Total vested through June 30, 1952.....	41, 176	362	4, 706	529	868
Changes resulting from prosecution.....	3, 049		-2, 904	-2	-49
Patent applications filed on inventions.....			48		
Divisional patent applications accepted <sup>1</sup> .....			95		-49
Abandoned patent applications revived.....			2	-2	
Patents granted on patent applications.....	3, 049		-3, 049		
Changes resulting from assignments and return of property.....	-1, 614	-77	-119	-2	-9
Patents and applications assigned by this Office.....	-1		-1		
Patents and applications assigned to this Office.....	267		4		
Patent holdings returned to nonhostile persons.....	-1, 880	-77	-122	-2	-9
Total held as of June 30, 1952.....	42, 611	285	1, 683	525	810

<sup>1</sup> The Patent Office will issue a patent only on a single invention. If a patent application covers more than one invention, one or more divisional applications must be filed.  
<sup>2</sup> Of this number, approximately 24,320 patents have expired as of June 30, 1952.

**PATENT PROSECUTION.**—Only those patent applications relating to new products or processes which appear to be of value to American industry are being prosecuted by the Office. As of June 30, 1952, the Office has been granted a total of 3,049 patents on vested patent applications. The Office has also filed 48 applications on inventions and has had 95 divisional patent applications accepted by the Patent Office. At the end of the fiscal year, the Office still held 1,683 patent applications. Of this number, approximately 63 were still being prosecuted. Prosecution of a considerable number of the 1,683 applications still held by the Office has been abandoned.

**EXPIRATIONS.**—Patents granted by the United States Patent Office expire 17 years from the date of issue. As a result, a number of vested patents expire each year. Approximately 2,520 expired during the fiscal year 1952, making a total of 24,320 expirations since dates of vesting. After deducting expirations and returns of vested patents to American citizens and nonhostile foreign nationals, the Office still held approximately 18,291 unexpired patents at the end of the fiscal year.

**RETURNS OF PATENT PROPERTY.**—The Office returned to their former owners 325 patents, 19 part interests in patents, 9 patent applications, 16 part interests in patent contracts, and certain other industrial properties, under the authority of section 32 of the Trading With the Enemy Act, as amended.<sup>3</sup> As of June 30, 1952, the Office had returned 1,880 patents, 77 part interests in patents, 122 patent applications, 81 interests in 75 patent contracts, and 9 inventions.

### LICENSING OF VESTED PATENTS

#### Licensing Policy

**ENEMY PATENTS.**—Patents formerly owned by nationals of Germany, under which there were no conflicting bona fide nonenemy rights out-

<sup>3</sup> 50 U. S. C. App. sec. 32.

standing at the time of vesting, are licensed on a revocable nonexclusive, royalty-free basis.

**FORMER ENEMY PATENTS.**—Patents vested from nationals of Japan are licensed under the same terms and conditions as are patents vested from German nationals. Patents vested from Italian nationals are licensed by the Office on a nonexclusive, nondiscriminatory, royalty-bearing basis. Where claims have been filed, royalty and other terms are to be agreed upon in advance by the applicant and the former Italian owner. These terms must be acceptable to the Office of Alien Property. The Office collects the royalties until such time as the patents and royalties may be returned to their former owners. When vested Italian patents are returned to their former owners, they will remain subject to all outstanding licenses granted by the Office.

Licenses for the use of patents vested from nationals of Bulgaria, Hungary, and Rumania generally are issued on a nonexclusive, royalty-bearing basis on terms acceptable to the Office.

**NONENEMY PATENTS.**—Section 32 of the Trading With the Enemy Act, as amended, authorizes the return of patents vested from friendly foreign nationals. Where claims have been filed with respect to any patent not yet returned, a nonexclusive, royalty-bearing license will be issued providing the applicant and the former owner can agree upon royalty and other terms acceptable to this Office. Where no eligible claims have been filed, formerly nonenemy-owned patents are licensed on a nonexclusive, royalty-bearing basis, the royalty terms to be agreed upon by the license applicant and this Office.

#### Extent of Licensing

The extent of licensing of vested patents on a cumulative and fiscal year basis is as follows:

	Cumulative total to June 30, 1951	Licensed during period July 1, 1951, to June 30, 1952	Cumulative total to June 30, 1952
Number of licenses granted.....	13, 179	107	13, 286
Number of patents and patent applications licensed (counting each patent as many times as it was licensed).....	13, 951	589	14, 540

<sup>1</sup> This figure also includes all supplemental licenses granted for the use of patents which were not available for licensing at the time the original license was issued to a particular applicant.

Of the 3,286 licenses issued as of June 30, 1952, a total of 3,238 related to patents formerly owned by nationals of enemy countries and the remaining licenses covered patents formerly owned by nonenemies.

#### Encouragement of Use of Vested Patents

To provide a readily available listing of vested patents for prospective users, the Office maintains libraries of "soft" copies and sets of abstracts of vested patents for public reference in the Washington office and the New York and San Francisco field offices. Upon request the Office supplies information on vested patents and patent abstracts to the public. During the fiscal year approximately 1,741 requests for general and technical information on vested patents were received; and over 211 orders for sets and sections of patent abstracts were filled.

312158

REPRODUCED AT THE NATIONAL ARCHIVES

## PATENT CONTRACTS

Interests in a large number of patents have been acquired by the Office in addition to those vested directly, through vesting the foreign interests in patent contracts. Contracts, in which the rights and interests of foreign nationals have been vested, are of two principal types: (1) contracts whereby the patents have only been licensed to the American party, in which event title to the patents as well as the contract interests have been vested; and (2) contracts pursuant to which patents have been assigned outright and thus title to the patents is held by the American party to the contract.

A total of 1,218 interests of foreign nationals in 894 patent contracts have been vested as of June 30, 1952. A classification of vested interests in contracts according to the nationality of the former owners is presented in table 25.

**Table 25.—PATENT CONTRACTS IN WHICH INTERESTS WERE VESTED, MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP**

Nationality	Number of contracts involved	Number of interests vested
Total.....	894	1,218
Enemy.....	1,724	1,965
Germany.....	674	896
Japan.....	6	10
Italy.....	21	32
Hungary.....	19	22
Rumania.....		1
Bulgaria.....		1
Joint (interests of nationals of two or more countries).....	4	(?)
Formerly enemy-occupied.....	153	253
Belgium.....	3	14
Czechoslovakia.....	4	11
Denmark.....	6	10
Estonia.....		1
France.....	92	151
Latvia.....		1
Luxembourg.....	2	5
Netherlands.....	19	32
Norway.....	20	25
Poland.....	1	2
Yugoslavia.....		1
Joint (interests of nationals of two or more formerly enemy-occupied countries).....	6	(?)
Joint (interests of nationals of both enemy and formerly enemy-occupied countries).....	17	(?)

<sup>1</sup> 14 interests in 8 patent contracts which had been vested as German, 1 interest in 1 contract which had been vested as Hungarian, and 1 interest in 1 contract which had been vested as Italian were returned to nonhostile persons.

<sup>2</sup> Interests are distributed in the above tabulation among the various specific nationalities.

<sup>3</sup> 3 interests in 3 contracts which had been vested as Belgian, 24 interests in 24 contracts which had been vested as French, 1 interest in 1 contract which had been vested as Dutch, 3 interests in 3 contracts which had been vested as Norwegian, and 1 interest in 1 contract which had been vested as Czechoslovakian were returned to nonhostile persons.

### Problems of Administration and Disposition

The legality of patent contracts under the antitrust laws gives rise to one of the principal problems encountered by the Office of Alien Property in the administration and disposition of patent contracts.

**ILLEGAL CONTRACTS.**—The Office's policy with respect to illegal agreements is to cancel those under which rights and interests in patents were granted to Americans by their former owners who were nationals of Germany and Japan.<sup>4</sup> Any licensee who voluntarily relinquishes all claims relative

<sup>4</sup> Antitrust questions also arise with respect to patent property returned to eligible persons. In such cases, agreements containing provisions which restrain competition

to a patent involved and pays accrued royalties up to the date of the renegotiation, may be granted an irrevocable, nonexclusive, royalty-free license for the remaining life of the patent. All qualified applicants may then receive standard licenses. This procedure is also followed in cases in which patents were assigned. The Office of Alien Property cooperates with the Antitrust Division of the Department of Justice in the prosecution of any case in which a patent contract is involved in an antitrust civil action.

**LEGAL CONTRACTS.**—The policy of the Office regarding legal contracts is to permit Americans who have exclusive rights either by license or assignments under contracts with German or Japanese nationals to give up these rights in exchange for irrevocable, nonexclusive, royalty-free licenses. All other qualified applicants will then be granted standard licenses.

The Office attempts in all cases to respect the legally acquired rights of the American party to the contract. However, where the right to terminate the contract is held by the Office, it may do so if there appears to be significant demand on the part of other American nationals for licenses under the patent. When a patent contract is terminated, the American party is relieved of all future obligations under the contract.

**PATENTS MADE AVAILABLE FOR LICENSING.**—During the fiscal year 668 patents and patent applications have been made available for unrestricted, royalty-free licensing as a result of negotiations conducted by the Office with the American parties to patent contracts.

A total of 4,746 patents and patent applications has been made available for licensing by the Office through interpretation<sup>5</sup> or termination of certain contracts during the period March 11, 1942, to June 30, 1952.

This total broken down by type of licensing permitted is as follows:

Type of licensing	Number of patents and patent applications
Unrestricted royalty-free licensing.....	4,534
Restricted royalty-free licensing.....	138
Unrestricted royalty-bearing licensing.....	65

**COLLECTION OF ROYALTIES.**—As of June 30, 1952, the Office had collected a total of \$23,031,741 in royalties due under vested patents and patent contracts. Of this amount, \$1,251,833 was collected during the fiscal year. Table 26 classifies royalty collections by nationality of former owners of the rights to royalties.

## PATENT RIGHTS OF VESTED CORPORATIONS

### Administration of Corporate-Owned Patents

Many valuable patents are controlled indirectly by the Office through the vesting of enemy interests in American corporations. These patents are licensed on a nonexclusive, reasonable royalty basis. The principal objectives of this policy are to promote competition in the fields affected and to provide a source of royalty revenue to the vested enterprises. A license will not be granted if in the opinion of the Attorney General it would be prejudicial to the maintenance of competition in a specific field. An agree-

ment to create monopolies in violation of the antitrust laws must be modified as a condition of return and the claimant must furnish appropriate assurance that the objectionable provisions will not be reinstated.

Many patent contracts grant licenses within restricted fields and hence do not cover the full scope of the patent, or in the case of nonexclusive licenses the contracts may contain "most favored" licensee provisions. Such contracts must be carefully analyzed in order to ascertain the scope and character of the rights of the Office to issue additional licenses.

312159

REPRODUCED AT THE NATIONAL ARCHIVES

ment on the royalty rate to be charged is negotiated directly by the applicant for a license and the vested company concerned. Each agreement must be submitted for review and approval by the Office before it may be signed by the vested enterprise. If an agreement cannot be reached as to the terms and conditions of a license by the license applicant and the vested company, then the Office attempts to conciliate their differences.

In accordance with this policy, patents of General Aniline & Film Corporation continue to be available on a nonexclusive, reasonable royalty basis.

**Table 26.—ROYALTIES COLLECTED UNDER VESTED PATENTS AND PATENT CONTRACTS, MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP**

Nationality of former owners of patents and interests in patent contracts	Royalties collected		
	Total	Accrued prior to dates of vesting	Accrued subsequent to dates of vesting
Total.....	\$23,031,741.25	\$5,309,787.21	\$17,721,954.04
Enemy.....	17,495,729.71	3,966,397.70	13,529,332.01
German.....	15,872,976.75	3,359,862.11	12,513,114.64
Japanese.....	841.79		841.79
Italian.....	1,250,541.67	534,258.88	716,282.79
Hungarian.....	369,772.32	72,276.71	297,495.61
Rumanian.....	1,597.18		1,597.18
Formerly enemy-occupied.....	5,536,011.54	1,343,389.51	4,192,622.03
Belgian.....	197,963.66	70,938.63	127,025.03
Czechoslovakian.....	432,698.69	154,859.70	277,838.99
Danish.....	75,394.20	46,541.45	28,852.75
Dutch.....	340,248.83	117,372.35	222,876.48
French.....	3,097,856.87	791,087.39	2,306,769.48
Luxembourg.....	271,147.02	84,779.68	186,367.34
Norwegian.....	1,120,926.45	78,085.31	1,042,841.14
Polish.....	1,875.00		1,875.00
Swiss.....	50.82		50.82

<sup>1</sup> Excess of expenditures over cash income.

**COPYRIGHTS: GENERAL**

The Office of Alien Property controls and administers copyrights and related rights in books, periodicals, motion pictures, music, plays, paintings, photographs and other types of literary and artistic works. After works of foreign origin have been vested, the Office grants licenses for their exploitation. The various types of exploitation licensed include, among others, the republication of books, periodicals and sheet music and the publication of translations and revisions thereof; the production, distribution and exhibition of motion pictures, the theatrical performance of plays and operas; performances on radio and television; and the recording of musical compositions. The Office also administers vested prewar contracts made between foreign copyright owners and American exploiters and collects the royalties payable thereunder.

**Vesting**

The vesting program is now confined to German and Japanese interests in works produced prior to 1947. Vesting action is usually taken only where the work is being exploited in the United States, its territories or possessions (e. g. under a prewar contract) or an application is received for a license to exploit it. However, German-owned motion pictures produced

prior to 1947 are vested upon identification and practically all of them had been vested by the end of fiscal year 1952. As a result of the termination of the war with Germany and the peace treaty with Japan arrangements for the exploitation in the United States of works produced after 1946 may now be made directly with nationals of Germany and Japan. An estimated 664,968 foreign works and the foreign interests in 550 prewar contracts covering thousands of works have been vested between March 11, 1942, and June 30, 1952.

**Royalties**

By the end of the fiscal year 1952, the Office had collected \$3,869,121 in royalties under licenses issued by it on vested works and under prewar contracts. A total of \$157,197 was collected during the fiscal year.

Table 27 shows the total receipts of the Office from copyrighted works and the nationalities of the former owners of these works.

**Table 27.—ROYALTIES COLLECTED UNDER VESTED COPYRIGHTS, MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP**

Nationality of former owners of copyright interests	Royalties collected <sup>1</sup>		
	Total	Accrued prior to dates of vesting	Accrued subsequent to dates of vesting
Total.....	\$3,869,120.61	\$1,106,950.70	\$2,762,169.91
Enemy.....	2,100,083.28	467,918.70	1,632,164.58
German.....	1,645,607.48	330,428.67	1,315,178.81
Japanese.....	8,246.99	2,031.82	6,215.17
Italian.....	419,814.49	127,506.43	292,308.06
Hungarian.....	23,635.67	6,027.28	17,608.39
Rumanian.....	1,636.13	1,211.13	425.00
Bulgarian.....	1,142.52	713.37	429.15
Formerly enemy-occupied.....	1,769,037.33	639,032.00	1,130,005.33
Belgian.....	27,340.44	4,773.03	22,567.41
Czechoslovakian.....	21,414.25	10,314.93	11,099.32
Danish.....	71,857.11	44,021.40	27,835.71
Dutch.....	979.50	447.65	531.85
French.....	1,608,443.54	559,887.38	1,048,556.16
Norwegian.....	14,943.63	6,696.53	8,247.10
Polish.....	23,440.11	12,697.33	10,742.78
Yugoslavian.....	618.75	193.75	425.00

<sup>1</sup> The figures on royalties are net of direct expenses such as taxes and agent's fees.

**ADMINISTRATION OF PREWAR COPYRIGHT CONTRACTS**

The Office of Alien Property, in administering prewar copyright contracts on literary works and music, is responsible for protecting and managing the Government's interest in the vested property. However, in addition to collecting systematically the royalties provided for in the contracts, the Office cooperates with the American copyright exploiters to enable them to continue exercising their specified rights and, at the same time, protects the interests of authors and composers. Various problems must be dealt with in the administration of these contracts, such as making arrangements for taking up options, tax adjustments, disputed royalty payments, the extension of interpretation of rights under the contracts, the allowance of expense deductions from royalties, and the determination of conflicting

312160

REPRODUCED AT THE NATIONAL ARCHIVES

claims filed with respect to the property and of respective interests of various claimants. In the return of properties to eligible claimants, full accounting cooperation has been given, but administration continues on all properties which are presently ineligible for return.

As of June 30, 1952, the Office had collected a total of \$3,471,435 for the exploitation of literary works and musical compositions under prewar contracts in which the foreign interest has been vested. Of that amount, approximately \$3,000,000 was collected on music and over \$450,000 was collected on books.

#### Music

The administration of prewar contracts for the exploitation of music is complicated by the variety of uses to which musical compositions are applied. Such uses include television and radio broadcasting, concert and other performances, publication of sheet music and orchestrations, mechanical recording and motion picture synchronization. The prewar contracts between European licensing societies and large American groups granted different rights to different groups for the exploitation of extensive catalogs of compositions by various European authors. Over \$1,000,000 has been collected for the use of music on radio. One music publisher paid approximately \$600,000 under prewar contracts which he had with German publishers. Royalties have been paid on numerous operas, and it is estimated that approximately \$55,000 has been derived from *Der Rosenkavalier* and *Salome*, by Richard Straus. On light operas, such as *Blossom Time* and *The Chocolate Soldier*, approximately \$146,000 was collected.

#### Books

The Office continues to receive royalties on many books covered by prewar contracts, including such a wide diversity as Spengler's *Decline of the West*, Richter's *Organic Chemistry*, Gerhart Hauptmann's *Dramatic Works*, Doerner's *The Materials of the Artist*, *Emil and the Detectives* by Kaestner, *Fundamentals of Hydro and Aero-Mechanics* by Tietjens, and poetry of Rainer Maria Rilke. Approximately \$25,000 has been collected on Hitler's *Mein Kampf*.

### ADMINISTRATION OF VESTED WORKS

There were 943 licenses for the exploitation of vested works in force at the end of the fiscal year. Of these, 754 were book licenses and 80 were motion picture licenses. During the fiscal year, 62 new licenses were issued and many licenses were amended to include additional vested works under them or to extend the life of the licenses. An additional 591 individual works were licensed during the year.

#### Books and Periodicals

Licenses granted by the Office for the exploitation of vested books and periodicals include the following uses: republication in the foreign language; publication of English translations; publication of revised editions, including translations; use in new works of articles, text excerpts, tables, charts, diagrams, and photographs; and reproduction on microcards of technical and scientific works and journals.

Commercial licenses for the publication of vested books provide for a royalty of 10 percent of the retail price of reproductions in the foreign language and of 7 percent on English translations. In the case of a post-1946

revision or enlargement of an earlier vested edition, the Office licenses the use of the material in the earlier edition at a royalty of 3 percent of the retail price of the new edition in the foreign language or at a royalty of 2 percent in the case of English translations. Permission to use the new material in the post-1946 edition must be obtained by the American publisher from the foreign owner. The royalty for the use of excerpts, drawings, tables, etc., usually is a flat fee which varies with the value of the material used.

In order to help defray the expenses of vesting and preparing the license, an administrative fee of \$15 is charged for each license except those issued to a Government agency. An advance royalty payment of \$50 for each book and of \$5 for each periodical are required under commercial licenses. Commercial licenses provide for a 6-months' period of exclusivity to the first licensee in order to give him time to prepare the work for publication. The administrative fee and advance royalty payments are not returnable. The Office continues to receive royalties from the publication of many outstanding works, such as *Beilstein's Handbook of Organic Chemistry*, *Wien-Harms Handbook of Experimental Physics*, *Bücker's Handbook of Musicology*, *Houben's Methods of Organic Chemistry*, *Köchel's work on Mozart's compositions*, *Gmelin's Handbook of Inorganic Chemistry*, *Landolt-Börnstein's Physico-Chemical Tables*, and *Klein's Handbook of Plant Analysis*. In addition to several licenses covering translations to be used as college text books, six licenses authorized Government agencies to publish translations of scientific works for use in the rearmament program. Expensive technical works also are being reproduced on microcards and made available to libraries and others unable to purchase them in book and periodical form.

#### Music

Licenses issued for the use of music are royalty-bearing with rates charged in accordance with general trade practice. The royalty rate for sheet music and orchestrations is 10 percent of the retail price and for recordings 2¢ for each record, except that where the licensee publishes a new English version the rates are reduced. Considerable royalties also have been collected from radio and television performances and for the use of songs in motion pictures. The compositions licensed by the Office include both classical and popular music. Among the more recently popular compositions are *You Can't Be True*, *Lili Marlene*, and *Truly Lulu (China Night)*.

#### Motion Pictures

By the end of the fiscal year 1952, the Office had vested over 6,000 motion pictures in addition to an estimated 3,215,000 feet of captured motion picture footage not yet identified. Most of the motion pictures are German productions and they include features, documentaries, newsreels, military training films, travelogs, and other shorts. During the fiscal year, 22,304,444 feet of previously unidentified film were examined and cataloged, bringing the total of vested film inventoried to 33,643,444 feet.

The Office licensed the use of vested motion pictures for distribution to commercial theaters, for television exhibition and for sale of 16 mm. prints for non-commercial exhibitions. In addition, licenses are issued covering remake rights and the use of stock-shot footage in the production of new pictures. The expansion of television has resulted in a substantial increase in the demand for motion pictures. Licenses frequently provide for the addition of English language sound tracks or titles to the foreign

motion pictures and there has been a revival of interest in some of the silent pictures regarded as classics. Among the better known pictures licensed are *The Blue Angel*, *Die Fledermaus*, *Cabinet of Dr. Caligari*, and a large quantity of footage used in the television serial *Crusade in the Pacific*. Applications have been received for a number of outstanding color pictures such as *Baron Munchhausen*, *Immensee* and *Girl of My Dreams*, not yet released in this country.

Films are licensed for governmental use on a royalty-free basis. Licenses for commercial exploitation are royalty-bearing with the rates conforming to established trade practices. Terms of licenses, such as the amount of advance and guaranteed royalties, vary with the value of the individual pictures and the type of exploitation licensed but generally an advance royalty is required and the Office receives 50 percent of the distribution receipts in excess of the cost of making additional prints, dubbing, subtitling or synchronizing. The customary rate for stock-shot footage is \$2.50 per foot.

Where there is only one application for a motion picture available for licensing, the motion picture is licensed to the person making such application unless there appears to be a general interest in the picture, in which case other applications are solicited. Where two or more applications are received for a single motion picture, the license is awarded to the applicant who has offered terms and conditions which, in the opinion of the Office of Alien Property, are likely to yield the greatest monetary return to the Government.

#### Miscellaneous Works

During the year licenses were issued for the theatrical performance of a musical play, for the publication of photographs from the Hoffman Photographic Collection and the *Illustrierter Beobachter*, and for the reproduction of illustrations and text material in new books and articles on such varied subjects as world history, physiology, theology, medicine, mathematics, physics, education, biology and psychology.

#### TRADE-MARKS

The trade-mark interests held by the Office include trade-marks and trade-names and the goodwill of the business in the United States with which the marks and names have been used, registrations of trade-marks in the United States Patent Office, contracts relating to trade-marks, commercial prints and labels, and residual or reversionary rights acquired by enemy nationals through contract or otherwise in trade-marks and trade-names of American enterprises.

#### Vesting Policy

The renewed trade in German goods resulting from the general policy of the United States to encourage the rebuilding of Germany industry in the Western Zone has required modification of the trade-mark policy of the Office. At present trade-marks are vested only where such action is essential for the protection of the American purchasing public or of the trade-mark itself.

The basic trade-mark vesting program and the objectives of the policy relating to trade-marks adopted during World War II are discussed in an earlier Annual Report.<sup>6</sup> Even during the period of the war a policy of

<sup>6</sup> See *Annual Report, Office of Alien Property Custodian, fiscal year ended June 30, 1944*, pp. 114-115.

selective vesting was followed, trade-mark property being recognized as essentially individual in character, licensable and transferable only under restricted conditions. As a result of this policy of selective vesting, fewer than 600 registered trade-marks, interests in trade-mark contracts, and residual trade-mark rights have been vested as of June 30, 1952. Most of these trade-mark and trade-mark rights were owned prior to vesting by nationals of Germany.

#### Description of Trade-Mark Vestings

During the fiscal year 1952, the German residual or reversionary rights in trade-marks owned by four American corporations were vested.

The nationality of the former owners and the total number of trade-mark interests vested through June 30, 1952, are presented in the following table:

1. Vested trade-marks:		
(a) Trade-marks proper:		432
German	26	
Japanese	27	
Italian	9	
Hungarian	12	
French	2	
Belgian	2	
Dutch	2	
Total	510	
(b) Commercial prints and labels (all German)	21	
2. Cases of vesting potential residual or reversionary rights of foreign nationals in trade-marks owned by American corporations:		20
German	1	
Italian	21	
Total	21	
3. Contracts relating to trade-marks in which foreign interests have been vested:		
German	4	
Italian	4	
Hungarian	7	
Total	42	

**VESTED CONTRACT INTERESTS.**—The contract interests vested during the fiscal year were those of various enemy nationals in Kalio, Inc., New York. Reversionary interests of German nationals in trade-marks of Heine & Co., New York; E. Leitz, New York; Schering Corp., New Jersey; Kalio, Inc., and General Dyestuff Corp., New York, were vested during the fiscal year. During the period March 11, 1942, to June 30, 1952, royalties amounting to \$1,884,151 had been collected by the Office under trade-mark agreements outstanding at the time of vesting. Table 28 presents the nationality of the owners whose interests were vested.

Table 28.—ROYALTIES COLLECTED UNDER VESTED TRADE-MARK CONTRACTS, MAR. 11, 1942, TO JUNE 30, 1952

Nationality of former owners of contract interests	Royalties collected <sup>1</sup>		
	Total	Accrued prior to dates of vesting	Accrued subsequent to dates of vesting
Total	\$1,884,150.67	\$745,253.15	\$1,138,897.52
German	314,603.05	162,879.67	151,723.38
Italian	1,248,807.93	467,778.40	781,029.53
Japanese	180.65	180.65	—
Hungarian	320,559.04	114,414.43	206,144.61

<sup>1</sup> The figures on royalties collected are net of direct expenses such as taxes and agent's fees.

312162

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### Old Trade-Marks of Enemy and Former Enemy Nationals

In addition to the modification of the vesting policy of the Office, an increasing number of licenses have been issued to American attorneys representing German nationals under the provisions of Title 8 CFR, Section 507.1 (b) of the regulations of the Office of Alien Property, permitting them to renew and reregister in the United States the trade-marks of German nationals in the Western Zones of Germany where trade between this country and the United States has been resumed, and the trade-marks of the German nationals are in use. The Office has issued 51 such authorizations during the fiscal year.

### New Trade-Marks of Enemy and Former Enemy Nationals

Under existing regulations of the Office of Alien Property a general license has been issued permitting the application for and registration by nationals of Germany and Japan of trade-marks which were adopted subsequent to January 1, 1947, and by nationals of Bulgaria, Hungary, and Rumania of trade-marks adopted subsequent to May 15, 1946. Transactions affecting title to such trade-marks were also licensed.

### Disposition of Vested Enemy Trade-Mark Interests

A primary objective in the disposition of vested enemy trade-mark interests has been to prevent consumer deception through misuse of trade-marks. Consequently, those vested trade-marks never used in the United States or used only on imported goods will not be sold where such sale may result in deceptive use of the marks. Trade-marks used by American firms on goods made in the United States, however, may be sold to the users since the assignments in these cases represent a transfer of ownership or control without any effect on the products or their origin. In the case of trade-marks used as descriptive designations of patented products, the patents for which have been vested, these marks may be made available to American licensees under the vested patents. Certain restrictions are imposed, however, on the length of time for which these trade-marks may be used and the manner of use.

In a specific instance where an American corporation had established an agency with a German firm, J. A. Henckels & Co., Solingen, Germany, to handle the distribution of the cutlery products of the German firm in the United States under the "Twin" trade-mark, the American corporation was granted a royalty-bearing license to use the vested trade-marks of the German firm in the United States. Royalties from this source have amounted to \$29,681 as of the end of the fiscal year 1952.

During the fiscal year the vested trade-marks of Peter Mulhens of Cologne, Germany, including "4711", together with their 97 registrations, were transferred by assignment to Ferd. Mulhens, Inc., a wholly vested corporation. Ferd. Mulhens, Inc., was subsequently sold at public sale as a going concern, the trade-marks being included in the sale as assets of the corporation.<sup>6</sup>

Nine vested trade-marks and their registrations were returned to their Italian owners during the fiscal year under the provisions of sec. 32 (a) (2) of the Trading With the Enemy Act, as amended.

<sup>1</sup> 8 CFR 507.41.

<sup>6</sup> See Ch. III, "Business Enterprises," p. 30.

## »VI«

### Real and Personal Property and Interests in Estates and Trusts

The programs regarding real and personal property and interests in estates and trusts did not change significantly during the fiscal year. However, the emphasis which the Office has placed upon the sale and liquidation of vested property is manifest throughout the statistics in this chapter.

#### REAL ESTATE

##### New Vestings and Acquisitions

The Office vested or otherwise acquired real estate valued at \$130,000 during the fiscal year 1952.

##### Description of Real Estate Holdings

Real estate valued at \$8,446,000 was directly vested or otherwise acquired by the Office during the period March 11, 1942, to June 30, 1952. Table 29 gives the classification of the property according to nationality of its former owners and the method of its acquisition by the Office.

Table 29.—VALUE OF REAL ESTATE VESTED, MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED ACCORDING TO NATIONALITY OF FORMER OWNERSHIP AND METHOD OF ACQUISITION

NOTE.—Valuations are based upon sale proceeds of properties sold and estimated values at time of vesting of properties unsold.

[In thousands of dollars]

Manner acquired	Total	German	Japanese	Italian	Other
Total	8,446	5,709	1,849	737	151
Direct vesting of real estate	7,448	4,873	1,757	668	150
Received in lieu of payment of vested mortgages	35	23		12	
Received from distribution of assets of vested business enterprises	20	20			
Received from distribution of assets of estates and trusts in which the Attorney General has vested interests	943	793	92	57	1

The real estate vested or acquired by the Office consists of \$7,100,000 of urban property and \$1,346,000 of rural property. Of the urban real estate, \$6,192,000 is improved and \$908,000 unimproved. Classification of the major improvements on urban land is summarized below:

Type of buildings	Number of buildings
Commercial	140
Commercial-apartment buildings (buildings containing both stores and apartments)	84
Apartment buildings (3 apartments or more)	68
Small hotels and rooming houses	13
Duplex dwellings	100
Single dwellings	669
Japanese Shinto temples	5

312163

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Classification of rural property is presented below according to type of land, acreage, and value:

Type of land	Acres	Value
Agricultural.....	32,003	\$852,000
Extractive (sand or oil).....	7,311	261,000
Wooded land.....	14,781	110,000
Other.....	34,633	123,000
	88,728	1,346,000

In addition, the Office has directly vested or otherwise acquired from distribution of estates and trusts such minor items of real property as mineral and oil rights valued at \$62,000 and ground rents and leaseholds valued at \$134,000.

#### Administration and Sale of Real Estate

Net income from real estate after taxes, insurance, and other expenses amounted to \$1,576,000 as of June 30, 1952, of which \$104,000 was received during the fiscal year. Income from mineral and oil rights, ground rents and leaseholds amounted to an additional \$138,000 as of June 30, 1952, of which \$41,000 was received during the fiscal year. Taxes and insurance on real estate paid by the Office during the fiscal year amounted to approximately \$47,000.

#### Status of Real Estate Holdings as of June 30, 1952

The Office held real estate valued at \$1,310,000 at the end of the fiscal year, compared to \$2,412,000 at the close of the fiscal year 1951. Of the total of 489 parcels of real estate held, 310 are improved, 166 are unimproved, and 13 are farm properties. Table 30 classifies according to sales status all parcels of real estate held by the Office as of June 30, 1952.

Table 30.—SALES STATUS OF REAL ESTATE HELD BY THE OFFICE OF ALIEN PROPERTY AS OF JUNE 30, 1952

Sales status	Number of parcels			
	Total	Improved	Unimproved	Farm
Total.....	489	310	166	13
Salable properties:				
Advertised, insufficient offers received.....	44	20	23	1
In process, advertisements released to agents.....	14	9	4	1
In process, advertisements not released to agents (except Hawaiian).....	250	131	112	7
Hawaiian cases.....	23	16	7	1
Properties withheld from sale:				
Italian <sup>1</sup> .....	16	9	7	1
Other nationalities <sup>2</sup> .....	20	15	4	1
Legal difficulties <sup>3</sup> .....	122	110	9	3

<sup>1</sup> Withheld from sale pending return under sec. 32 of the Trading With the Enemy Act, as amended.  
<sup>2</sup> Withheld from sale because of possible eligibility of former owners for return, or for other policy reasons.  
<sup>3</sup> Cases involving sec. 9 (a) suits, title defects, etc.

#### MORTGAGES

The Office during the fiscal year acquired mortgages valued at \$10,000 through the distribution of vested interests in estates and trusts. Total value of mortgages acquired to June 30, 1952, was \$1,632,000.

#### Status of Mortgage Holdings as of June 30, 1952

The value of mortgages sold, liquidated, returned, or otherwise disposed of amounted to \$1,202,000. The following summary shows the net value of mortgages vested and acquired and the value of those disposed of during the period March 11, 1942, to June 30, 1952:

Mortgages vested and acquired:	
Directly vested.....	\$1,172,000
Received from distributions of estate and trusts....	460,000
Total value of mortgages brought under Attorney General's ownership.....	\$1,632,000
Disposition:	
Real estate received in satisfaction of delinquent mortgages.....	-\$35,000
Mortgages sold and principal amounts collected...	-1,15,000
Returned to nonhostile persons.....	-12,000
Total value of mortgages disposed of.....	-1,202,000
Total value of mortgages held on June 30, 1952.....	430,000

#### Income From Vested Mortgages

The net income from mortgages received by the Office during the fiscal year amounted to \$4,000, bringing the total net income from mortgages to \$118,000 as of June 30, 1952.

#### STOCKS, BONDS, AND OTHER SECURITIES

##### Vestings and Acquisitions of Stocks, Bonds, and Other Securities

**NEW VESTINGS AND ACQUISITIONS.**—The Office vested directly \$2,185,000 worth of stock, \$491,000 of bonds, and \$4,000 of other securities during the fiscal year ended June 30, 1952. In addition, \$2,558,000 worth of stock and \$719,000 of bonds were acquired in the same period as distributions from liquidating business enterprises, estates and trusts, and transfer of minority interests in business enterprises.

**TOTAL VESTINGS AND ACQUISITIONS.**—Vestings and acquisitions brought the total stocks and bonds seized by the Office during the period March 11, 1942, to June 30, 1952, to \$32,861,000 of stock, \$19,908,000 of bonds, and \$162,000 of other securities. The totals of these securities and the methods of acquisition are shown in table 31.

Table 31.—STOCKS, BONDS, AND OTHER SECURITIES VESTED AND ACQUIRED, MAR. 11, 1942, TO JUNE 30, 1952, AND DISPOSITION THEREOF TO JUNE 30, 1952

	Stocks	Bonds	Other securities
Property vested and acquired:			
Directly vested.....	22,994	9,327	151
Acquired from distribution of assets of business enterprises.....	1,503	3,816	—
Transfer of minority interests in business enterprises to miscellaneous stock.....	3,365	—	—
Acquired from distribution of assets of estates and trusts.....	4,979	6,765	11
Total vested and acquired.....	32,861	19,908	162
Disposals:			
Liquidations and sales.....	-24,126	-11,796	-138
Property returned to nonhostile persons.....	-1,677	-942	—
Total disposals.....	-25,703	-12,738	-138
Total held on June 30, 1952.....	7,158	7,170	24

312164

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The program for the disposition of the Office's holdings of stocks, bonds and other securities requires that these securities be sold as rapidly as possible through established channels in accordance with the marketability and value of the securities. The procedure may be summarized as follows:

1. Securities listed on a stock exchange are sold through the regular selling facilities offered by member brokers.
2. Unlisted securities that are actively traded are sold through established brokers by "over-the-counter" sale to their customers.
3. Unlisted securities that are not actively traded but are valued in excess of \$10,000 generally are sold by the Office on a "sealed bid" basis.
4. Securities that are inactive, unlisted, and are valued at less than \$10,000 may be sold at private sale through negotiation with prospective purchasers, who in many cases may be actively interested in the enterprise.
5. Bonds that have matured or have been called for redemption are redeemed at value by the issuer. Bonds due for redemption in the near future are held to maturity instead of being sold. U. S. Treasury Bonds are redeemed and sold in accordance with an agreement between the Office and the Department of the Treasury whereby the latter arranges the sale of the bonds in order to coordinate the purchase and sale of Government securities by Federal agencies with the Government's financing requirements. U. S. Savings Bonds, which may not be sold on the market, are redeemed during the fiscal year, due to the allowance of title and debt claims, it again was necessary to request the Treasury to liquidate for the Office's account certain Government obligations in advance of maturity.

Many securities are not being sold by the Office because of certain foreign policy considerations and because of legal and governmental restrictions. Some blocks of securities cannot be sold because section 9 (a) suits for their return are pending. Securities against which title claims have been filed are not being sold as a matter of policy. Other securities are not being sold because of possible return to nonhostile nationals of Italy. Certain other domestic and foreign securities and enemy issues are being withheld from sale because of their expected disposition under the reciprocal terms of international agreements. Foreign securities and those securities affected by suits for return or by title claims comprise the bulk of all presently held securities that cannot be sold at this time. Unmarketable or worthless securities issued by corporations now inactive, defunct, or in liquidation represent a small part of total holdings.

#### MORTGAGE PARTICIPATIONS

Mortgage participations, that is fractional interests in real estate mortgages, in the amount of \$8,000 have been vested directly by the Office and another \$2,000 have been acquired from estates and trusts during the fiscal year. In the same period the Office has received \$12,000 as proceeds of liquidation.

The amounts of mortgage participations vested or acquired during the period March 11, 1942, to June 30, 1952, and the amounts disposed of as of the latter date are presented in the following summary:

Directly vested.....	\$484,000	
Acquired from distribution of assets of estates and trusts..	331,000	
Total participations vested and acquired.....		\$815,000

Cash received as proceeds of liquidation.....	-\$559,000	
Returned to nonhostile persons.....	-21,000	
Total participations liquidated and returned.....		-\$580,000
Participations held as of June 30, 1952.....		235,000

#### OTHER PERSONAL PROPERTY

Various other types of personal property vested or acquired by the Office consist of notes, claims,<sup>1</sup> and credits, bank balances, interests in life insurance and annuity contracts, and currency and coin.

##### Notes, Claims, and Credits

The total estimated value of notes, claims, and credits vested or acquired by the Office is \$30,755,000. Of this amount, \$25,728,000 was directly vested while \$27,000 was acquired from the distribution of assets of estates and trusts, and \$5,000,000 as distributions from business enterprises.<sup>2</sup>

**COLLECTIONS.**—As of June 30, 1952, the Office had collected \$22,407,000 of the total estimated value of \$30,755,000 of notes, claims, and credits vested and acquired. During the fiscal year collections totaled \$4,727,000 and interest accruals received amounted to \$11,792.

##### Bank Balances

Bank balances amounting to \$1,785,000 were vested during the fiscal year raising the total for the period March 11, 1942, to June 30, 1952, to \$34,743,000.

##### Currency and Coin

Currency and coin vested during the fiscal year amounted to \$1,328,000, bringing the total amount vested to \$9,985,000.

##### Insurance

During the fiscal year the Office vested German and Japanese interests in insurance contracts valued at \$209,000, of which \$149,000 was German and \$60,000 was Japanese. The sum of \$491,000 was received by the Office during the fiscal year from the liquidation of vested interests in insurance and annuity contracts. For the period March 11, 1942, to June 30, 1952, the Office had vested a total of \$3,854,000 in interests in insurance and annuity contracts and has received for the same period a total of \$2,931,000 as proceeds from the liquidation of these interests.

#### INTERESTS IN ESTATES AND TRUSTS

##### Estates and Trusts Vestings

Of the vesting orders issued during the fiscal year 1952, 117 involved interests in estates and trusts. Of this total, 97 involved decedents' estates, 11 involved trusts under wills, 8 related to trusts inter vivos, and 1 to guardianship estates.

<sup>1</sup>The discussion of claims in this section relates to those vested in the Attorney General. Claims asserted against the Attorney General are discussed in Ch. VII, "Claims and Suits."

<sup>2</sup>The amount of \$5,000,000 carried as distributions from business enterprises in liquidation is a figure estimated by the Office as being collectible. Face value of these distributions due from domestic creditors is \$15,938,000, most of which came from banks and insurance companies in liquidation.

312165

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Interests in estates and trusts vested during the past fiscal year were valued at \$644,000, of which German nationals were the former owners of \$643,000, and Japanese were the former owners of \$1,000. The new vestings were comprised of the following: \$456,000 of decedents' estates; \$47,000 of trusts under wills; \$140,000 of trusts inter vivos; and \$1,000 of guardianship estates.

Vestings of interests in estates and trusts have amounted to \$86,680,000 for the period March 11, 1942, to June 30, 1952. The value of the enemy interests in the different classes of estates and trusts and the number of estates and trusts involved are presented in table 32.

Table 32.—INTERESTS IN ESTATES AND TRUSTS VESTED, MAR. 11, 1942, TO JUNE 30, 1952, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP

Type of property	Total	Nationality of former ownership			
		German	Japanese	Italian	Other enemy
Decedents' estates:					
Number of estates.....	(4,783)	(4,054)	(147)	(252)	(330)
Net value of vested interests.....	\$36,333,000	\$32,329,000	\$383,000	\$1,385,000	\$2,236,000
Trusts under wills:					
Number of trusts.....	(1,189)	(1,077)	(9)	(71)	(32)
Net value of vested interests.....	\$32,851,000	\$29,432,000	\$47,000	\$2,011,000	\$461,000
Trusts inter vivos:					
Number of trusts.....	(338)	(313)	(9)	(6)	(10)
Net value of vested interests.....	\$15,791,000	\$14,702,000	\$214,000	\$502,000	\$373,000
Guardianship estates:					
Number of estates.....	(116)	(52)	(37)	(21)	(6)
Net value of vested interests.....	\$1,705,000	\$1,276,000	\$194,000	\$228,000	\$7,000
Total net value.....	\$86,680,000	\$77,739,000	\$838,000	\$5,026,000	\$3,077,000

### Administration

The vesting of enemy interests in estates and trusts means that the Office has succeeded to the rights of the former owners. It, therefore, is incumbent upon the Office to insure that distribution of the assets comprising the estate or trust by the administration, executor, trustee or other fiduciary is correct and in conformity with the terms of the decedents' will, agreement, trust, instrument or court decree. During the fiscal year the Office completed its administration of the vested interests in 187 cases of estates and trusts. There remain 1,131 trusts in which the Office has a remainder interest or receives income periodically. In addition, there are 1,121 estate cases which have not been fully administered or with respect to which the Office has not yet received the distributive shares of the vested interests.

Generally, properties received by the Office from decedents' estates consist of cash; this is so because the Office is usually only one of several beneficiaries and, to effect distribution in proper shares, it is necessary to liquidate estates. In many cases, however, securities, personal property, real estate, and other types of property are received. If the interests vested from trusts are life estates or annuities, the Office receives periodic income payments. If the interests vested are those of remainderman, the Office does not receive anything until right to possession of the assets is acquired by the death of the life tenant or other condition of the trust. If the Office has vested a guardianship estate, the guardian normally files a final report with the court which discharges the guardian and turns over the estate to the Office.

### Distribution of Principal

For the period March 11, 1942, to June 30, 1952, the Office has received the sum of \$47,234,000 representing distributions of principal from vested estates and trusts. Of this amount, \$3,429,000 was received during the fiscal year 1952. The cumulative total is comprised of \$31,331,000 in cash and \$15,903,000 in other kinds of property, principally stocks and bonds. Of this noncash property, the Office had liquidated \$8,223,000 by the end of the fiscal year.

The different types of property received in distribution from vested estates and trusts and the amount of each type which has been liquidated are indicated in table 33.

Table 33.—PROPERTY HELD AS OF JUNE 30, 1952, DERIVED FROM THE VESTING OF INTERESTS IN ESTATES AND TRUSTS

NOTE.—This table does not reflect income derived from estates and trusts or from property distributed from estates and trusts.

(In thousands of dollars)

Type of property	Property vested	Changes in character of property resulting from—		Property returned to non-hostile persons	Property held as of June 30, 1952
		Distribution of assets of estates and trusts	Liquidation of property received from distributions		
Total.....	86,680			-8,494	78,186
Interests in decedents' estates.....	36,333	-26,969		-1,269	8,105
Interests in trusts under wills.....	32,851	-18,676		-2,894	17,282
Interests in trusts inter vivos.....	15,791	-6,188		-732	8,921
Interests in guardianship estates.....	1,705	-1,458			253
Interests in business enterprises.....	2,296				2,296
Real estate.....	943	-758		-185	
Mortgages.....	460	-287		-12	161
Leaseholds, mineral and oil rights, and ground rents.....	34	-16			18
Tangible personal property.....	52	-45		-7	
Stocks.....	4,979	-3,315		-164	1,510
Bonds.....	6,765	-3,699		-187	2,979
Other securities.....	11	-11			
Mortgage participations.....	331	-176		-1	155
Notes, claims, and credits.....	27	-16		-12	
Life insurance.....	5	-2		-3	
Cash.....	31,331		8,223	-3,048	36,506

The first column of table 33, carried over from table 32, indicates the value of the interests in the four types of estates and trusts that have been vested. The second column shows the amount of assets distributed from each of the four types of estates and trusts (minus figures), with the resultant increases in the Office's holdings of various other types of property (plus figures). The third column indicates the subsequent liquidation of the noncash items of property received from distribution (minus figures), with the corresponding increase in cash (\$8,223,000). The fourth column lists the amount of property (minus figures) returned to nonhostile persons by administrative action of the Office under section 32 of the Trading With the Enemy Act, as amended,<sup>3</sup> or pursuant to court decisions in actions brought under section 9 (a) of the Act. The fifth column shows the property held on June 30, 1952, including the remaining holdings of distributed

<sup>3</sup> 50 U. S. C. App. sec. 32.

Distribution of Income distributed property (\$36,506,000).

The Office has received \$4,816,000 as direct income from estates and trusts and \$960,000 as income from property distributed in kind from estates and trusts through June 30, 1952. Of these amounts, \$585,000 and \$175,000, respectively, were received during the fiscal year.

## Claims and Suits

Although the claims program of the Office of Alien Property continued at peak activity during the fiscal year, there was a small decrease in claims filed during the year as compared with those filed during the 1951 fiscal year, with respect to property vested during World War II.

The present claims program of the Office with respect to World War II vestings of property is based primarily upon sections 32 and 34 of the Trading With the Enemy Act, as amended, which were added to the Act in 1946 by Public Laws 322 and 671, Seventy-ninth Congress, Second Session.<sup>1</sup> Section 9 (a) of the Act is also involved in the claims program. This section relates to the return of vested property. It is discussed in further detail, *infra*, pp. 69-72. Under the provisions of section 32, the Office is authorized to make administrative returns of property to persons who, although technically enemies or allies of enemies, were not hostile to the United States and who fulfilled certain other stated conditions.<sup>2</sup> Section 34 authorizes the payment of debt claims to certain creditors of former owners of vested property. Thus, two types of claims are processed by the Office: *title claims* by which the claimants assert ownership interests in the vested property, and *debt claims* by which creditors seek payment of obligations owed prior to vesting by the former owners of vested property. A claim based on a debt secured by a mortgage or other lien may be treated as a title claim if the lien constitutes a proprietary or title interest in the property.

As of June 30, 1952, there had been filed with the Office of Alien Property on approved forms a total of 61,300 claims relative to World War II vestings of property, of which 14,256 were title claims and 47,044 were debt claims. At the beginning of the 1952 fiscal year, there were pending 52,088 claims, of which 8,727 were title claims and 43,361 were debt claims. During the 1952 fiscal year, there were filed 1,108 claims—823 title claims and 285 debt claims. For the fiscal year 1953, it is estimated that there will be filed an additional 750 title claims and 300 debt claims, a total of 1,050 claims. It is further estimated that the total number of title claims on file and to be filed will seek the return of between \$300,000,000 and \$350,000,000 worth of vested property, while debt claims now on file and to be filed will seek payment of between \$450,000,000 and \$500,000,000 of such property.<sup>3</sup>

<sup>1</sup> 60 Stat. 50, 50 U. S. C. App. sec. 32; 60 Stat. 925, 50 U. S. C. App. sec. 34. For the complete text of Public Law 322, see *Annual Report, Office of Alien Property Custodian, fiscal year ended June 30, 1946*, pp. 216-219. For the complete text of Public Law 671, see *Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1947*, pp. 153-157.

<sup>2</sup> Under sec. 2, of the Trading With the Enemy Act, as amended (50 U. S. C. App. sec. 2) persons resident within enemy or enemy-occupied territory during the war were classified as enemies independently of their citizenship.

<sup>3</sup> Since in many instances the accounts against which debt claims are asserted are insolvent, the amounts to be paid out in respect of debt claims will be far less than the amounts sought. And, of course, with regard to both title and debt claims many such claims will be disallowed for various reasons.

312167

REPRODUCED AT THE NATIONAL ARCHIVES

## TITLE CLAIMS

### Section 32

Originally eligible for administrative return under section 32 of property vested under the Trading With the Enemy Act, as amended, were the following principal groups: nonenemy governments, corporations of nonhostile countries that are not enemy-controlled, certain American citizens regardless of their residence during the war, citizens of allied and neutral countries not voluntarily resident in enemy countries during the war period, and enemy citizens who continuously resided outside enemy or enemy-occupied territory since December 7, 1941, and who were not engaged in business in such territory.

Section 32, as amended by Public Law 671, Seventy-ninth Congress, Second Session, approved August 8, 1946,<sup>4</sup> also makes eligible for return certain victims of political, racial or religious persecution who would otherwise have been ineligible because of enemy citizenship or voluntary residence in an enemy country.

Public Law 370, Eightieth Congress, First Session, approved August 5, 1947,<sup>5</sup> which also amended section 32, names as ineligible for a return the Governments of Germany, Japan, Hungary, Bulgaria, and Rumania. Despite its earlier enemy status, the Government of Italy is not ineligible. Public Law 370 also made eligible nationals and residents of Italy who were previously ineligible.

Section 32 was further amended by the so-called "dual national" proviso which was added by Public Law 859, Eighty-first Congress, Second Session, approved September 29, 1950,<sup>6</sup> in order to enable the Office to return vested property to (1) those persons who possessed American citizenship at all times since December 7, 1941, despite concurrent enemy citizenship and presence in enemy territory, and (2) those American women who lost their citizenship solely because of marriage to enemy aliens (thereby acquiring enemy citizenship) and who reacquired their citizenship prior to September 29, 1950.

The most recent amendment to section 32 is Public Law 378, Eighty-second Congress, Second Session, approved June 6, 1952,<sup>7</sup> which amended the "dual national" proviso added by Public Law 859, *supra*, by increasing the aggregate value of returns to "dual nationals" from \$5,000,000 to \$9,000,000 and by defining the value of the property in terms of its book value.

Prior to the making of a return, section 32 requires certain conditions to be fulfilled by the person to whom the return is to be made: (1) that he was the owner of the vested property immediately preceding vesting; (2) that he did not use the property under any cloaking arrangement; (3) that he has no actual or potential liability under either the Renegotiation Act or the Royalty Adjustment Act; and (4) that the return is "in the interest of the United States." In fulfilling the requirement that

<sup>4</sup> 60 Stat. 925, 50 U. S. C. App. sec. 32.

<sup>5</sup> 61 Stat. 784, 50 U. S. C. App. sec. 32. For the complete text of Public Law 370, see *Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1948*, pp. 155-156.

<sup>6</sup> 64 Stat. 1080, 50 U. S. C. App. sec. 32. For the complete text of Public Law 859, see *Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1951*, pp. 161-162. For a listing of the names and nationalities of claimants and value of claims filed and allowed under Public Law 859, as required by the provisions of said law, see Appendix, Exhibit G, pp. 119-120.

<sup>7</sup> 66 Stat. 129, 50 U. S. C. App. sec. 32. For the complete text of Public Law 378, see Appendix, Exhibit F, p. 118.

a return is in the national interest, the Office of Alien Property, as a matter of policy, consults with other interested Government agencies so that it may "be advised of the public interest in such matters as national security, foreign relations, financial and fiscal policy, and commercial and antitrust policy, as they relate to the return of vested property." The procedures necessary for making this investigation have been developed and are followed relative to all returns made under section 32.

### Section 9 (a)

Section 9 (a) provides for administrative return of vested property to persons who are not enemies as defined in section 2 of the Act. As pointed out above (footnote 2, p. 67), the latter section defined as enemies persons resident within enemy or enemy-occupied territory during the war, independently of their citizenship. A number of claims have been asserted by nationals of Germany and Japan, who although ineligible for return under the provisions of section 32, allege they are not enemies as defined in section 2. In the recent decision of the Supreme Court in the case of *Guessefeldt v. McGrath*, 342 U. S. 308 (1952), it was held that the provisions of section 39 of the Act (50 U. S. C. App. sec. 39) that no returns of vested property shall be made to nationals of Germany and Japan did not bar section 9 (a) relief to such nationals who are not enemies as defined in section 2. Accordingly, the claims of such persons, if they are not eligible under section 32, receive administrative consideration under section 9 (a).

### Time Limitation for Filing Title Claims

Notice of claim for the return of property pursuant to sections 9 (a) or 32 (a) must be filed by April 30 1949, or within 2 years of the date of vesting, whichever is later, as provided by section 33 of the Trading With the Enemy Act, as amended.<sup>8</sup> World War I claims seeking administrative return under section 9 must have been filed by August 9, 1948.

### Administration of Sections 32 and 9 (a)

The Office of Alien Property is responsible for the administration of sections 32 and 9 (a), except that section 9 (a) claimants are also entitled to litigate their claims in the federal courts.<sup>9</sup> Forms for asserting a claim for the return of vested property may be secured directly from the Office of Alien Property in Washington, D. C., or its field offices in New York, San Francisco, and Honolulu, T. H., its offices abroad in Manila, P. I., Munich, Germany, and Tokyo, Japan, or from the United States Attorneys' offices throughout the United States. All title claims are filed on Form APC-1A.

Title claims are processed by the Claims Branch of the Office which has the sole authority to recommend to the Director of the Office the allowance of such claims without the requirement of a hearing. The Hearing Examiners hear those claims which are not recommended for allowance.

<sup>8</sup> 60 Stat. 925, 50 U. S. C. App. sec. 33. For further details, see *Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1950*, pp. 68-69. It should be noted that a bill to amend sec. 33 further by extending the time for filing claims of certain Italian nationals under sec. 32 for an additional period of six months was introduced in the House of Representatives (H. R. 4611, 81st Cong., 2d Sess.). The Eighty-second Congress adjourned without enacting this bill. Similar bills have been introduced in the Eighty-third Congress, but no final action has yet been taken thereon.

<sup>9</sup> For a discussion of section 9 (a) suits, see pp. 77-81, *infra*.

312168

REPRODUCED AT THE NATIONAL ARCHIVES

The decision whether a return of vested property is in the interest of the United States under section 32 rests with the Director of the Office. The procedures necessary for the processing of claims filed by foreign residents were instituted after extensive negotiations between certain foreign governments and the Attorney General, with the cooperation of the Department of State.<sup>10</sup>

All procedures involved in the disposition of claims are governed by the Rules of Procedure for Claims, as amended.<sup>11</sup> A copy of these rules may be obtained upon application to the Chief, Administrative Branch, Office of Alien Property, Washington 25, D. C.

#### Disposition of Claims: Vested Property Returned

The Office processed a total of 1,093 title claims during the fiscal year 1952.<sup>12</sup> Returned to former owners during the fiscal year were \$5,765,000 of cash and appraisable property; 325 patents, 19 part interests in patents, 9 patent applications, 16 interests in patent contracts, and certain other industrial properties. The total amount of property returned has now reached \$42,465,000<sup>13</sup> and 1,880 patents, 77 part interests in patents, 122 patent applications, 81 interests in 75 patent contracts, and 9 inventions.

#### Discussion of Particular Claims

EDGAR AUSNIT, PRESIDENT, AND OTHERS, CLAIM NOS. 26 AND 676.—This case involved the scope of the "freezing controls" which were established in 1940 by Executive Order No. 8389. Claimants sought a return of a four-fifths interest in a forge plant which had been vested by the Alien Property Custodian. It appeared that in 1939 a contract had been entered into by the United States Ordnance Engineers, Inc. (USOE), a United States corporation, and Industria Romana Mecanica si Chimica S. A. (Iremece), a Rumanian corporation, whereby USOE agreed to furnish and install in Rumania a forge plant at a price of approximately \$800,000. However, the forge plant was never shipped to Rumania, and in December 1941 an agreement was executed between claimants, Iremece, and USOE whereby claimants agreed to transfer to Iremece certain capital stock in a Rumanian corporation in exchange for Iremece's interest in the forge plant. The legal issues involved included the questions whether the 1941 agreement was required to be licensed by the Treasury Department since it had been entered into after October 9, 1940, the date when the restrictions of Executive Order No. 8389 became applicable to nationals of Rumania, and if so, whether the failure to secure a license invalidated the transfer to claimants. Claimants argued that the prohibitions of Executive Order No. 8389 did not apply to a transfer of personal property such as a forge plant, and that even if they were applicable, the transfer was not a nullity. The Director of the Office in his decision dated March 14, 1952, affirming the decision of the Hearing Examiner disallowing the claims, held that the transfer of the forge plant was within the scope of Executive Order No. 8389 and that since it was unlicensed it was a nullity and claimants acquired no interest thereunder.

<sup>10</sup> For further details of these procedures, see *Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1950*, pp. 69-70.

<sup>11</sup> 17 F. R. 11837, Dec. 31, 1952.

<sup>12</sup> Of these, the number allowed was 452; the number disallowed or withdrawn was 641.

<sup>13</sup> Not included in this amount are certain accrued patent royalties in the hands of third parties which were reassigned to claimants upon return of the patents.

TSUKASA AND TOMOE KIYONO, CLAIM No. 37922.—This case involved a question of citizenship. The claimants, husband and wife, were natives of Japan who had lived in the United States for many years prior to World War II. In 1939, claimants and their daughters went to Japan intending to remain there for 2 or 3 years and were in Japan at the outbreak of war in December 1941. After the war claimants returned to the United States. Claimants argued that they were not barred by the provisions of section 32 of the Act relating to citizens of enemy nations because they ceased to be Japanese citizens prior to December 7, 1941, in that their long residence in the United States had resulted in their expatriation prior to their return to Japan. Claimants maintained that their expatriation should be determined by American law and they relied upon the Act of Congress of July 27, 1868, providing that expatriation was a national and inherent right of all people. The Hearing Examiner held that claimants' expatriation must be determined by the law of the country from which expatriation is claimed (in this case Japan) and that under Japanese law the claimants were at all times Japanese citizens. The Hearing Examiner further held that claimants, being Japanese citizens who resided in Japan during the war, were ineligible for a return under section 32.

BARON FRIEDRICH CARL VON OPPENHEIM, CLAIM No. 41661.—This claim involved the question of the eligibility of a one-quarter Jew as a racial persecutee in Nazi Germany. The claimant was a German citizen who was present in Germany during the war. The record of the case contained a plethora of evidence including over fifty racial laws, decrees and regulations of Nazi Germany, numerous decisions of the Allied Restitution courts in Germany, legal commentaries and excerpts from the Nuremberg trials of Axis war criminals. The Hearing Examiner found that one-quarter Jews were discriminated against in many ways, including the following: they were prohibited from intermarriage; they were barred from becoming civil servants, state employees, notaries, or railway employees; upon certain conditions they were barred from practicing as physicians or lawyers; they were barred from performing active military service; they were unable to inherit from Jewish grandparents; they were restricted in access to schools; and they were designated in the Reich Citizenship Laws as a distinct racial group. The Hearing Examiner concluded that a one-quarter Jew in Germany during the war did not enjoy full rights of German citizenship and was therefore eligible for return.

ALIX SCHMIDT, CLAIM No. 46043.—One of the issues in this case was whether the claimant was eligible for a return as a religious persecutee. As claimant was a German citizen who was present in Germany during the war, she was ineligible for a return unless she established that she was a "persecutee" under section 32. She attempted to show her eligibility as a religious persecutee by reason of her membership in and regular attendance at the Evangelical-Lutheran Church during the Nazi regime. Claimant showed that she was subjected to considerable pressure by the Nazis to dissuade her from attending church. She relied, not upon any positive law, decree or regulation interfering with the "lay" members of the church, but upon "color of law." The Hearing Examiner held that such threats and other persuasive action as the Nazis may have directed against her by which they demonstrated their lack of sympathy with her church going, were not sufficient to establish substantial deprivation of her rights of citizenship, and did not make her eligible for return as a religious persecutee. The claimant appealed to the Director who affirmed the Hearing Examiner's decision disallowing the claim.

312169

REPRODUCED AT THE NATIONAL ARCHIVES

REPRODUCTION TAB

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»VIII«

Organization

On June 27, 1952, Mr. Harold I. Baynton resigned as Assistant Attorney General, Director of the Office of Alien Property, Department of Justice, and was replaced by Mr. Rowland F. Kirks, who was sworn in on August 12, 1952.

Administrative Units

The various administrative units of the Office of Alien Property and the number of full-time employees assigned to each at the close of the fiscal year are listed below:

Administrative Unit	Number of employees as of June 30, 1952 <sup>1</sup>
Office of the Director.....	26
Management and Liquidation Branch.....	59
Intercustodial and Property Branch.....	63
Claims Branch.....	93
Litigation Branch.....	73
Administrative Branch.....	62
Comptroller's Branch.....	64
Overseas Branch.....	<sup>2</sup> 16
Office of Manager, New York.....	38
Office of Manager, San Francisco.....	15
Office of Manager, Honolulu.....	12
Office of Manager, Manila.....	<sup>3</sup> 1
Office of Manager, Tokyo.....	2
<b>Total .....</b>	<b>524</b>

<sup>1</sup> Excluding 5 part-time employees.

<sup>2</sup> In addition, there were approximately 34 German employees of the Office of the High Commissioner for Germany assigned to the Munich Office of the Office of Alien Property.

<sup>3</sup> In addition, there were 27 Filipino employees in the Manila office, paid directly out of Philippine vested property funds.

Geographical Distribution of Personnel

The main office of the Office of Alien Property is in Washington with field offices located in New York, San Francisco, Honolulu, Manila, and Tokyo. The headquarters of the Overseas Branch is in Munich, Germany. The number of full-time employees at each office as of June 30, 1952, is presented below, together with figures for the previous fiscal year.

	1952	1951		1952	1951
Washington, D. C.....	376	460	Manila.....	1	1
New York.....	102	117	Tokyo.....	2	.....
San Francisco.....	15	17			
Munich.....	18	29	Total.....	524	636
Honolulu.....	12	12			

Organization

On July 10, 1951, the administrative organization of the Office of Alien Property was changed along the following lines:

processed to the litigation stage to raise ties under patent license contracts which

McGrath (D. C.) was a complaint filed strict Court review of the determination of Alien Property reversing a hearing claim of \$68,362.08 against the vested claimant. McGrath claimed a contract had been entered into between importers of silk from Japan, Japanese exporters and importers agreed to pay a self-imposed tax. McGrath, the exporters agreed to collect each claimant which agreed to use the funds. The District Court entered judgment reversing the determination, disallowing the claim. McGrath office seven claims totalling \$508,491.91 against Japanese exporters, parties to the alleged

a question has been presented as to whether McGrath declines to license a payment out of a court to vest the funds so that debt is paid under the Act. The Supreme Court affirmed a decision of the Second Circuit,<sup>48</sup> holding that the Attorney General is not represented by a bearer bond issued in Germany and that the certificate is in Germany and

**OFFICE OF THE DIRECTOR.**—The Director supervises and directs all of the activities of the Office of Alien Property. The Deputy Director may exercise any of the functions of the Director.

**Legal and Legislative Section.**—The staff of this section handles all complicated legal problems and legislative matters. The Chief of the section is the personal legal adviser to the Assistant Attorney General and the Deputy Director and acts as Director in the absence of both.

**Hearing Examiners.**—Subject to review by the Director, the Hearing Examiners hear and determine contested debt and title claims and claims in which a hearing is deemed necessary by the Director or the Chief of the Claims Branch, arising under the Trading With the Enemy Act, as amended.

**MANAGEMENT AND LIQUIDATION BRANCH.**—The Chief, Management and Liquidation Branch, has general supervision over the following sections which comprise the Branch.

**Business Enterprise Section.**—This section is responsible for the administration and liquidation of all vested business enterprises and securities.

**Real and Personal Property Section.**—This section administers and liquidates real estate, mortgages, and tangible personal property.

**Patent Section.**—This section is responsible for the vesting of patents and patent contracts, copyrights, and trade-marks, and administers programs relating to these properties.

**INTERCUSTODIAL AND PROPERTY BRANCH.**—The Chief, Intercustodial and Property Branch, has general supervision over the following sections, and also is responsible for all inter-allied problems including conferences and liaison as well as inter-departmental liaison.

**Vesting Section.**—The Vesting Section is responsible for the identification, establishing of proof of ownership, and the vesting of all enemy-owned assets except patents, copyrights, and trade-marks.

**Collection and Custody Section.**—This section is responsible for obtaining compliance with vesting orders. It reduces to possession all intangible personal property, collects income on vested property, and is responsible for the administration of vested insurance policies and estates and trusts not in litigation. It also effectuates payment of claims by the Office.

**Foreign Funds Section.**—This section is responsible for licensing transactions with respect to blocked assets within the United States owned by certain designated foreign countries and their nationals and for releasing such controls from such property.

**CLAIMS BRANCH.**—The Claims Branch administers an integrated claims program including the processing of all title claims for the return of vested property and all debt claims pursuant to the Trading With the Enemy Act, as amended. This Branch has the sole authority to recommend to the Director the allowance of claims without the requirement of a hearing.

**LITIGATION BRANCH.**—The Chief, Litigation Branch, is in charge of all litigation involving the Trading With the Enemy Act, to which the Government is a party.

**ADMINISTRATIVE BRANCH.**—This Branch has charge of personnel matters within the Office, procurement, mail, files, records, and all other administrative services. The Chief of the Branch also acts as Budget Officer of the Office.

**Reports and Statistics Section.**—This section assembles statistical data on controlled properties, and prepares annual and other official reports.

**COMPTROLLER'S BRANCH.**—This Branch is responsible for the maintenance of accounting records pertaining to vested properties, the preparation of financial reports, and the review of financial data on vested and super-

vised business enterprises. The Chief of this Branch, in cooperation with the Treasurer of the United States currency, checks, and drafts paid to or received by the Office of Alien Property in the New York Office, transfers the proceeds to the Treasurer of the United States for the account of the Attorney General, and makes disbursements by the issuance of checks in the payment of all expenses and claims against the Office of Alien Property.

**OVERSEAS BRANCH.**—The Chief of this Branch exercises supervision over the European operations of the Office of Alien Property carried on by the Department of Justice Mission attached to the Office of the United States High Commissioner for Germany.

**FIELD OFFICES.**—The employees of the field offices are directly under the jurisdiction of the Managers of the field offices. The Managers are responsible for all activities in the field offices and are responsible to the Director and Deputy Director rather than the Branch Chiefs.

312171

REPRODUCED AT THE NATIONAL ARCHIVES

### Finances and Accounting

The administrative expenses of the Office of Alien Property are financed from funds acquired through the vesting and administration of property under the jurisdiction of the Office. A limit on the amount that may be expended for general administrative expenses each fiscal year is established by annual authorizations by the Congress. Direct expenses arising from the administration of specific vested properties are not included in this general limitation.

Detailed accounting records on all vested properties and on controlled business enterprises that are in the process of liquidation are maintained by the Office. The Administrative Division of the Department of Justice keeps the accounting records on administrative expenses of the Office of Alien Property. An annual audit of the books and records of the Office is conducted by a firm of certified public accountants.

#### FINANCES

The regular authorization by the Congress for general administrative expenses for the fiscal year 1952 was in the amount of \$3,600,000 (Public Law 188, 82nd Cong., 1st sess., approved October 22, 1951).<sup>1</sup> The Office was authorized to spend an additional \$240,000 by Public Law 3754, 82nd Congress, 2nd sess., approved June 5, 1952.<sup>2</sup> Administrative expenses for the fiscal year ended June 30, 1952, totaled \$3,830,094.83. A statement of these expenses and the means by which the expenses were financed are shown in table 35. Comparative data for prior fiscal years are also shown in the table.

#### ACCOUNTING

A report of Arthur Young & Co., certified public accountants, on its audit of the books of the Office of Alien Property for the fiscal year ended June 30, 1952 is presented at the end of this chapter.

<sup>1</sup> 65 Stat. 576.  
<sup>2</sup> 66 Stat. 101.

Table 35.—ADMINISTRATIVE EXPENSES AND MEANS OF FINANCING, FISCAL PERIODS 1943 THROUGH 1952

NOTE.—The statements shown on this table are not identical with those shown in table 34 of the *Annual Report, Office of Alien Property, Department of Justice, for the fiscal year ended June 30, 1951*, owing to adjustments made subsequent to June 30, 1951. Amounts previously shown as reimbursements to other agencies are now included under the object classification in which the funds were expended.

	July 1, 1942 to June 30, 1943	July 1, 1943 to June 30, 1944	July 1, 1944 to June 30, 1945	July 1, 1945 to June 30, 1946	July 1, 1946 to June 30, 1947	July 1, 1947 to June 30, 1948	July 1, 1948 to June 30, 1949	July 1, 1949 to June 30, 1950	July 1, 1950 to June 30, 1951	July 1, 1951 to June 30, 1952
<b>ADMINISTRATIVE EXPENSES</b>										
Personal services.....	\$3,249,771.83	\$3,743,193.89	\$3,206,947.20	\$2,800,730.24	\$3,288,142.21	\$3,107,970.47	\$3,638,574.96	\$3,388,720.00	\$3,261,259.59	\$3,218,576.05
Travel.....	182,218.38	119,392.67	79,219.85	89,795.96	75,335.24	93,850.20	79,817.71	85,224.03	96,033.05	44,919.13
Transportation of things.....	21,953.71	32,535.04	5,183.05	17,507.78	2,815.14	25,091.87	2,782.35	4,316.73	4,293.04	7,361.89
Communication services.....	86,424.70	79,746.16	61,706.17	54,877.02	47,425.53	47,890.14	42,356.51	41,863.87	46,910.72	41,982.10
Rents and utilities.....	368,805.88	396,800.38	322,338.81	260,087.55	265,766.07	219,111.18	230,778.86	237,745.95	256,100.22	198,271.72
Printing and binding.....	90,849.89	244,428.79	66,367.14	63,101.58	29,663.32	15,199.17	14,896.81	19,082.69	25,514.36	28,347.54
Other contractual services.....	202,846.68	224,021.19	167,360.28	108,498.81	123,065.05	107,056.80	228,387.56	216,100.07	275,096.08	248,481.66
Supplies and materials.....	105,004.33	61,539.17	33,421.68	32,412.75	39,466.02	50,268.96	39,366.68	46,661.07	48,886.62	30,672.85
Equipment.....	250,952.22	43,818.00	14,940.06	19,809.33	21,241.34	33,000.43	21,497.42	32,558.20	47,188.10	8,198.18
F. I. C. A. contributions.....									1,057.54	3,282.81
Total.....	4,558,827.57	4,945,475.29	3,957,483.74	3,446,821.02	3,892,919.92	3,699,439.22	4,298,458.76	4,072,283.03	4,063,239.32	3,830,094.83
<b>MEANS OF FINANCING</b>										
1. World War I Administrative Expense Fund.....	4,063,088.71									
2. World War II Vested Property Funds:										
(a) Recoveries of expenses from vested enterprises and other properties.....		77,207.38	23,965.51	15,117.16	7,236.29	14,393.74	14,060.39	20,148.99	61,791.60	47,516.25
(b) General transfer of cash from vested property funds <sup>1</sup> .....	471,172.55	4,625,467.39	3,695,607.76	3,171,238.26	3,740,689.72	3,103,374.45	2,779,493.97	3,435,699.01	1,938,145.55	3,429,091.46
3. Reimbursement received for expenses incurred in representing persons residing behind enemy lines in court or administrative actions or proceedings.....			21,694.35	131,754.80	101,825.33	75,114.10	13,212.96	3,646.57	-332.95	-1,490.83
4. Conservatory and administrative expenses recovered upon return of World War II vested property and the payment of debt claims.....					6.32	261,227.79	1,454,405.37	588,910.03	2,047,050.24	259,849.01
5. Recoveries of expenses from Philippine Alien Property Administration.....						121,922.47		2,291.67		30,955.96
6. Miscellaneous receipts:										
(a) License fees receipts from sale of patent catalogs, and other receipts.....	24,566.31	126,527.42	128,917.40	93,052.72	43,162.26	123,406.67	37,286.07	21,586.76	16,584.88	64,172.98
(b) Receipts from sale of republished periodicals.....		116,273.10	87,298.63	35,658.08						
Total.....	4,558,827.57	4,945,475.29	3,957,483.74	3,446,821.02	3,892,919.92	3,699,439.22	4,298,458.76	4,072,283.03	4,063,239.32	3,830,094.83

<sup>1</sup> A considerable proportion of the expenses financed by general transfers of vested property funds to the administrative expense fund will ultimately be recovered from specific vested properties for which expenses were incurred.

## ACCOUNTANTS' REPORT

165 BROADWAY, NEW YORK 6.

Mr. PAUL V. MYRON, Deputy Director,  
Office of Alien Property,  
Department of Justice, Washington, D. C.

We have examined the general accounts maintained by the Comptroller's Branch of the Office of Alien Property for the purpose of controlling vested assets and recording accountability therefor for the year ended June 30, 1952, but we did not review the financial and statistical tables or the text which will be contained in the detailed annual report of the Office of Alien Property for such year. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Such examination included test-comparison of assets recorded at principal balances or nominal amounts with the vesting orders issued therefor during the year; test-check of acknowledgments of vestings of real estate, patents, copyrights and trade-marks; test-check and confirmation of cash receipts; test-examination of vouchers covering administrative expenses and other disbursements; check of reconciliations and confirmations of year-end bank balances; count of securities and personal property in the custody of employees in offices of the Office of Alien Property in the United States and Honolulu; test-confirmation of vested assets in the custody of others at June 30, 1952; and review of procedures followed in the sale, return or other disposition of vested assets during the year ended June 30, 1952 as to compliance with the policies set forth in regulations governing such disposals. Examinations of the accounts maintained in the Manila Office of the Office of Alien Property and of certain transactions between the Overseas Branch of the Office of Alien Property and the American, British and French occupying authorities in Germany have been made by other independent accountants and reports on such examinations have been submitted to us.

The accounting records of substantially all of the vested enterprises in process of liquidation, and of a few vested enterprises which were in operation at June 30, 1952, were maintained in offices of the Office of Alien Property. We reviewed the available accounting records of substantially all such vested enterprises. Such review included test-check of the reconciliations and test-confirmation of bank balances at June 30, 1952; test-count or confirmation of securities; and review of major disposals of assets (other than sales made in the regular course of business) during the year ended June 30, 1952; but we did not audit the accounts of such enterprises.

The accounts of the operating vested enterprises, with a few exceptions of minor importance, were maintained in the offices of such enterprises and have been examined by public accountants at various dates during the year ended June 30, 1952. With respect to the principal operating enterprises, reports of such public accountants, submitted for our inspection, contain unqualified opinions as to the financial position of the enterprises. With respect to enterprises of lesser relative importance, the reports, in some instances, either did not express an opinion, or gave qualified opinions as to the financial position for reasons such as absence of auditors at stock-taking or inability to confirm accounts with foreign interests.

In our opinion, subject to the comments in the preceding two paragraphs, the exceptions disclosed as a result of our examination for the year ended June 30, 1952 were not relatively significant.

APRIL 15, 1953.

ARTHUR YOUNG &amp; Co.

## EXHIBIT A

List of Vesting Orders Issued by the Office of Alien Property, July 1, 1951,  
to June 30, 1952

NOTE.—This list includes vesting orders, and amendments and supplements thereto, issued by the Office of Alien Property from July 1, 1951, to June 30, 1952, and published in the Federal Register. Following the regular numerical series of vesting orders there are listed orders in the 500-A series. Amendments and supplements are cited immediately after the respective orders. The Federal Register gives for each order the dates of signing, filing, and publishing, and the complete text.

## LIST OF VESTING ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY JULY 1—JULY 31, 1951

Vesting order No.	Summary description of property vested	Federal Register citation
18104	All rights of Selina Bertha Olga Rosamond Annemarie Rommel and others under a declaration of trust	16-6697
18105	All rights of Johanna Brunner and Guenther Brunner under an insurance contract	16-6698
18106	All rights of Thomas Georg Haller and others in the estate of Martha McMurtree Gregg Haller	16-6698
18107	All rights of Shaw Ishimoto and heirs under two insurance contracts	16-6698
18108	All rights of Shiro Kano and others under an insurance contract	16-6699
18109	All rights of Rudolf T. Kessemeler and Else Kessemeler under an insurance contract	16-6699
18110	All rights of Sirl Johanna Maria zu Boineburg in the estate of Gösta Löfberg	16-6699
18111	Cash, \$1,016,490.49, owned by Paula Balthazar and others	16-6700
18112	A portion of certain funds on deposit with the Chase National Bank of the City of New York and certain securities owned by Reinhold Bartenstein	16-6700
18113	Certain funds on deposit with the Treasury Dept. and certain claims to Social Security benefits owned by Otto Harrassowitz	16-6700
18114	Certain bonds owned by Otto Leiser	16-6701
18115	Certain United States currency and coin owned by Paula Schumann and others	16-6706
18116	Certain funds on deposit with the Treasury Dept. and certain claims to Social Security benefits owned by Sannosuke Shiozaki and Sada Shiozaki	16-6702
18117	Accounts maintained in the name of Hamburger & Co.'s Bankierskantoor, N. V. and owned by persons whose names are unknown	16-6705
18118	Stock registered in the name of Hamburger & Co.'s Bankierskantoor N. V. and owned by persons whose names are unknown	16-6705
18119	All rights of Nihon Kihatsuyu Kabushiki Kaisha, also known as Japan Gasoline Co., Ltd., in two agreements by and between Universal Oil Products Co.; certain memorandums of tentative understandings as basis for agreements between that corporation and Universal Oil Products Company; two law suits entitled "Nihon Kihatsuyu Kabushiki Kaisha, plaintiff, v. Universal Oil Products Company, defendant"; and a debt owing to that corporation by Universal Oil Products Co.	16-6740
18120	A debt owing to Melchers & Co. by Joseph G. Hooper Jr., Co. and a debt owing to that company by Melchers, Inc.	16-6767
18121	Accounts maintained in the name of Custodian Trust Co., Ltd., and owned by persons whose names are unknown	16-6768
18122	All rights of Amalie Benl in the estate of George Anton Benl	16-6768
18123	All rights of Margarete Redepenning and Emilie Schultz in the estate of Bianca A. E. O. Fritsch	16-6768
18124	All rights of Henny Kuhn in the estate of Fred Koerbit	16-6769
18125	All rights of Ewald Semran and Lidja (Lydia) Semran in the estate of Wilalim Semran	16-6769
18126	Certain real property located in Sturgeon Bay, Wis., owned by Theresia Hamberger and others	16-6809
18127	A part interest in oil, gas and other minerals located in certain real property in Oklahoma City, Okla., owned by Hubertus Plazek and two others	16-6810
18128	An undivided 1/2 interest in certain real property located in Queens County, N. Y., owned by Carl Gustav Watjen	16-6810
18129	All rights of Carl Bauer and others in the estate of Oscar Bauer	17-1679
18130	All rights of Ernst Johann Hermann Bohack in the trusts created under the will of Henry C. Bohack	16-6810
18131	All rights of Nicolaus Daemgen and others in the estate of Peter Day	16-6811
18132	All rights of Richard Gugg and others in the estate of Wilhelmine Jarck	16-6811
18133	All rights of Gottlieb Lutz and others in the estate of George Lutz	17-5600
18134	All rights of Dorothea Schapoks and others in the estate of Else Schapoks	16-6812
18135	Certain debts owing to Brabender, Offene Handelsgesellschaft and C. W. Brabender by Brabender Corp.; and a debt owing to them by Arthur Hartkopf	16-6813
18136	Certain securities owned by Carl F. von Clemm	16-6812
18137	Certain securities owned by Concordia Lebens-Versicherungs Aktien-Gesellschaft	16-6814
18138	Certain bank accounts and certificates of indebtedness owned by Conversion Office for German Foreign Debts	16-6813
18139	Certain bank accounts and certificates of indebtedness owned by Conversion Office for German Foreign Debts	16-6814
18140	Certain certificates of indebtedness owned by Conversion Office for German Foreign Debts	16-6815
18141	Certain funds on deposit with the Treasury Dept. owned by Anna Margareth Kohl Halbach	16-6815
18142	Certain bank accounts owned by Junkers & Co., G. m. b. H. and other German nationals whose names are unknown	16-6816

312173

REPRODUCED AT THE NATIONAL ARCHIVES

TABLE	Page
30. Stocks, Bonds, and Other Securities Vested and Acquired, March 11, 1942, to June 30, 1947, and Disposition Thereof to June 30, 1947 . . . . .	74
31. Interests in Estates and Trusts Vested, March 11, 1942, to June 30, 1947, Classified by Nationality of Former Ownership . . . . .	80
32. Property Held as of June 30, 1947, Derived from the Vesting of Interests in Estates and Trusts: . . . . .	81
33. Suits and Other Judicial Proceedings in Which the Office of Alien Property Was Interested, Fiscal Years 1947 and 1946 . . . . .	88
34. Administrative Expenses and Means of Financing, Fiscal Periods 1943 through 1947 . . . . .	103



## Policies and Objectives

The independent Office of Alien Property Custodian<sup>1</sup> was terminated by Executive Order No. 9788 of October 14, 1946.<sup>2</sup> By this Order all of the authority, rights, privileges, powers, duties, and functions granted to the Alien Property Custodian by various executive orders issued under authority of the Trading with the Enemy Act, as amended,<sup>3</sup> and all property and interests vested in the Custodian, were transferred to the Attorney General. This transfer was made in accordance with the Administration's policy of reducing the number of independent Government agencies in the interest of economy and efficiency.

To carry out the provisions of Executive Order No. 9788, the Attorney General, on October 15, 1946, created in the Department of Justice the Office of Alien Property. All powers and functions transferred to the Attorney General were delegated to the Director of the Office of Alien Property.<sup>4</sup>

The basic objective of the Office of Alien Property is to eliminate German and Japanese interests in property in the United States. The first step in this program is to uncover and vest (take title to) the property in the name of the Attorney General of the United States. Thereafter, the property is administered by the Office in the national interest and, with the exception of certain classes of property, prepared for sale or liquidation. The ultimate disposition of the proceeds of vested property is a matter for determination by Congress. Thus far Congress has provided, by legislation, for the settlement of title claims of nonhostile persons and the payment of debt claims by the Office.

### VESTING POLICY

The general policy of the Office of Alien Property is to vest all property in the United States owned by the Governments and residents of Germany and Japan that was acquired by them prior to December 31, 1946.<sup>5</sup>

<sup>1</sup> The Office of Alien Property Custodian was established by Executive Order No. 9095 of March 11, 1942. The functions of this Office were more fully defined by Executive Order No. 9193 of July 6, 1942, as amended by Executive Order No. 9567 of June 8, 1945.

<sup>2</sup> For the complete text of Executive Order No. 9788, see Appendix, Exhibit F, p. 158.

<sup>3</sup> These powers, as defined in the original law and earlier amendments, were substantially broadened by the amendment included in the First War Powers Act of December 18, 1941. For the statutory background, see *Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1944*, p. 1.

<sup>4</sup> For orders establishing the Office of Alien Property and delegating authority to the head of the Office, see F. R. Doc. 46-18717, 11 Fed. Reg. 12045 (October 16, 1946) and F. R. Doc. 46-21254, 11 Fed. Reg. 14135 (December 6, 1946).

<sup>5</sup> For a summary of the vesting policy of the Office of Alien Property according to the treatment of major classes of foreign governments and nationals, see *Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1946*, pp. 3-4.

312174

REPRODUCED AT THE NATIONAL ARCHIVES

## ADMINISTRATION AND LIQUIDATION OF VESTED PROPERTY

The Attorney General obtains ownership of specific properties through the issuance of vesting orders. After control has been acquired, the property must be administered until it can be disposed of to the best advantage in the national interest.

### Administration of Vested Property

The administration by the Office of most of the property vested in the Attorney General—namely, business enterprises, real and personal property, and interests in estates and trusts—involves three major considerations: first, the conservation of the value of the property; second, insuring, wherever possible, that the property is put to productive use and employed for the national welfare; and third, preparing the property for liquidation or for sale to American citizens as soon as practicable.

The objective of the Office in the administration of vested enemy patents, excluding those in which nonenemies have or claim interests, is to make them widely available to industry by issuing nonexclusive, royalty-free licenses for an administrative fee of \$15 a patent.<sup>9</sup> Vested nonenemy patents are now subject to return to the former owners.<sup>10</sup> In the meantime, until such return is effected, the patents may be licensed for reasonable royalties if terms can be agreed upon by the former owner and the party applying for a license.

The Office's administrative policy on copyrights and trade-marks, as in the case of patents, is somewhat different from the policy concerning other classes of vested property because of the particular nature of the property involved.<sup>11</sup>

### Liquidation and Sales

In disposing of most types of vested property the Office's primary consideration is to sell or liquidate as soon as practicable. There are only two important categories of property that will not be sold or liquidated: (1) patents, copyrights, and certain trade-marks because it is believed that the public interest would be best served by retention and control by the Government of the monopoly privileges involved; and (2) properties of nationals of countries other than Germany and Japan, which are being withheld from sale at the request of the Department of State.

As of June 30, 1947, approximately \$105,131,000 of vested property has been sold or liquidated and another \$23,447,000 in cash has been collected as income from vested property. There remains at the end of the fiscal year approximately \$179,910,000 of vested property that has not been reduced to cash. This figure does not include thousands of patents, copyrights, trade-marks, and miscellaneous items on which dollar values cannot be computed.

Certain legal, business, and foreign policy considerations have prevented the Office from carrying out the liquidation or sale of the greater part of

<sup>9</sup> For a discussion of the licensing of nonenemy applicants and other aspects of patent policy, see Ch. V, "Patents, Copyrights, and Trade-Marks."

<sup>10</sup> Italian patents will also be returned, subject to any outstanding licenses including those issued by the Office, under the provisions of Public Law 370, approved August 5, 1947.

<sup>11</sup> For a discussion of copyright and trade-mark policy, see Ch. V, "Patents, Copyrights, and Trade-Marks."

the \$179,910,000 of unliquidated property. The status of this property as of June 30, 1947, with respect to sales and liquidations is as follows:

1. Unliquidated property subject to pending or prospective suits under Section 9 (a) of the Trading with the Enemy Act, as amended, amounts to approximately \$88,000,000. This property cannot be sold because Section 9 (a) prohibits the sale of such property, unless the plaintiff consents, until final disposition of the suits.

2. Interests in business enterprises in liquidation amount to \$21,500,000. These interests can be reduced to cash only through the declaration of liquidating distributions in the course of the time-consuming process of dissolving the enterprises. Further, those companies having assets located outside the United States must await the conclusion of international settlements among allied and neutral countries concerning German and Japanese assets before disposal of their foreign assets can be made.

3. Interests in estates and trusts amount to \$31,100,000. The liquidation of these interests is chiefly dependent on the processes of judicial administration. Where a will or heirship is contested, years may be required to resolve the issues involved.

4. Property of nationals of former enemy-occupied countries (including Austria) and of Italy, Bulgaria, Hungary, and Roumania that can profitably be retained in its present nonliquid form amounts to \$4,500,000. This property has been withheld from sale at the request of the Department of State.

5. Another \$13,000,000 worth of property cannot be sold or liquidated at present because of various kinds of litigation or because of administrative difficulties.

6. Property amounting to \$21,810,000 may be sold or liquidated at an early date. This property consists largely of assets recently vested by the Office and of United States Government bonds.

### DISPOSITION OF VESTED PROPERTY

The disposition of vested property or the proceeds of its sale or liquidation is a complex problem that necessitates a judicious regard for the rights and status of the different classes of persons claiming interests of various kinds in the vested property. These persons may be classified in the following major groups:

1. Creditors of the former owners of vested property.
2. Nonhostile persons whose property has been vested.
3. Nationals of enemy countries other than Germany and Japan.
4. Nationals of Germany and Japan.

### Creditors of Former Owners of Vested Property

On numerous occasions when a piece of property was vested there were creditors' claims outstanding against it or against its former owners. These claims are known as debt claims. A legislative basis for the payment of debt claims was provided through the enactment of H. R. 6890 (79th Cong., 2d Sess.) as Public Law 671, 79th Congress, approved August 8, 1946.

One of the major objectives of Public Law 671 is to provide machinery for the payment of claims of American creditors against the former owners of vested properties on an equitable basis to the extent that the assets vested from each debtor permit.<sup>12</sup> Prior to passage of Public Law 671

<sup>12</sup> For a detailed discussion of provisions of Public Law 671 relating to debt claims, see Ch. VIII, "Claims and Suits," pp. 85-87.

who supported the enemy cause is also vested. The Office ceased vesting property of the Government and nationals of Italy, except in those cases in which unusual circumstances were involved, in the fall of 1943 shortly after Italy became a co-belligerent. Nonliquid assets of nationals of Hungary, Roumania, and Bulgaria are vested unless they were acquired by such nationals after December 7, 1945.<sup>6</sup>

The original vesting program under Executive Order No. 9193, begun during the war, was selective, covering only those forms of property that needed wartime management or control or were of value to the war effort. Generally speaking, the properties vestible under this program included: business enterprises; patents, copyrights, and trade-marks; real estate; tangible personal property; and interests in estates and trusts and other property under judicial supervision.

By Executive Order No. 9567 of June 8, 1945, the President enlarged the vesting program of the Office to include cash, securities, and all other forms of property of nationals of Germany and Japan. Since that date, the Office has concentrated on the vesting of thousands of items of cash, bank balances, credits, and investment securities. Trusts inter vivos, insurance policies, and interests in safe deposit boxes are remaining major categories of property on which a large-scale vesting program will be initiated in the near future.

#### Policy Toward New Acquisitions of Property by Nationals of Germany and Japan

During the fiscal year it was decided by agreement with the State and Treasury Departments to refrain from vesting property acquired in the United States by nationals of Germany and Japan subsequent to December 31, 1946. This policy was designed to facilitate trade between the United States and Germany and Japan, and to aid in the economic rehabilitation of the latter countries. The policy does not apply to accretions to property owned on December 31, 1946, by nationals of Germany and Japan.

#### Termination of Philippine Program

Another important change in the vesting program resulted from the transfer of jurisdiction over enemy property located in the Philippine Islands<sup>7</sup> from the Alien Property Custodian and his successor, the Attorney General, to the Philippine Alien Property Administrator. The Philippine Alien Property Administration, located in Manila, was established as a separate agency of the United States Government by Executive Order No. 9789 of October 14, 1946, later superseded by Executive Order No. 9818 of January 7, 1947.<sup>8</sup> By these orders all "rights, privileges, powers, authority, duties and functions, with respect to property located within the Philippines," which had been delegated to the Alien Property Custodian

<sup>6</sup> The Treaties of Peace with Bulgaria, Hungary, Italy, and Roumania came into force on September 15, 1947. Although provision is made in each of these treaties for continuance of vesting by the United States, this Office, in consultation with the Department of State, has suspended vesting of the property of nationals of these countries as a matter of policy.

<sup>7</sup> For a discussion of the Philippine program, see *Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1946*, Ch. X.

<sup>8</sup> For the complete text of the latter Order, see Appendix, Exhibit F, pp. 159-160.

as amended, and various executive orders issued under authority of the latter Act, were transferred to the Philippine Alien Property Administration. Further, all property or interests vested in or transferred to the Alien Property Custodian, or the Attorney General, which were located in the Philippines, were to be turned over to the Philippine Alien Property Administrator. Expenses incurred by the Office of Alien Property Custodian in the vesting and administration of this property prior to its transfer to the Philippine Alien Property Administrator were to be charged against the property by the Office of Alien Property.

#### Property Subject to Vesting

The Office has vested properties with an estimated net value of \$32,566,000 during the fiscal year ending June 30, 1947. Vestible property in the United States and its territories not yet vested under the current vesting program is estimated at \$88,500,000 to \$103,500,000. Estimates of major classes of unvested property are as follows: interests in estates and trusts (\$27,500,000); securities (\$16,000,000); notes, claims, and credits (\$12,000,000); and bank accounts, currency, and coin (\$13,000,000). In addition, about 51 business enterprises in which there may exist enemy interests amounting to as much as \$30,000,000 are being considered for vesting; action in these cases awaits the settlement of inter-custodial problems or the determination that interests in the companies are being held for enemy nationals by cloaks.

Estimates on the amount of vestible property not yet vested according to major classes of property, along with comparative data on property already vested, are found in Table 1.

Table 1.—COMPARISON OF NET EQUITY VESTED, MARCH 11, 1942, TO JUNE 30, 1947, WITH ESTIMATED NET VALUE OF VESTIBLE PROPERTY NOT VESTED AS OF JUNE 30, 1947

Type of property	Net equity vested, March 11, 1942, to June 30, 1947 <sup>1</sup>	Estimated net value of vestible property not vested as of June 30, 1947
A. Property of nationals of Germany or Japan:		
Interests in business enterprises.....	\$145,570,000	\$15,000,000 to \$30,000,000 depending on the outcome of current investigations. Small and indeterminate.
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting).	3,204,000	
Real property (including mortgages) and tangible personal property.	6,111,000	\$3,000,000.
Interests in estates and trusts under judicial supervision.	41,443,000	\$7,500,000.
Interests in estates and trusts not under judicial supervision.	6,403,000	\$20,000,000.
Securities (stocks, bonds, etc., not representing substantial interests in business enterprises).	10,545,000	\$16,000,000.
Bank accounts, currency, and coin.....	13,619,000	\$13,000,000.
Notes, claims, and credits.....	7,199,000	\$12,000,000.
Life insurance and annuity contracts and other property.	29,000	\$2,000,000.
Property located in the Philippine Islands.....	9,058,000	
B. Property of nationals of other countries.....	22,836,000	Small and indeterminate.
Total.....	266,017,000	\$88,500,000 to \$103,500,000.

<sup>1</sup> Exclusive of patents, copyrights, and other properties on which dollar evaluations are not practicable and of income and appreciation of vested property since dates of vesting.

312176

REPRODUCED AT THE NATIONAL ARCHIVES

payment of American creditors had been deferred because of doubts surrounding the authority of the Alien Property Custodian to pay them. In *Markham v. Cabell* (326 U. S. 404) on December 10, 1945, the Supreme Court held that the debt claim provisions of Section 9 (a) of the Trading with the Enemy Act remained in effect notwithstanding the limitation as to time expressed in Section 9 (c), which provided that no debt should be allowed under Section 9 "unless it was owing to and owned by the claimant prior to October 6, 1917." Expressly reserved, however, was the question whether Section 5 (b) might operate to prevent the satisfaction of any judgment obtained in such a suit. Before the enactment of Public Law 671 it was possible that further decisions of the Supreme Court would have required the payment of debt claims under the provisions of Section 9 (a) on the basis of "first come, first served." This would have resulted in a race among creditors, the exhaustion of numerous vested properties without an opportunity to make equitable distribution, and interference with the authority, conferred by the First War Powers Act, to use the property in the interest of the United States. Public Law 671 is not a radical departure from the treatment of debt claims against vested property in World War I, since the basic principles of payment and of judicial determination are maintained.

Debt claims against a property subject to a title claim are not paid pending consideration of the title claim. In the event the title claim is allowed, debt claimants may attach the property during a thirty-day period following publication of a notice of intention to return such property, and then proceed to have the validity of the debts determined in the courts.

#### Nonhostile Persons Whose Property Has Been Vested

Under Public Law 322 and Public Law 671, both 79th Cong., 2d Sess., the Office now has clear legislative authority to return vested property formerly owned by nationals of liberated countries or by other special groups of persons who should not be permanently deprived of their property rights in the United States. Moreover, certain nonenemy claimants have the additional remedy of bringing a suit for return of property under Section 9 (a) of the Trading with the Enemy Act.

DISCRETIONARY RETURNS UNDER PUBLIC LAWS 322 AND 671.—Generally speaking, Public Law 322, through its addition of Section 32 to the Trading with the Enemy Act, authorizes the Attorney General to return vested property, upon a finding that such return is in the national interest, to claimants within the following categories:

1. Persons who have resided outside enemy countries since December 7, 1941, regardless of citizenship;
2. Citizens of allied and neutral countries who were involuntarily resident in enemy countries;
3. Corporations or associations located outside enemy countries if the enemy interest amounts to less than 50 percent;<sup>13</sup>
4. American citizens owning 100 percent of the stock or other proprietary interests in corporations or associations organized under the laws of enemy countries (entitled to return of properties vested from the corporations or associations).

Discretionary returns of vested property by the Attorney General to certain classes of persons who were not within the scope of Public Law 322

<sup>13</sup> For a more detailed statement of the provisions of Public Law 322, see *Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1946*, pp. 145-149.

was provided for in Public Law 671, 79th Congress, approved August 8, 1946. Until the enactment of Public Law 671 administrative returns of vested property could not in general be made to nonenemy citizens who have been voluntarily resident in an enemy country at any time since Pearl Harbor, or to citizens of enemy countries who have been physically present in such countries or in territory occupied by them. Included in these categories were many victims of Axis oppression who were deprived of life or civil rights by discriminatory legislation against political, racial, or religious groups in the country where they resided or of which they were nationals. To have continued to treat these persons as enemy nationals would have imposed further hardships upon them. For this reason Public Law 671 made provision for the return of property to claimants within two additional categories:

1. Citizens of nonenemy countries "voluntarily resident at any time since December 7, 1941," within enemy nations who, while so resident, were "deprived of life or substantially deprived of liberty pursuant to any law, decree or regulation of such nation discriminating against political, racial, or religious groups. . . ."

2. Citizens or subjects of enemy nations "who on or after December 7, 1941, and prior to the date of the enactment of this section" were "in the territory of such nation or in any territory occupied by the military forces thereof or engaged in any business in any such territory" who, as a consequence of any law, decree or regulation of the nation of which they were then citizens or subjects, "discriminating against political, social or religious groups," have "at no time between December 7, 1941, and the time when such law, decree or regulation was abrogated, enjoyed full rights of citizenship under the law of such nation. . . ."

JUDICIAL REMEDIES OF NONENEMIES.—Section 9 (a) allows nonenemy claimants to bring action in a Federal district court for the return of vested property. This remedy is clearly available to most claimants who are American citizens. The Government has contended, however, that persons (including American citizens) who are "foreign nationals" within the meaning of Section 5 (b) of the Trading with the Enemy Act, as amended, may not secure the return of their property by suit under Section 9 (a). The question is now before the United States Supreme Court for decision in the case of *Clark v. Uebersee Finanz-Korporation A. G.*<sup>14</sup>

Inasmuch as a Section 9 (a) suit prevents the sale of vested property while the suit is before the Court, the Office of Alien Property Custodian supported certain provisions of H. R. 6890, 79th Cong., 2d Sess., which would have expressly barred the prosecution of a 9 (a) suit by a foreign country or national thereof as defined in Section 5 (b) of the Trading with the Enemy Act, as amended. A judicial remedy was provided for a foreign national, eligible for the discretionary return of property, in that he was to be entitled to bring a suit against the United States in the Court of Claims for just compensation for any property vested from him. These provisions of H. R. 6890, however, were deleted prior to enactment of the Bill as Public Law 671.

<sup>14</sup> The *Uebersee* case was decided by the Supreme Court on December 8, 1947. The Court held that a Swiss corporation which on the pleadings was taken to have no enemy taint could recover vested property. It further declared, however, that the concept of "enemy" should be enlarged so as to deny the right of return to corporations which were controlled by enemies and so as to enable the Government to pierce through all "cloaking" devices. For a fuller discussion of the *Uebersee* case and the Supreme Court's opinion, see Ch. VIII, "Claims and Suits", pp. 91-92.

312177

REPRODUCED AT THE NATIONAL ARCHIVES

## Nationals of Enemy Countries Other Than Germany and Japan

Property vested from nationals of Bulgaria, Hungary, Italy, and Roumania has, in large part, been withheld from sale or liquidation at the request of the Department of State. The peace settlements with these enemy countries make provision for at least some measure of return to the Governments and nationals of such countries of property vested from them.<sup>15</sup> Enabling legislation must be passed by Congress before any of the vested property can be returned.

**NATIONALS OF ITALY.**—Italian property in the United States may be divided into two categories: First, property which has been blocked by the Treasury Department (approximately \$45,000,000); and second, property vested by the Office of Alien Property (approximately \$17,700,000, together with certain interests in ships and industrial property, the value of which has not been estimated). Discussions with the Italian Government regarding the blocked Italian properties are in progress with a view to permitting unblocking upon certification by Italy that there are no German interests in the properties. Return of blocked property does not require legislation. In the case of vested Italian property, however, legislation is necessary to permit return.

Article 79 of the Treaty of Peace with Italy, signed at Paris on February 10, 1947, grants to "each of the Allied and Associated Powers . . . the right to seize, retain, liquidate or take any other action with respect to all property rights and interests which on the coming into force of the present treaty are within its territory and belong to Italy or to Italian nationals, and to apply such property or the proceeds thereof to such purposes as it may desire, within the limits of its claims and those of its nationals against Italy or Italian nationals, including debts, other than claims fully satisfied under other articles of the present treaty." It further provides that "all Italian property, or the proceeds thereof, in excess of the amount of such claims, shall be returned."

During the negotiation of the Italian Treaty of Peace the United States Government argued for a general reduction of the excessive reparation claims entered by other countries against Italy and made clear that it was our intention to return the great bulk of Italian assets located in the United States. The basic objective of this policy was to assist Italy in the re-establishment of her economy on a self-sustaining basis.

In order to effect this policy a general settlement agreement was negotiated with Italy and a resolution for the return of Italian property in accordance with the settlement was introduced in the Senate as S. J. Res. 133 (80th Cong., 1st Sess.) on June 19, 1947. Hearings were held before the Senate Committee on Foreign Relations on June 24, at which representatives of this Office and the State and Treasury Departments appeared. On that date the State Department submitted a new draft of the Resolution, which was formally introduced on June 26 as S. J. Res. 138. The principal change was to make the Resolution an amendment of Section 32 of the Trading with the Enemy Act and to make more explicit provisions for the transfer of vessels to the Italian Government. The Senate Committee on Foreign Relations reported out S. J. Res. 138

<sup>15</sup> The Treaties of Peace with Bulgaria, Hungary, Italy, and Roumania were ratified by the United States Senate on June 5, 1947, and came into force on September 15, 1947.

on June 26.<sup>16</sup> Sections 1 and 2 of the Resolution authorized the President to return, pursuant to Section 32 of the Trading with the Enemy Act, as amended, any property or interest of Italy, a citizen or a subject of Italy, or a corporation or association organized under the laws of Italy, and removed Italian nationality (citizenship, residence, or place of organization) as a bar to return under Section 32. Section 3 extends the time within which claims of Italian nationals may be filed to July 31, 1949, or to two years after the date of vesting, whichever is later. Section 4 authorizes the transfer to the Italian Government of all Italian vessels acquired by the United States since September 1, 1939, and now owned by the United States, and also of surplus merchant vessels of a total tonnage equivalent to Italian vessels seized in United States ports after September 1, 1939, and afterwards lost when employed in the war effort.<sup>17</sup>

Special provision was made in the settlement agreement, as authorized by Congress, for retention by the United States of vested property formerly owned by certain classes of Italian nationals, such as war criminals and others who aided the German cause after Italy became a co-belligerent.

Meritorious claims of American nationals against Italy arising out of the war will not be prejudiced by this Resolution. Arrangements are being negotiated with the Italian Government so that the terms of the Treaty of Peace with respect to the return of property of American nationals in Italy may be fully implemented. Arrangements are also being made for the payment of a lump sum by Italy to the United States for the purpose of satisfying special war damage claims of American nationals against Italy not otherwise covered by the Treaty.

**NATIONALS OF BULGARIA, HUNGARY, AND ROUMANIA.**—Provisions of the Treaties of Peace with Bulgaria, Hungary, and Roumania are essentially the same as the Treaty of Peace with Italy. With respect to the property rights and interests of the Governments and nationals of Bulgaria, Hungary, and Roumania within the United States, the United States has the right "to seize, retain, liquidate or take any action" regarding this property and "to apply such property or the proceeds thereof to such purposes as it may desire, within the limits of its claims and those of its nationals against" the Governments of Bulgaria, Hungary, and Roumania or their nationals, "including debts, other than claims fully satisfied under other Articles" of the Treaties of Peace. All Bulgarian, Hungarian, and Roumanian property, "or the proceeds thereof, in excess of the amount of such claims, shall be returned." No agreements between the United States and Bulgaria, Hungary, or Roumania for the disposition of property vested from the Governments and nationals of these countries have been concluded by the end of the fiscal year 1947.

## Nationals of Germany and Japan

The overall policy of the Office of Alien Property toward German and Japanese enemy property located in the United States is based on the

<sup>16</sup> S. J. Res. 138 was passed by the Senate on July 3, 1947, and by the House on July 25. The resolution was approved as Public Law 370 on August 5, 1947.

<sup>17</sup> Involved in this matter were 27 Italian vessels in United States ports which were taken into protective custody by the Coast Guard in 1941. Following this action the Collectors of Customs in the various ports seized the vessels and the United States filed libels for forfeiture. Later the Maritime Commission requisitioned the vessels and ultimately used them in the war effort. The former owners then filed claims. After the entry of the United States in the war, the Alien Property Custodian, on July 22, 1942, vested the enemy claims to the 27 Italian vessels.

fundamental proposition that such property will be retained without compensation to the former owners by the United States.

**GERMAN REPARATION AGREEMENT.**—The reparation agreement signed by the United States with other allied nations at the Paris Conference on Reparation in December 1945, provides that the signatory governments shall seize and not return property within their territory owned by German enemies.<sup>18</sup> An Inter-Allied Reparation Agency was established to supervise the distribution of the shares of total German reparation to be awarded each signatory government pursuant to the agreement. German assets located outside Germany, or "external assets," are an important part of German reparation. The reparation agreement provides that each signatory government will have charged against its reparation share all German enemy assets located within its territory, whether or not such property is seized. This matter accentuated certain inter-custodial conflicts, which at the end of the fiscal year had not yet been resolved (see succeeding section, "Inter-Custodial Problems").

**DISPOSITION OF PROPERTY NOT RETURNED.**—The bulk of vested property represents interests of nationals of Germany and Japan. If this property is not returned to its former owners, provision has to be made for the ultimate disposition of the retained property or proceeds thereof. Legislation now pending in Congress would provide that such property will not be returned to the former owners but will be covered into the Treasury as miscellaneous receipts which would then be subject to appropriation by the Congress.<sup>19</sup>

### INTER-CUSTODIAL PROBLEMS

One of the major postwar problems in the settlement of alien property matters is the resolution of jurisdictional conflicts among the various governments seizing enemy assets.

These problems arise principally with respect to the following kinds of property:

1. Assets located in, or representing obligations of nationals of, one country which are evidenced by certificates or other paper located in another allied country:
  - (a) securities issued in one country, the certificates for which are located in another country;
  - (b) currency issued by one country but located in another country;
  - (c) obligations to enemies of residents of one country evidenced by checks, drafts, notes, etc., located in another country.
2. Property located in one country that is part of trusts and estates administered in another country.
3. Assets located in one country that are the property of formerly enemy-controlled enterprises located in another nonenemy country.
4. Assets located in one country that are the property of enterprises, organized under the laws of Germany or Japan, that are controlled by nationals of other nonenemy countries.

In all of these situations at least two countries have some interest or basis for claiming an interest in the property involved.

<sup>18</sup> For a detailed discussion of the provisions of this agreement, see *Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1946*, pp. 11-12.

<sup>19</sup> H. R. 4044 was introduced on June 30, 1947, as a Committee print and reported out favorably by the House Committee on Interstate and Foreign Commerce on July 17, 1947.

In many situations, particularly those involving business enterprises, there is more at stake than the division among countries of property interests of nationals of Germany and Japan; intermingled with these interests are those of citizens of nonenemy countries who are creditors of or co-owners with enemy nationals. For example, there are a number of American corporations, in which part of the stock is owned by the Attorney General and part by American citizens, that own assets in various foreign countries. Seizure of these foreign assets by the various foreign countries would impair the value of the American stockholders' interests. If the corporation has American creditors, their interests also may be impaired by seizure of assets by foreign governments. On the other hand, if the assets are not seized by the foreign governments, the United States, having vested enemy interests in the American corporation, would be enriched by a portion of the value of enemy-controlled assets in other countries.

The resolution of inter-custodial problems concerning German external assets is now being considered by the Inter-Allied Reparation Agency (hereafter called IARA). IARA was created under the Paris Agreement on Reparation from Germany, of December 21, 1945, as an international instrumentality for the allocation of German reparation among the signatory governments. The membership of IARA includes 18 countries, among which are numbered all of the principal allied powers except the Soviet Union and China.

The resolution of inter-custodial problems was first considered at a session held in June and July of 1946 by a Committee of Experts established by the Assembly of IARA. Represented on the Committee were the United States, the United Kingdom, France, Canada, Belgium, Yugoslavia, and The Netherlands. The Committee met again from November 1946 to March 1947 to draft a comprehensive agreement for the solution of all of the various problems involved. A draft was completed and distributed in March 1947 to all member countries for comment.

The draft agreement provides in general: (1) that securities, currency, notes, indebtedness, etc., shall be vested by the country of issue or in which the obligor is located, and that all physical paper evidencing such property shall be released to such country by the country in which the paper is located; (2) that the country administering an estate or trust shall administer all property involved in the estate or trust, wherever located; (3) that there shall be an equitable division of assets in one country belonging to a formerly German-controlled company located in another IARA country, by which the nonenemy interests in the formerly German-controlled company shall be fully protected; and (4) that nonenemies holding indirectly substantial interests in property located in member countries through corporations organized under the laws of Germany shall be entitled to release of such property to the extent of their interests.

The agreement will be open to all members of IARA. In addition, it is contemplated that its principles may be utilized in the settlement of disputes with other countries that are cooperating in the allied program for the elimination of German external assets. While the agreement will not have any effect upon the settlement of inter-custodial problems involving Japanese external assets, it is also anticipated that it will establish a precedent that will simplify the solution of these problems.<sup>20</sup>

<sup>20</sup> The Committee of Experts met again from September to December 1947 to revise the draft agreement in the light of the comments of the Governments Members of IARA. In December a proposed agreement was submitted to and approved by the Assembly, which recommended its adoption to all member governments.

business enterprises and interests in estates and trusts. As a result of the liquidation of vested property and the earning of income thereon, however, cash has become the second largest category by June 30, 1947.

**Table 2.—NET EQUITY VESTED, MARCH 11, 1942, TO JUNE 30, 1947, CLASSIFIED BY TYPE OF PROPERTY, VALUED AS OF DATES OF VESTING AND AS OF JUNE 30, 1947**

[In thousands of dollars]

Type of property	As of dates of vesting	Before deduction of property returned or used to defray administrative expenses of the Office	After deduction of property returned or used to defray administrative expenses of the Office
Cash.....		1 128, 578	1 110, 296
Interests in vested business enterprises:			
Stock.....	93, 692	104, 387	104, 155
Equity in enterprises whose assets or excess assets have been vested.....	48, 780	13, 263	13, 263
Partnership interests.....	166	114	114
Other proprietary interests.....	51	61	61
Bonds.....	518	245	245
Notes and accounts receivable.....	10, 452	5, 755	5, 246
Total.....	153, 659	123, 825	123, 084
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting):			
Patents, patent applications, and patent contracts.....	5, 025		
Copyrights and copyright contracts.....	963		
Trade-marks and trade-mark contracts.....	616		
Total.....	6, 604		
Real property:			
Real estate.....	5, 269	2, 760	2, 777
Mortgages.....	944	697	685
Ground rents, leaseholds, and other interests.....	27	16	16
Total.....	6, 240	3, 493	3, 478
Personal property:			
Tangible personal property.....	1, 289	397	397
Stocks.....	9, 327	7, 579	7, 452
Bonds.....	1, 000	4, 767	4, 506
Other securities.....	100	37	37
Mortgage participations.....	355	297	297
Bank balances.....	9, 912	2, 440	2, 440
Notes, claims, and credits.....	8, 527	7, 059	7, 059
Currency and coin.....	4, 021	24	24
Life insurance and annuities.....	50	39	39
Total.....	34, 581	22, 639	22, 251
Interests in estates and trusts:			
Decedents' estates.....	22, 209	9, 138	8, 074
Trusts under wills.....	25, 356	18, 375	18, 345
Trusts inter vivos.....	6, 613	4, 579	4, 300
Guardianship estates.....	1, 697	378	378
Total.....	55, 875	32, 470	31, 097
Property in the Philippine Islands.....	9, 058	7, 501	
Grand total.....	266, 017	318, 506	290, 206

<sup>1</sup> These figures are net of direct expenses immediately borne by the vested property. Cash assets of vested business enterprises are excluded inasmuch as they are reflected in the valuation of "interests in vested business enterprises."

**Property Vested During Fiscal Year 1947**

Of the total of \$266,017,000 of net equity vested, \$32,566,000 was vested during the fiscal year ending June 30, 1947. Table 3 classifies net equity vested during the fiscal year by type of property, with comparative data

on property vested during previous periods and for the entire period of the vesting program. This table indicates the extent to which the Office has concentrated during the fiscal year on the vesting of liquid assets and securities. Personal property, in which category these properties are classified, accounts for \$22,061,000 of the total of \$32,566,000 vested during the year.

**Increase in Net Equity Vested**

From dates of vesting to June 30, 1947, total net equity vested increased from \$266,017,000 to \$290,206,000. This net increase of \$24,189,000 was caused by net appreciation of the Office's interests in business enterprises and income on all forms of vested property, totaling \$52,489,000, less

**Table 3.—NET EQUITY VESTED, MARCH 11, 1942, TO JUNE 30, 1947, AS OF DATES OF VESTING, BY TYPE OF PROPERTY AND PERIOD OF VESTING**

[In thousands of dollars]

Type of property	Total	Period	
		July 1, 1946, to June 30, 1947	March 11, 1942, to June 30, 1946
Interests in vested business enterprises:			
Stock.....	93, 692	347	93, 345
Equity in enterprises whose assets or excess assets have been vested.....	48, 780		48, 780
Partnership interests.....	166		166
Other proprietary interests.....	51		51
Bonds.....	518		518
Notes and accounts receivable.....	10, 452	1, 906	8, 546
Total.....	153, 659	2, 253	151, 406
Royalties on patents, copyrights, trade-marks (accrued prior to dates of vesting):			
Patents, patent applications, and patent contracts.....	5, 025		5, 025
Copyrights and copyright contracts.....	963		963
Trade-marks and trade-mark contracts.....	616		616
Total.....	6, 604		6, 604
Real property:			
Real estate.....	5, 269	720	4, 549
Mortgages.....	944	95	849
Ground rents, leaseholds, and other interests.....	27	7	20
Total.....	6, 240	822	5, 418
Personal property:			
Tangible personal property.....	1, 289	222	1, 067
Stocks.....	9, 327	8, 334	993
Bonds.....	1, 000	663	337
Other securities.....	100	72	28
Mortgage participations.....	355	107	248
Bank balances.....	9, 912	4, 873	5, 039
Notes, claims, and credits.....	8, 527	4, 094	4, 433
Currency and coin.....	4, 021	3, 681	340
Life insurance and annuities.....	50	15	35
Total.....	34, 581	22, 061	12, 520
Interests in estates and trusts:			
Decedents' estates.....	22, 209	4, 301	17, 908
Trusts under wills.....	25, 356	2, 897	22, 459
Trusts inter vivos.....	6, 613	218	6, 395
Guardianship estates.....	1, 697	14	1, 683
Total.....	55, 875	7, 430	48, 445
Property in the Philippine Islands.....	9, 058		9, 058
Grand total.....	266, 017	32, 566	233, 451

312180

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deductions of \$28,300,000 for property transferred to the Republic of the Philippines or to the Philippine Alien Property Administration, property returned to nonenemies who satisfactorily proved their pre-vesting ownership of property, and vested property cash used by the Office to defray its administrative expenses. The various factors that caused the change in net equity vested from March 11, 1942 to June 30, 1947, are stated in detail in Table 4.

Table 4.—CHANGES IN NET EQUITY VESTED, MARCH 11, 1942, TO JUNE 30, 1947, FROM DATES OF VESTING TO JUNE 30, 1947

[In thousands of dollars]

Net equity vested as of dates of vesting	266,017
Add:	
Net appreciation of interests in business enterprises <sup>1</sup>	35,575
Income on interests in business enterprises	9,128
Income on other vested property	14,319
	59,022
Less:	
Revaluation of property turned over to the Office as liquidating distributions of business enterprises	-6,533
	52,489
Net equity as of June 30, 1947 (before deduction of property returned, transferred, or used to defray administrative expenses)	318,506
Less:	
Property transferred to the Republic of the Philippines or the Philippine Alien Property Administration	-9,058
Property returned to nonenemies	-3,380
Funds used to defray administrative expenses	-15,862
	-28,300
Net equity vested as of June 30, 1947 (after deduction of property returned, transferred, or used to defray administrative expenses)	290,206

<sup>1</sup> Appreciation and depreciation of properties other than interests in business enterprises cannot be computed. Other properties are, therefore, carried at the same values on June 30, 1947, as at dates of vesting.

### Nationality of Former Owners

Table 5 classifies net equity vested by nationality of the former owners of the property. Table 6 shows the factors that caused increases or decreases from dates of vesting to June 30, 1947, in the amounts vested from nationals of each country. In distributing property by nationality of former owners, it has not been possible to state the amounts held as of June 30, 1947, after deduction of funds used to defray administrative expenses, inasmuch as there has been no allocation of administrative expenses by nationality. Therefore, the figures presented in these nationality tables tie in only with the first two columns of Table 2.

### Cash Income from Vested Property

By June 30, 1947, the Office received \$23,447,191.89 in cash income from vested property; of this amount, \$5,247,817.19 was received during the fiscal year alone. As in past years, royalties on patents, copyrights and trade-marks, and interests in vested business enterprises were the main sources of income. Interests in business enterprises yielded less income this year than in past years because a number of dividend producing companies have been sold and because several important companies, notably General Aniline & Film Corporation, have foregone payment of substantial dividends

in view of their need for funds for capital improvements. Income receipts are expected to decline from year to year with the progress of sale and liquidation of vested property and with the termination of royalty payments as patents and copyrights governed by royalty-bearing contracts expire or become obsolete. The Office receives no income on its cash holdings, which are on deposit with the United States Treasury. The distribution of cash income by type of property on which it was earned is shown in Table 7.

Table 5.—NET EQUITY VESTED, MARCH 11, 1942, TO JUNE 30, 1947, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP, AS OF DATES OF VESTING AND AS OF JUNE 30, 1947

[In thousands of dollars]

Date of valuation and type of property	Total	Nationality of former ownership						
		German <sup>1</sup>	Japanese	Italian	Hungarian	Roumanian	Bulgarian	Enemy occupied
<b>A. Valued as of dates of vesting:</b>								
Interests in vested business enterprises	153,659	92,391	53,179	7,535	52	5	497	-----
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting)	6,604	3,202	2	1,148	118	1	1	2,132
Real property	6,240	3,912	1,427	780	57	60	4	-----
Personal property	34,581	28,825	3,339	1,298	236	425	19	439
Interests in estates and trusts	55,875	47,304	542	5,026	2,336	549	118	-----
Property in the Philippine Islands	9,058	-----	9,058	-----	-----	-----	-----	-----
Grand total	266,017	175,634	67,547	15,787	2,799	1,040	639	2,571
Percent of total	100.0	66.0	25.4	5.9	1.1	0.4	0.2	1.0
<b>B. Valued as of June 30, 1947 (before deduction of property returned or used to defray administrative expenses):</b>								
Cash	128,578	86,252	25,879	8,454	1,202	685	528	5,578
Interests in vested business enterprises	123,825	104,861	15,708	3,248	-----	8	-----	-----
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting)	-----	-----	-----	-----	-----	-----	-----	-----
Real property	3,493	2,393	463	587	33	15	2	-----
Personal property	22,639	13,165	7,402	1,818	22	89	6	137
Interests in estates and trusts	32,470	26,163	261	3,860	1,832	256	108	-----
Property in the Philippine Islands	7,501	-----	7,501	-----	-----	-----	-----	-----
Grand total	<sup>2</sup> 318,506	<sup>2</sup> 232,824	<sup>4</sup> 67,214	<sup>5</sup> 17,967	<sup>6</sup> 3,089	<sup>7</sup> 1,053	<sup>8</sup> 644	<sup>8</sup> 5,715
Percent of total	100.0	73.1	18.0	5.6	1.0	0.3	0.2	1.8

<sup>1</sup> The figures in this column include approximately \$2,500,000 of property formerly owned by residents of Austria, Sudetenland, and Danzig who were regarded as nationals of Germany at the time of vesting.

<sup>2</sup> The \$15,862,000 used to defray administrative expenses of the Office, the \$3,380,000 worth of property returned to nonenemy claimants, and the \$9,058,000 transferred to the Republic of the Philippines or the Philippine Alien Property Administration have not been deducted.

<sup>3</sup> Includes property valued at \$1,597,000 vested as the property of German nationals but returned to persons who established their nonenemy status and prevesting ownership.

<sup>4</sup> Includes property valued at \$1,000 vested as the property of Japanese nationals but returned to persons who established their nonenemy status and prevesting ownership and the \$9,058,000 transferred to the Republic of the Philippines or the Philippine Alien Property Administration.

<sup>5</sup> Includes property valued at \$232,000 vested as the property of Italian nationals but returned to persons who established their nonenemy status and prevesting ownership.

<sup>6</sup> Includes property valued at \$1,343,000 vested as the property of Hungarian nationals but returned to persons who established their nonenemy status and prevesting ownership.

<sup>7</sup> Includes property valued at \$75,000 vested as the property of Roumanian nationals but returned to persons who established their nonenemy status and prevesting ownership.

<sup>8</sup> Includes property valued at \$132,000 returned to nationals of France.

Table 6.—CHANGES IN NET EQUITY VESTED, MARCH 11, 1942, TO JUNE 30, 1947, FROM DATES OF VESTING TO JUNE 30, 1947, BY NATIONALITY OF FORMER OWNERSHIP

[In thousands of dollars]

	Total	Nationality of former ownership						
		German	Japanese	Italian	Hungarian	Rumanian	Bulgarian	Enemy occupied
Net equity vested as of dates of vesting.....	266,017	175,634	67,547	15,787	2,790	1,040	639	2,571
Add:								
Net appreciation of interests in business enterprises <sup>1</sup> .....	35,575	40,779	-5,311	98	6	3		
Income on interests in business enterprises.....	9,128	8,361	244	523				
Income on other vested property.....	14,319	8,972	345	1,558	286	8	6	3,144
Less:								
Revaluation of property turned over to the Office as liquidating distributions of business enterprises.....	-6,553		-6,553					
Net equity vested as of June 30, 1947 (before deduction of property returned or used to defray administrative expenses).....	318,506	233,746	56,292	17,966	3,091	1,051	645	5,715

<sup>1</sup> Appreciation and depreciation of properties other than interests in business enterprises cannot be computed. Other properties are, therefore, carried at the same values on June 30, 1947, as at dates of vesting.

Table 7.—CASH INCOME ON PROPERTY VESTED, CLASSIFIED BY TYPE OF PROPERTY, MARCH 11, 1942, TO JUNE 30, 1947

NOTE.—These figures are net of direct expenses paid in connection with the operation of the vested property during the period of the Office's ownership. The classification according to type of property is based on the form in which property was held at the time the income was produced. For example, cash income on real estate distributed to the Attorney General from a trust is classified as income on real estate rather than as income on trusts.

Type of property	Total	Period	
		July 1, 1946, to June 30, 1947	Mar. 11, 1942, to June 30, 1946
Interests in vested business enterprises:			
Stock.....	\$8,732,730.37	\$771,555.74	\$7,961,174.63
Equity in enterprises whose assets or excess assets have been vested.....	7,334.21	7,334.21	
Partnership interests.....	306,265.67	47,738.97	258,526.70
Bonds.....	27,608.92	5,049.06	22,559.86
Notes and accounts receivable.....	53,454.30	8,968.67	44,485.63
Total.....	9,127,393.47	840,646.65	8,286,746.82
Royalties on patents, copyrights and trade-marks (accrued subsequent to dates of vesting):			
Patents, patent applications, and patent contracts.....	8,710,017.39	2,629,487.34	6,080,530.05
Copyrights and copyright contracts.....	1,309,377.79	460,059.52	849,318.27
Trade-marks and trade-mark contracts.....	583,704.96	270,056.08	313,648.88
Total.....	10,603,100.14	3,359,602.94	7,243,497.20
Real property:			
Real estate.....	789,040.28	162,861.49	626,178.79
Mortgages.....	82,132.03	20,262.72	61,869.31
Ground rents, leaseholds, and other interests.....	5,737.35	856.33	4,881.02
Total.....	876,909.66	183,980.54	692,929.12
Personal property:			
Tangible personal property.....	37,992.78	14,598.18	23,394.60
Stocks.....	356,432.25	203,595.14	152,837.11
Bonds.....	319,773.91	90,335.56	229,438.35
Other securities.....	71.78	71.78	
Mortgage participations.....	36,601.57	9,407.99	27,193.58
Bank balances.....	38,640.81	27,428.30	11,212.51
Notes, claims, and credits.....	46,001.70	25,110.99	20,890.71
Life insurance and annuities.....	1-3,077.86	1-1,288.37	1-1,789.49
Total.....	832,436.94	369,259.57	463,177.37
Interests in estates and trusts:			
Decedents' estates.....	59,899.30	11,046.41	48,852.89
Trusts under wills.....	1,587,579.11	399,046.45	1,188,532.66
Trusts inter vivos.....	353,253.09	78,071.07	275,182.02
Guardianship estates.....	6,620.18	6,163.56	456.62
Total.....	2,007,351.68	494,327.49	1,513,024.19
Grand total.....	23,447,191.89	5,247,817.19	18,199,374.70

<sup>1</sup> Excess of expenditures over cash income.

### Cash Proceeds of Liquidation and Sale

The Office has received a total of \$105,131,000 by June 30, 1947, in net cash proceeds from the sale and liquidation of vested property. Almost 35 percent of this amount, or \$36,614,000, was realized during the fiscal year ending June 30, 1947. Personal property accounted for over 50 percent of the year's liquidation proceeds. Cash proceeds of liquidation and sale are distributed in Table 8 according to the types of property from which they were derived.

### SUPERVISED PROPERTY

The Office continues to hold under supervision on June 30, 1947, only \$1,527,000 of the \$30,500,000 worth of property that has been placed under

312182

REPRODUCED AT THE NATIONAL ARCHIVES

supervision but not vested. Property valued at \$28,973,000 has been released from supervision and restored to the control of its former non-enemy owners. During the fiscal year alone, \$1,000,000 of property was so released. Property continued under supervision consists almost entirely of business enterprises related in some way to vested property. For example the Office retains supervision over a nonenemy patent holding company because the patents that it administers remain vested in the Office. A classification of supervised property according to type is presented in Table 9.

**Table 8.—CASH RECEIVED THROUGH LIQUIDATION AND SALE OF PROPERTY VESTED, CLASSIFIED BY TYPE OF PROPERTY, MARCH 11, 1942, TO JUNE 30, 1947**

NOTE.—These figures are net of direct expenses paid in connection with the sale or liquidation of the vested property or to discharge liabilities incurred prior to vesting. The classification according to type of property is based on the form in which property was held at the time of liquidation or sale. For example, cash received from the sale of real estate distributed to the Attorney General from a trust is classified as proceeds of real estate rather than as proceeds of trusts.

Type of property	Total	Period	
		July 1, 1946, to June 30, 1947	March 11, 1942, to June 30, 1946
<b>Interests in vested business enterprises:</b>			
Stock.....	\$28,709,525.78	\$2,107,118.37	\$26,602,407.41
Equity in enterprises whose assets or excess assets have been vested.....	16,042,348.87	9,079,974.04	6,962,374.83
Partnership interests.....	137,455.86	78,492.52	58,963.34
Bonds.....	115,048.98	90,000.00	25,048.98
Notes and accounts receivable.....	4,649,196.75	580,757.76	4,068,438.99
<b>Total.....</b>	<b>49,653,576.24</b>	<b>11,936,342.69</b>	<b>37,717,233.55</b>
<b>Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting):<sup>1</sup></b>			
Patents, patent applications, and patent contracts.....	5,025,202.58	592,874.54	4,432,328.04
Copyrights and copyright contracts.....	962,755.18	181,474.25	781,280.93
Trade-marks and trade-mark contracts.....	615,985.00	125,062.46	490,922.54
<b>Total.....</b>	<b>6,603,942.76</b>	<b>899,411.25</b>	<b>5,704,531.51</b>
<b>Real property:</b>			
Real estate.....	3,365,708.01	701,546.77	2,664,161.24
Mortgages.....	560,349.68	299,614.50	260,735.18
Ground rents, leaseholds, and other interests.....	30,879.70	12,192.92	18,686.78
<b>Total.....</b>	<b>3,956,937.39</b>	<b>1,013,354.19</b>	<b>2,943,583.20</b>
<b>Personal property:</b>			
Tangible personal property.....	931,885.02	96,474.21	835,410.81
Stocks.....	4,674,292.01	3,118,249.83	1,556,042.18
Bonds.....	3,554,658.31	652,680.98	2,901,977.33
Other securities.....	73,389.49	72,080.04	1,309.45
Mortgage participations.....	346,876.78	160,007.33	186,869.45
Bank balances.....	7,471,764.12	5,116,215.92	2,355,548.20
Notes, claims, and credits.....	6,487,203.81	5,532,976.07	954,227.74
Currency and coin.....	3,996,807.06	3,996,807.06	.....
Life insurance and annuities.....	11,219.27	11,147.86	71.41
<b>Total.....</b>	<b>27,548,095.87</b>	<b>18,756,639.30</b>	<b>8,791,456.57</b>
<b>Interests in estates and trusts:</b>			
Decedents' estates.....	10,524,658.34	2,385,218.82	8,139,439.52
Trusts under wills.....	3,913,193.36	806,099.17	3,107,094.19
Trusts inter vivos.....	776,905.19	370,981.17	405,924.02
Guardianship estates.....	598,031.50	450,498.93	147,532.57
<b>Total.....</b>	<b>15,812,788.39</b>	<b>4,012,798.09</b>	<b>11,799,990.30</b>
Philippine property.....	1,555,785.75	-4,339.25	1,560,125.00
<b>Grand total.....</b>	<b>105,131,126.40</b>	<b>36,614,206.27</b>	<b>68,516,920.13</b>

<sup>1</sup> Royalties on interests in patents, copyrights, and trade-marks that accrued prior to the vesting of such interests are treated as principal. Royalties that accrued subsequent to vesting are treated as income.

**Table 9.—PROPERTY PLACED UNDER SUPERVISION, MARCH 11, 1942, TO JUNE 30, 1947, AND PROPERTY REMAINING UNDER SUPERVISION ON JUNE 30, 1947**

NOTE.—Property controlled jointly through vesting and supervisory orders or supervised property subsequently vested is not covered by this table. The \$130,000 in assets of supervised enterprises, located in territory controlled or formerly controlled by the enemy, are also excluded.

(In thousands of dollars)

Type of property	Total property placed under supervision	Property over which supervision has been terminated	Property remaining under supervision on June 30, 1947
<b>Total.....</b>	<b>30,500</b>	<b>28,973</b>	<b>1,527</b>
Business enterprises.....	30,200	28,707	1,493
Real estate.....	150	140	10
Mortgages.....	20	16	4
Personal property.....	70	50	20
Miscellaneous.....	60	60	.....

### PROPERTY HELD IN SAFEKEEPING

The Office holds in safekeeping approximately \$335,000 worth of unvested cash, securities and miscellaneous assets. These items were either voluntarily sent to the Office because of their foreign ownership or were previously in the custody of vested enterprises. Some of the properties held in safekeeping are vested from time to time on determinations that they are owned by nationals of Germany and Japan.

### ASSETS REMAINING FROM WORLD WAR I

In addition to property vested during World War II, the Office holds assets seized by the Alien Property Custodian in World War I. These assets are classified in Table 10. As of June 30, 1947, the total book value of these assets was \$65,933,925.16, compared with \$65,234,512.81 on April 21, 1942. Of the total, \$55,208,683.73 is represented by United States Treasury certificates of deposit, the value of which is contingent upon the fulfillment of certain defaulted obligations of the German Government.<sup>2</sup> The most important transactions in World War I property during the fiscal year were the sale of most of the unliquidated stocks and bonds for \$62,022.96. One small claim of \$175.71 was paid to an American citizen during the fiscal year.

<sup>2</sup> By Public Law 375, approved August 6, 1947, Congress directed the deposit in the "German Special Deposit Account" in the Treasury of the remaining \$10,725,241.43, less such amounts as were necessary to satisfy certain claims of non-Germans. Pursuant to this direction, \$4,547,400.74 has been deposited in the Treasury and that sum is now available for payment to certain American award holders. When an audit of all World War I accounts and claims is completed an additional sum will probably be available for transfer under Public Law 375.

312183

REPRODUCED AT THE NATIONAL ARCHIVES

Table 10.—COMPARATIVE STATEMENT OF WORLD WAR I PROPERTY HELD,  
APRIL 21, 1942, JUNE 30, 1946, AND JUNE 30, 1947

Type of property	April 21, 1942	June 30, 1946	June 30, 1947
<b>Property in process of administration:</b>			
Cash deposit (U. S. Treasury).....	\$9,014,305.51	\$9,813,322.83	\$9,878,592.79
Stocks.....	72.00	577.00	17.00
Bonds.....	1.00	61,471.00	11.00
Real estate.....	29,915.00	29,915.00	29,915.00
Mortgages.....	15,761.50	1.00	1.00
Miscellaneous assets.....	36.00	15.00	15.00
Total.....	9,060,091.01	9,905,301.83	9,908,551.79
<b>German special deposit account funds (representing amounts withheld from German claimants pending fulfillment of obligations of German Government):</b>			
Cash deposit (U. S. Treasury).....	870,498.29	816,689.64	816,689.64
Certificates of deposit (U. S. Treasury).....	55,203,923.51	55,208,683.73	55,208,683.73
Total.....	56,174,421.80	56,025,373.37	56,025,373.37
<b>Grand total.....</b>	<b>65,234,512.81</b>	<b>65,930,675.20</b>	<b>65,933,925.16</b>



## Business Enterprises

The Office of Alien Property has vested controlling or substantial interests in 417 business enterprises with total assets of \$366,493,000 as of dates of assumption of control by the Office. The value of the vested interests in these enterprises, as of dates of vesting, totaled \$153,659,000. By June 30, 1947, the Office has completely disposed of 115 enterprises, leaving a total of 302 under administration by the Office at the end of the fiscal year.

This chapter indicates the nature of vested enterprises and describes their administration, sale and liquidation.<sup>1</sup> Chapter IV discusses in greater detail several of the more important enterprises.

### VESTING PROGRAM

#### Interests Vested During Fiscal Year

During the fiscal year ending June 30, 1947, only four small enterprises were vested. The total assets of these companies, all of which are in liquidation, amount to \$64,922 and the value of the vested interests therein to \$3,000. The Office also vested \$2,250,000 of additional interests in business enterprises that had been placed under control in previous years.

#### Present Vesting Program

As of the end of the fiscal year there remain 51 unvested business enterprises in the United States, with total assets of approximately \$90,000,000, with respect to which there is some evidence to justify a suspicion of stock ownership or control by nationals of Germany and Japan. Many of these enterprises have been under examination for a considerable time. The work of collecting evidence to determine whether or not interests in business enterprises are vestible is frequently difficult and time-consuming. The cases often involve a search for evidence that the nominal or alleged owner is acting for (cloaking for) an enemy, and require a painstaking analysis of a series of transactions that may have been designed to conceal or camouflage the true ownership or control. Many of the searches now in progress are being conducted in Germany as well as in the United States. In many instances the evidence gathered may prove insufficient to support the issuance of a vesting order. Nonetheless, these examinations are extremely important since proof of enemy ownership in a single case may net the United States Government property worth upwards of a million dollars, and frustrate attempts of enemies to conceal their ownership of important assets in the United States.

A number of cases are presently deferred because they involve inter-custodial problems. In one case negotiations are being carried on with

<sup>1</sup> Stocks, bonds and other property constituting interests in business enterprises too small to warrant supervision over the enterprises by the Office are discussed in Ch. VII, "Real and Personal Property."

312184

REPRODUCED AT THE NATIONAL ARCHIVES

The Netherlands with a view to the settlement of an inter-custodial problem presented by the three American subsidiaries of Algemeene Kunstzijde Unie, N. V. (hereafter called AKU). The three American subsidiaries of AKU are American Bemberg Corporation, North American Rayon Corporation, and American Enka Corporation, all engaged in the manufacture of rayon. AKU is a corporation organized under the laws of The Netherlands, the stock of which was owned in large part, prior to sequestration by the Dutch Government, by nationals of Germany. The German stockholders held 50 percent of the priority shares, which entitle their owners to nominate members of the board of directors, together with a substantial common stock interest. The remaining 50 percent of the priority shares and most of the common and preferred stock are held by nationals of The Netherlands. Hence, the three American subsidiaries of AKU were indirectly owned and controlled in part by German and in part by Dutch nationals. The negotiations now being carried on with The Netherlands contemplate the division of the American properties of AKU in such a manner that the United States will vest a proportion equivalent to the indirect German interests and the Dutch will retain for the benefit of the nonenemy stockholders and creditors of AKU the remainder of the American properties.<sup>2</sup>

## GENERAL DESCRIPTION OF VESTED ENTERPRISES

### Status of Vested Enterprises

Of the 417 enterprises in which substantial or controlling interests have been vested by the Office, 110 have been continued as going concerns and 307, including 30 banks and insurance companies, have been placed in liquidation. Of the 110 enterprises continued in operation, 31 have been sold and three returned to their former owners. Of the 307 enterprises placed in liquidation, 81 have been completely liquidated.

### Size and Business Activity

As of dates of assumption of control, the 417 vested enterprises had total assets of \$366,493,000. The assets of the 302 companies still held on June 30, 1947, amount to \$302,037,000. The size of the enterprises vested by the Office varies widely. The largest enterprise, General Aniline & Film Corporation, has total assets of \$80,494,000; at the other extreme, one company vested by the Office was found to have no assets whatsoever. On June 30, 1947, the Office continues to hold six companies with assets of more than \$10,000,000, and another 25 with assets between \$1,000,000 and \$10,000,000.

The kinds of business activity in which the 417 vested enterprises are or were engaged, together with the total assets of the companies in each category, are indicated in Table 11.

<sup>2</sup> On August 9, 1947, an agreement in this case was effected between the Attorney General of the United States and AKU. Under this agreement AKU waived all claim to all of the shares which it or its affiliates owned in American Bemberg Corporation and North American Rayon Corporation, together with certain liquid assets and all of AKU's interests in patents, trademarks and other industrial property related to American Bemberg and North American Rayon. These properties were vested by the Attorney General on the same date. AKU retained American Enka Corporation, most of its liquid assets in the United States, and certain other properties, including industrial property insofar as it related to American Enka. The book value of the stock in the two companies and liquid assets vested by the Attorney General amount to approximately \$15,000,000.

Distributed according to the nationality of their former owners, the vested enterprises and their total assets at the time of vesting are as follows:

Nationality of former ownership	Number of companies	Total assets
German.....	206	\$249,843,000
Japanese.....	172	100,562,000
Italian.....	33	13,550,000
Other.....	6	2,538,000
Total.....	417	366,493,000

### Percent of Controlling Interests Vested

Table 12 indicates the percent of assets or controlling ownership interests seized by the Office in the 417 business enterprises. In 359 of the companies, 100 percent of the assets or 50 percent or more of the controlling ownership interests have been vested.

Table 11.—BUSINESS ENTERPRISES VESTED, MARCH 11, 1942, TO JUNE 30, 1947, DISTRIBUTED ACCORDING TO KIND OF BUSINESS ACTIVITY

[Total assets in thousands of dollars]

Kind of business activity	All vested enterprises (including companies disposed of prior to June 30, 1947) <sup>1</sup>			Enterprises held on June 30, 1947 <sup>2</sup>	
	Number of companies	Total assets		Number of companies	Total assets as of June 30, 1947
		As of dates of assumption of control	As of June 30, 1947, or date of sale or return		
Total.....	417	366,493	341,012	302	302,037
Manufacturing:					
Chemical.....	21	129,673	161,010	16	141,292
Miscellaneous.....	38	26,737	35,214	19	26,547
Agriculture.....	8	4,193	635	6	540
Mining and petroleum.....	5	1,218	966	2	62
Trade:					
Wholesale.....	155	42,838	40,414	101	36,536
Retail.....	33	5,598	4,124	25	3,085
Transportation and related services.....	21	2,933	2,426	18	2,426
Holding:					
Investment.....	16	59,053	55,630	12	53,883
Real estate.....	30	8,641	7,491	24	5,035
Patent and copyright.....	21	2,198	2,081	17	1,618
Finance:					
Banking.....	22	64,928	27,766	22	27,766
Insurance.....	8	15,318	1,467	5	1,467
Miscellaneous.....	9	327	235	6	227
Services:					
Engineering.....	3	2,004	811	3	811
Other services rendered for profit.....	14	413	415	12	415
Nonprofit.....	13	421	327	11	327

<sup>1</sup> Including 31 companies sold, 3 companies returned to their former nonenemy owners, and 81 companies completely liquidated.

<sup>2</sup> Excluding companies mentioned in footnote 1. The asset column is affected only by the exclusion of the 34 companies sold or returned; the exclusion of the 81 liquidated companies does not affect the asset column inasmuch as the assets of these companies as of June 30, 1947, are zero.

312185

REPRODUCED AT THE NATIONAL ARCHIVES

Table 12.—BUSINESS ENTERPRISES IN WHICH INTERESTS WERE VESTED, MARCH 11, 1942, TO JUNE 30, 1947, BY TYPE OF ENTERPRISE AND PERCENT OF ASSETS OR CONTROLLING OWNERSHIP INTERESTS VESTED

Percent of assets or controlling ownership interests vested <sup>1</sup>	Type of enterprise							Percent of total
	Corporations	Partnerships	Proprietorships	Non-profit organizations	United States branches of foreign enterprises	Miscellaneous associations	Total	
Total.....	300	27	23	12	52	3	417	100.
100 percent assets.....	3	17	23	12	34	1	90	21.6
100 percent excess assets.....					17		17	4.1
100 percent controlling interests.....	163						164	39.3
75-99.9 percent controlling interests.....	39				1		39	9.4
50-74.9 percent controlling interests.....	46	3					49	11.8
25-49.9 percent controlling interests.....	38	5					43	10.3
Less than 25 percent controlling interests.....	11	2				2	15	3.6

<sup>1</sup> The phrase "controlling ownership interests" means the voting stock of corporations, partnership shares, etc.; it specifically excludes preferred stock and other non-voting interests. Indirect interests of the Attorney General, such as shares held by estates and trusts in which all interests have been vested or by other enterprises in which assets or majority interests have been vested, are included in the calculation of percent vested wherever such interests exist.

### CONSOLIDATED BALANCE SHEETS

Consolidated balance sheets of all vested enterprises as of dates of assumption of control by the Office and as of June 30, 1947, appear as Table 13. The changes in the financial situation of all the vested companies are indicated in the three middle columns which show (1) additional interests vested subsequent to the dates on which the Office assumed control; (2) changes reflected on the books of the enterprises, including those changes due to the complete liquidation of 81 companies and the partial liquidation of 226; and (3) changes resulting from the sale or return of 34 companies before June 30, 1947.

#### Assets

The reduction of total assets from dates of assumption of control to June 30, 1947, results from the sale or return of companies with assets of \$38,975,000, and to changes on the books of the vested enterprises amounting to a decrease in assets of \$25,481,000. The reduction of domestic assets on the books of the companies reflects in great part the discharge of liabilities and payment to owners of liquidating dividends in cash and in kind by inactive companies. The total changes amount to a reduction of assets by \$64,456,000, or from \$366,493,000 to \$302,037,000.

#### Liabilities

From dates of assumption of control to June 30, 1947, or to the dates of sale or return of companies removed from the control of the Office, liabilities have been reduced from \$127,855,000 to \$101,642,000, a decrease of \$26,213,000. This change is accounted for primarily by the sale or return of companies with liabilities of \$12,381,000 and by the payment of liabilities of companies in liquidation.

Of the \$13,766,000 of creditor interests vested by the Office of Alien Property, \$8,290,000 remains owing to the Office as of June 30, 1947. Most of the balance has been paid to the Office; some amounts, however,

Table 13.—CONSOLIDATED COMPARATIVE BALANCE SHEETS OF ALL VESTED ENTERPRISES, AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1947

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control	Changes from dates of assumption of control to June 30, 1947			As of June 30, 1947
		Additional interests vested	Changes reflected on books of enterprises	Less enterprises sold or returned	
<b>ASSETS<sup>1</sup></b>					
Located in the United States.....	270,160		-5,139	-37,279	227,742
Located in allied and neutral countries.....	14,711		-8,833	-1,553	6,225
Located in enemy and formerly enemy-occupied countries.....	81,622		-13,409	-143	68,070
Total assets.....	366,493		-25,481	-38,975	302,037
<b>LIABILITIES AND NET WORTH</b>					
Liabilities:					
Owing to residents of the United States.....	100,756		-5,274	-11,068	84,414
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	7,899		-4,574	-594	2,731
Owing to residents of enemy countries.....	10,164	-4,730	773	-719	6,207
Owing to Attorney General (vested) <sup>2</sup> .....	9,036	4,730	-4,737		8,290
Total liabilities.....	127,855		-15,832	-12,381	101,642
Net worth:					
Net worth of solvent enterprises.....	247,113		-9,258	-26,612	211,213
Deficits of insolvent enterprises.....	-8,476		-2,391	48	-10,818
Total net worth.....	238,638		-11,649	-26,594	200,395
Total liabilities and net worth.....	366,493		-25,481	-38,975	302,037
Net worth of solvent enterprises distributed according to ownership shares:					
Vested in Attorney General <sup>3</sup> .....	186,228	3,471	-19,143	-19,334	151,217
Owned by estates and trusts in which Attorney General is sole beneficiary.....	2,774		97	-47	2,824
Owned by others.....	58,111	-5,471	9,793	-7,261	57,172

<sup>1</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositories; and securities according to location of issuers.

<sup>2</sup> For further data on the value of the Attorney General's interests, see Table 15.

<sup>3</sup> For explanation of factors producing this change, see Table 14.

owing by insolvent companies that have been completely liquidated could not be collected in full. The \$6,207,000 still owing to residents of enemy countries includes primarily amounts owing to nationals of Italy and to other persons whose property is not subject to vesting. There are a few amounts, however, still being examined by the Office with a view to possible vesting.

#### Net Worth

During the period from the dates of assumption of control to June 30, 1947, the total net worth of all vested enterprises has decreased by \$38,243,000, or from \$238,638,000 at the time of vesting to \$200,395,000 at the end of the fiscal year.

Of this decrease, \$26,594,000 represents the net worth of companies sold or returned.

The changes in net worth on the books of the enterprises, amounting to a decline of \$11,649,000, are explained in Table 14. Operating profits of

312181C

REPRODUCED AT THE NATIONAL ARCHIVES

158 companies, less the losses of 198 companies, resulted in a net operating profit of \$62,550,000. Other factors tending to increase net worth were capital gains (less capital losses) of \$1,199,000 and liquidating gains (less liquidating losses) of banks and insurance companies of \$1,726,000. Offsetting all these factors were profit and liquidating payments to owners (including the Office) amounting to \$77,124,000.

**Table 14.—FACTORS RESPONSIBLE FOR CHANGES IN NET WORTH OF ALL VESTED ENTERPRISES FROM DATES OF ASSUMPTION OF CONTROL TO JUNE 30, 1947**

[In thousands of dollars]

Factors responsible for changes	Amount	
1. Operating profits and losses (after taxes): <sup>1</sup>		
Profits of 158 companies.....	65,969	
Less: losses of 198 companies <sup>2</sup> .....	-3,419	
Net change.....		62,550
2. Capital adjustments: <sup>3</sup>		
Revaluation of assets (including losses and gains on sale of assets and liquidation of receivables):		
Gains.....	10,593	
Losses.....	-7,979	2,614
Changes in expenses and taxes applicable to periods prior to vesting:		
Expense and tax reductions.....	1,375	
Less: expense and tax increases.....	-2,790	-1,415
Net change.....		1,199
3. Liquidating gains and losses of banks and insurance companies:		
Gains of 11 companies.....	3,345	
Less: losses of 19 companies.....	-1,619	
Net change.....		1,726
4. Distributions to stockholders, partners, and other owners (including Attorney General):		
Distributed profits in cash and in kind.....	-20,891	
Liquidating payments in cash and in kind.....	-56,106	
Less: funds returned to companies.....	75	-56,031
Stock bought in by companies.....	-802	-77,124
Total changes in net worth reflected on the books of the enterprises (per Table 13).....		-11,649

<sup>1</sup> Do not include profits or losses of banks and insurance companies, which are reflected in factor 3. Thirty-one vested enterprises, not engaged in business, made neither profits nor losses.

<sup>2</sup> Almost without exception the companies showing operating losses are in liquidation; the bulk of the losses was sustained by insolvent companies having large obligations on which interest is accruing.

<sup>3</sup> Do not include capital adjustments of banks and insurance companies, which are reflected in factor 3.

### ATTORNEY GENERAL'S INTERESTS IN VESTED ENTERPRISES

The consolidated comparative balance sheets in Table 13 show the book values of the vested interests of the Office, both as proprietor and as creditor. Book values are the only available basis for evaluation of the Office's interests since the securities of vested enterprises are generally not subject to general market trading. The book values may, however, be adjusted for certain factors that tend to overstate the value of the Office's interest.

The first adjustment applies to vested creditor interests. In many instances, insolvent companies are indebted to the Office in amounts greater than they can be expected to pay upon liquidation. The Office's interest, therefore, must be stated at the amount that may be realized rather than at the total book figure.

The second adjustment applies to the Office's interest as stockholder or proprietor. A large number of the vested enterprises hold assets located

in foreign countries. The value of most of these assets is problematical. Many of these assets have been damaged or have depreciated in value as a consequence of the war. Those assets located in allied and certain neutral countries have been vested by or are considered subject to vesting by the countries in which they are located. In addition, no definitive policy has been formulated thus far for the treatment of assets in Germany or Japan owned indirectly by nationals of Germany and Japan through corporations organized under the laws of the United States. As a matter of statistical practice, the Office has consistently, in computing the value of its interests in vested business enterprises, eliminated values based on properties located in enemy and formerly enemy-occupied countries (including securities representing interests in companies located in such countries and debts owing by persons resident in such countries).

After the adjustments indicated above have been made, the Attorney General's net equity in vested business enterprises may be estimated at \$153,659,000 as of dates of vesting, and \$123,084,000 on June 30, 1947. These amounts are classified in Table 15 according to the character of the interest.

Table 16 explains the decline of net equity from dates of vesting to June 30, 1947. The two principal factors accounting for the reduction in

**Table 15.—NET EQUITY IN VESTED ENTERPRISES, CLASSIFIED BY CHARACTER OF INTEREST, AS OF DATES OF VESTING AND AS OF JUNE 30, 1947**

[In thousands of dollars]

Character of interest	As of dates of vesting	As of June 30, 1947
Total.....	153,659	123,084
Interests in net worth.....	142,689	117,593
Stock.....	93,692	104,155
Equity in enterprises whose assets or excess assets have been vested.....	48,780	13,263
Partnership interests.....	166	114
Other proprietary interests.....	51	61
Interests as creditor.....	10,970	5,491
Bonds.....	518	245
Notes and accounts receivable.....	10,452	5,246

<sup>1</sup> Of which \$147,466,000 was vested at dates of assumption of control over the enterprises and \$6,183,000 subsequent thereto.

**Table 16.—CHANGES IN NET EQUITY IN BUSINESS ENTERPRISES, DATES OF VESTING TO JUNE 30, 1947**

[In thousands of dollars]

Net equity as of dates of vesting.....		153,659
Add: Net appreciation of vested interests.....	35,575	
Less: Proceeds of liquidation or sale of vested interests:		
Liquidating dividends in cash and in kind paid to Office.....	-47,190	
Interests sold by Office.....	-19,877	
Debts paid to Office in cash and in kind.....	-4,707	
Interests returned by Office.....	-741	
	-66,455	
Deduct direct expenses incurred in management or sale of vested interests.....	305	-66,150
Net equity as of June 30, 1947.....		123,084

net equity are the payment of dividends in cash and in kind to the Office by enterprises in liquidation and the sale by the Office of its interests in going concerns. The decline in net equity was substantially lessened by the net appreciation, largely through undistributed profits, of the book value of the Attorney General's interests in the companies.

### OPERATION OF VESTED ENTERPRISES AS GOING CONCERNS

#### Number of Vested Going Concerns

Of the 417 enterprises vested by the Office, 110 have been continued as going concerns. Of the latter, 31 companies have been sold and three returned to their former owners. Thus the number of going concerns held by the Office on June 30, 1947, has been reduced to 76. Four going concerns were sold during the fiscal year.

#### Total Assets and Kind of Business Activity

Table 17 sets forth the kinds of business activity in which the 110 enterprises are engaged and the total assets of the companies in each of the industry groups. The total assets of all companies continued in operation were \$205,121,000 as of dates of assumption of control. Although 34 companies have been sold or returned, the total assets of going concerns remaining under administration of the Office as of June 30, 1947, amount to \$209,368,000. The number and size of the vested enterprises operating in a great variety of business fields indicate in some measure the complexity of the problems faced by the Office in its exercise of control.

#### Control Exercised by the Office

Going concerns in which the Office has vested interests have their own officers and directors, who generally are not employees of the Office of

Table 17.—VESTED ENTERPRISES CONTINUED AS GOING CONCERNS, DISTRIBUTED ACCORDING TO KIND OF BUSINESS ACTIVITY

[Total assets in thousands of dollars]

Kind of business activity	All going concerns (including companies sold or returned) <sup>1</sup>		Going concerns held on June 30, 1947 <sup>2</sup>		
	Number of companies	Total assets		Number of companies	Total assets as of June 30, 1947
		As of dates of assumption of control	As of June 30, 1947, or date of sale or return		
Total.....	110	205,121	248,342	76	209,368
Manufacturing:					
Chemical.....	16	129,076	160,935	13	141,217
Miscellaneous.....	24	26,377	35,118	12	26,452
Agriculture.....	3	388	324	2	229
Mining and petroleum.....	3	1,154	926	1	22
Trade:					
Wholesale.....	20	12,655	15,827	14	11,949
Retail.....	8	3,932	3,506	5	2,467
Transportation and related services.....	1	110	210	1	210
Holding:					
Investment.....	6	23,176	23,295	5	21,548
Real estate.....	12	5,898	5,920	8	3,464
Patent and copyright.....	11	1,901	1,797	10	1,334
Miscellaneous finance.....	1	8	8		
Services:					
Engineering.....	2	228	239	2	239
Other services rendered for profit.....	3	218	237	3	237

<sup>1</sup> Including 31 companies sold and 3 companies returned to their former nonenemy owners prior to June 30, 1947.

<sup>2</sup> Excluding companies mentioned in footnote 1.

Alien Property. If the Office holds a majority interest in the company, members of the board of directors are selected by the Director of the Office of Alien Property. In appropriate instances representation may be given to minority stockholders having substantial holdings. If the Office's interest is less than a majority, it may have no representation on the board of directors or, at most, minority representation. The boards of directors and officers of a going concern are responsible for the conduct of its business. Each going concern operates under a general authorization by the Office to perform such transactions as are necessary to the normal functioning of the business. These authorizations, however, prohibit the corporations from making any unusual transactions such as the sale of a substantial part of the assets of the company or the issuance of additional capital stock. Depending upon the circumstances in a given case, the general authorization may also prohibit certain special types of transactions. To obtain approval for any transaction prohibited by a general authorization, the management must apply for a special authorization to the Office of Alien Property.

### SALE OF VESTED ENTERPRISES AS GOING CONCERNS

Of the total of 31 business enterprises sold by the Office, four were sold during the fiscal year. As shown in Table 18, two (together with a partly owned subsidiary of one company) are firms in which the interests vested were Japanese and two German. The nature of the Office's interests in these companies, the selling prices, type of sale, and other significant information are set forth in the table.

312188

REPRODUCED AT THE NATIONAL ARCHIVES

Table 18.—BUSINESS ENTERPRISES IN WHICH VESTED INTERESTS HAVE BEEN SOLD BY THE OFFICE OF ALIEN PROPERTY,  
JULY 1, 1946, TO JUNE 30, 1947

Name of company	Location of company	Business of company	Description of vested interest sold	Book value of vested interest	Sales price <sup>1</sup> of vested interest	Type of sale	Number of bidders	Name of purchaser
Fujii Junichi Shoten, Ltd.	Honolulu, T. H.	Wholesale of groceries and general merchandise, owns 69% of the capital stock of Musashiya Shoten, Ltd. and 30.7% of Fuji Sake Brewing Co., Ltd. (see below.)	69.5% of outstanding capital stock.	\$186,205	\$305,151	Public	2	George Shigeo Fujii.
Musashiya Shoten, Ltd.	do	Manufacture of soya products; formerly produced sake.	6% of outstanding capital stock.	11,400	11,250	do	2	Takaichi Miyamoto.
Fuji Sake Brewing Co., Ltd.	do	Manufacturers agent for export of general hardware, tools, builders hardware, also holding company for foreign and domestic subsidiaries.	24.8% of outstanding capital stock.	78,072	109,040	do	2	George Shigeo Fujii.
Markt & Hammacher Co.	New York, N. Y.		22% of outstanding First Preferred Stock, 94.9% of outstanding Second Preferred Stock, 28.9% of outstanding Class A Common Stock, 38.1% of outstanding Class B Common Stock, 14.6% of outstanding 4 1/2% Per Cent Serial Bonds due January 1, 1961 (\$93,900 principal amount with coupons of October 1, 1946 and subsequent attached), 4.9% of outstanding Six Per Cent Income Bonds due January 1, 1961 (\$93,100 principal amount with accumulated interest).	287,545	175,000	do	13	The Ore & Chemical Corp.
Peat Import Corp.	do	Imported peat moss from Europe; inactive since start of hostilities.	46.8% of outstanding capital stock.	( <sup>2</sup> )	2,314	Private		Theodore H. Ludwig

<sup>1</sup> Costs of sales have not been deducted from these figures.

<sup>2</sup> Seventy percent owned subsidiary of Fujii Junichi Shoten, Ltd., listed above.

<sup>3</sup> Bids were permitted for separate lots or for the entire offering. Only one bid was received for an individual lot.

<sup>4</sup> Deficit.

<sup>5</sup> The value of the vested interest in this case was insufficient to warrant the expense of a public offering.

### Enterprises Sold During Fiscal Year

**FUJII JUNICHI SHOTEN, LIMITED.**—Located in Honolulu, Fujii Junichi Shoten, Limited, is engaged principally in wholesaling groceries and general merchandise. Of the 3,000 shares of the company's issued and outstanding capital stock, the Custodian vested 69.5 percent as being owned by Japanese nationals. Among the assets of the company are 30.7 percent of the capital stock of Fuji Sake Brewing Company, Limited, and 70 percent of the capital stock of Musashiya Shoten, Limited, in which companies the Office also held stock directly. The vested interests in these three companies were offered concurrently at public sale by sealed bids on September 16, 1946.

The Office's interest in Fujii Junichi Shoten, Limited, was awarded to the high bidder, George Shigeo Fujii, a United States citizen and Vice-President and Director of the company. The high bid and sales price of \$305,151 was substantially in excess of the \$186,205 book value of the shares.

**MUSASHIYA SHOTEN, LIMITED.**—Incorporated in Hawaii, Musashiya Shoten, Limited, operates a dry goods store in Honolulu, selling principally piece goods. It also has a small men's clothing department. Before the outbreak of war, most of its merchandise was obtained in Japan; since then its goods have come from continental United States. Of the 2,000 shares of the company's outstanding capital stock, 120 shares, or 6 percent, were vested by the Office. Another 1,400 shares, or 70 percent, of the outstanding stock, is owned by Fujii Junichi Shoten, Limited, discussed above.

The vested shares of stock in Musashiya Shoten, Limited, and in Fujii Junichi Shoten, Limited, and Fuji Sake Brewing Company, were offered concurrently at public sale in Honolulu on September 16, 1946. The 120 vested shares of Musashiya Shoten, Limited, were awarded to the high bidder, Takaichi Miyamoto, a United States citizen, for \$11,250.

**FUJI SAKE BREWING COMPANY, LIMITED.**—Originally engaged in the manufacture of Japanese food products, the Fuji Sake Brewing Company, Limited, a Hawaiian company, expanded its capital in the middle 1930's and operated as a brewer of sake, a popular Japanese rice beer. Because of wartime regulations, the company converted to the manufacture of soybean food products.

At public sale on September 16, 1946, the Office offered its vested interest in the company, consisting of 7,452 shares (24.8 percent) of the outstanding capital stock of the company. Fujii Junichi Shoten, Limited, in which the Office had vested 69.5 percent of the capital stock and which was offered for sale concurrently, owns 30.7 percent of the capital stock of Fuji Sake Brewing Company, Limited. The high bid of \$109,040, made by the company's Vice-President and Director, George Shigeo Fujii, who also purchased the vested shares of Fujii Junichi Shoten, Limited, was accepted by the Custodian.

**MARKT & HAMMACHER COMPANY.**—Markt & Hammacher Company is a manufacturers' agent for export from the United States of general hardware, tools, automotive and agricultural equipment, and other such commodities. It is also directly or indirectly a holding company for foreign and domestic subsidiaries, most of which are engaged in various aspects of the business of their parent. Many of its operations were hampered or interrupted by the war, and its business immediately prior to sale consisted largely of export trade with its subsidiaries, agents, and direct purchasers in Latin America and the Belgian Congo. Exchange and import restrictions of foreign countries had interfered with resumption of its trade with Europe, England, British and French colonies, and elsewhere.

312189

The Office of Alien Property offered its vested minority interests in the company, described in Table 18, at a public auction conducted by employees of the Office on June 21, 1946.

The property offered was awarded to the high bidder, George W. Rudolph Schreiber, who purchased for the purpose of resale to The Ore & Chemical Corporation, a vested company sold in 1945 to Bernard R. Armour.

**PEAT IMPORT CORPORATION.**—Until December 1939, Peat Import Corporation imported peat moss from Europe for sale and distribution in the United States. It was organized and operated under an agency agreement with Deutsche Torfhandelsgesellschaft m. b. H., an association of German peat moss exporters. Under this agreement the Corporation bought solely from the German association and acted as its sole distributing agent in specified areas of the western hemisphere. The Corporation's active business ceased in 1940. Of the 100 shares of capital stock outstanding, the Office vested 46% shares in 1945 which had formerly been owned by members of the German association. Theodore H. Ludwig, an American citizen, and Peat Import Corporation's President, Treasurer, and Director, remained owner of 50 shares of the Corporation's stock.

Because the value of the vested shares was too small to warrant the expense of a public sale, and because it was inconceivable that any person other than the controlling stockholder would be interested in acquiring the vested shares, the Office accepted Ludwig's offer of \$2,314 subject to cancellation of the agency agreement with the former German stockholder.

#### Designation of Key Corporations

On September 9, 1946, the Alien Property Custodian issued General Order No. 35, which restricts the re-transfer of shares of stock vested and sold by the Office. The Custodian had found that in many instances shares of stock in domestic corporations vested by the Alien Property Custodian in World War I and subsequently sold had returned by the time of World War II to their former enemy ownership. Significant among these companies were American Bosch Corporation and General Aniline & Film Corporation.

The Custodian considered that the return of such companies to enemy ownership and control tended to impede the war effort of the United States in World War II. He believed further that with respect to corporations closely related to the defense economy of the United States it was in the public interest that persons other than nationals of the United States be prevented, subsequent to the vesting and sale of interests therein, from acquiring ownership or control. For this reason General Order No. 35 was promulgated to place restrictions upon the transfer or resale of interests in such corporations to persons other than American nationals. The General Order provides that the Alien Property Custodian (now the Attorney General) designate by orders issued pursuant to General Order No. 35 those corporations subject to his supervision and control which are of importance in fields closely related to the defense economy of the United States. Such corporations are referred to as "key corporations." The order provides that "only American nationals shall be qualified to become owners or holders, directly or indirectly, by mesne conveyance or otherwise, of any interest in vested stock" (i. e., stock that has been vested and sold by the Office or any shares issued in exchange therefor or as dividends or increment thereto) of key corporations. "No right, title or interest in vested

stock may be transferred to or acquired by or held for the benefit of, or held by any person not an American national. Any such transfer, acquisition or holding of any such right, title, or interest is prohibited and shall be null and void." The order provides a period of two years, however, for persons other than American nationals who acquire shares by will, descent, or operation of law, and for American nationals who lose American nationality, to sell their shares.

The order also requires observance of its provisions by the key corporation and its transfer agents and registrars. It provides further that each key corporation shall at least once in each calendar year and at such other times as the information may be requested, furnish to the Office a list of the names and addresses of the holders of record of its outstanding vested stock.

Furthermore, in order to provide notice to purchasers of the restrictions on the transfer of the shares, the General Order states that on direction by the Office a key corporation shall stamp or print on the certificates appropriate reference to the prohibition.

Pursuant to General Order No. 35 the Alien Property Custodian designated American Bosch Corporation as a key corporation on September 9, 1946, and Schering Corporation and General Aniline & Film Corporation on October 14, 1946.

#### LIQUIDATION OF VESTED ENTERPRISES

Of the 417 vested business enterprises, 307 are being or have been liquidated either because they are unable to operate profitably or because their continued operation would not serve the national interest. Closed banks and insurance companies account for 30 of these enterprises; because of the relative importance of these financial institutions and the special problems they present, they are discussed separately in the next section.

The nature of the business of the remaining 277 liquidating companies, discussed in this section, is indicated in Table 19. Of the \$81,126,000 of

Table 19.—VESTED ENTERPRISES IN LIQUIDATION (OTHER THAN BANKS AND INSURANCE COMPANIES), DISTRIBUTED ACCORDING TO KIND OF BUSINESS ACTIVITY

[Total assets in thousands of dollars]

Kind of business enterprise	Number of enterprises	Total assets	
		As of dates of assumption of control	As of June 30, 1947
Total.....	277	81,126	63,436
Manufacturing:			
Chemical.....	5	597	75
Miscellaneous.....	14	360	95
Agriculture.....	5	3,805	311
Mining and petroleum.....	2	64	40
Trade:			
Wholesale.....	135	30,153	24,587
Retail.....	25	1,666	618
Transportation and related services.....	20	2,823	2,216
Holding:			
Investment.....	10	35,877	32,335
Real estate.....	18	2,743	1,571
Patent.....	10	297	284
Miscellaneous finance.....	8	319	227
Services:			
Engineering.....	1	1,776	574
Rendered for profit.....	11	195	176
Nonprofit.....	13	421	327

<sup>1</sup> Including 81 completely liquidated companies which have no assets remaining on June 30, 1947.  
<sup>2</sup> Almost all of these assets are located in enemy and formerly enemy-occupied countries.

312190

REPRODUCED AT THE NATIONAL ARCHIVES

assets of all 277 companies as of dates of assumption of control by the Office, \$30,183,000 is accounted for by 135 wholesale trading companies and \$35,877,000 by ten investment holding companies.

### Liquidations Completed

A total of 81 of the 277 liquidating companies have been completely liquidated. Liquidation of 32 of these was effected during the fiscal year ending June 30, 1947. Among the more important companies completely liquidated during the year was Asahi Corporation, a one hundred-percent vested company, formerly engaged in the importation of raw silk, which had assets totaling \$970,000 at the date of vesting. The Office received as a liquidating dividend \$105,000 in cash and \$855,000 in claims against enterprises located in Japan, principally branches of the Yokohama Specie Bank, Ltd. The South Texas Compress Co., of which 99 percent of the stock was vested, was engaged in cotton compressing and warehousing. Although its total assets at the time of vesting amounted to only \$284,000, the Office received \$299,000 in cash and in United States Government bonds as its share of the proceeds of liquidation.

### Progress of Liquidation

The general progress of the liquidation of business enterprises is indicated in Table 20. From the dates of assumption of control over the companies to June 30, 1947, total assets have been reduced from \$81,126,000 to \$63,436,000. Practically all of the tangible domestic assets of the companies have been sold. There still remain a number of receivables, claims and deposits that are difficult of collection, and many of them may prove uncollectible. A large portion of the cash held by the companies or derived from the liquidation of their other assets has been used to pay creditors and to make liquidating payments to the Office and to other owners. Substantial cash is, however, held by a few companies, the liquidation of which has been delayed by legal matters concerned primarily with the rights of creditors.

The principal assets still held by the liquidating enterprises are located in enemy and formerly enemy-occupied countries. As has been stated earlier in this report, the problems involved in the disposition of assets located in these countries have not yet been resolved. Few of these assets have thus far been reduced to cash, but the companies have in several instances turned over such assets in kind to the Office as part of their liquidating proceeds.

The liabilities of the companies have decreased as a result of their payment of liabilities in full or, in the case of insolvent companies, to the extent of their ability. The net decrease in liabilities has been checked, however, by the growth of liabilities of a number of insolvent companies on whose indebtedness interest is accruing.

Table 20.—CONSOLIDATED COMPARATIVE BALANCE SHEETS OF VESTED ENTERPRISES IN LIQUIDATION (EXCEPT BANKS AND INSURANCE COMPANIES), AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1947

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control	Net change	As of June 30, 1947
<b>ASSETS <sup>1</sup></b>			
Located in the United States:			
Cash.....	14,025	884	14,880
Receivables.....	3,180	-2,026	1,135
Inventory.....	4,495	-3,422	1,073
Investments.....	5,522	-2,539	2,983
Fixed assets.....	3,208	-2,673	530
Intangibles.....	189	-80	109
Deferred charges.....	124	-106	19
Claims and deposits.....	4,533	-1,822	2,641
Total assets located in the United States.....	35,256	-11,877	23,379
Located in allied and neutral countries.....	7,032	-4,023	3,004
Located in enemy and formerly enemy-occupied countries.....	38,838	-1,785	37,053
Total assets.....	81,126	-17,690	63,436
<b>LIABILITIES AND NET WORTH</b>			
Liabilities:			
Owing to residents of the United States.....	24,824	-1,613	23,211
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	3,691	-1,782	1,909
Owing to residents of enemy countries.....	5,111	-2,132	2,979
Owing to Attorney General (vested).....	6,712	-1,471	5,241
Total liabilities.....	40,338	-6,998	33,340
Net worth:			
Net worth of solvent enterprises.....	49,061	-3,170	40,891
Net worth of insolvent enterprises.....	-8,273	-2,522	-10,795
Total net worth.....	40,788	-10,692	30,096
Total liabilities and net worth.....	81,126	-17,690	63,436
Net worth of solvent enterprises distributed according to ownership shares:			
Vested in Attorney General.....	30,218	-5,668	24,550
Owned by estates and trusts in which Attorney General is sole beneficiary.....	70	-25	45
Owned by others.....	18,773	-2,477	16,296

<sup>1</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositories; and securities according to location of issuers.

<sup>2</sup> Including \$2,194,000 of additional rights in debts vested, less \$329,000 net decrease in value of rights, and \$3,336,000 in securities and cash paid to the Office.

<sup>3</sup> Including \$1,242,000 of additional interest in net worth vested and \$941,000 increase in book value less \$7,851,000 in cash and securities paid to the Office.

312191

REPRODUCED AT THE NATIONAL ARCHIVES

The net worth of the liquidating companies as of dates of assumption of control and as of June 30, 1947, are reconciled as follows:

Net worth as of dates of assumption of control.....		\$40,788,000
Operating profits and losses:		
Profit of 74 companies.....	\$2,452,000	
Less: Loss of 175 companies.....	<u>-2,311,000</u>	
	141,000	
Capital gains and losses:		
Capital gains.....	2,462,000	
Less: Capital losses.....	<u>-3,848,000</u>	
	-1,386,000	
Distributions to stockholders and other owners (including the Office of Alien Property):		
Regular dividends.....	-440,000	
Liquidating payments.....	<u>-8,991,000</u>	
	-9,431,000	
Interests bought in by companies.....	<u>-16,000</u>	
Total changes.....		<u>-10,692,000</u>
Net worth as of June 30, 1947.....		30,096,000

Operating losses of many of the companies have been substantial as a result of interest accruals on outstanding and unpayable indebtedness and, to a lesser extent, as a result of costs of liquidation. On the other hand, a number of companies, such as those that were engaged in business during the period of hostilities, show substantial profits. Capital losses have exceeded capital gains because of the uncollectibility of numerous receivables, claims and deposits and because of the writing off as valueless of many of the companies' receivables, claims and deposits, foreign assets, and intangibles. On the sale of domestic investments, inventories, and fixed assets, capital gains have generally been recorded.

The principal decline in net worth, however, has resulted from the payment to owners (including the Office of Alien Property) of regular dividends of \$440,000 and liquidating payments of \$8,991,000. Of these amounts, \$113,000 of regular dividends and \$4,116,000 of liquidating dividends have been paid during the fiscal year. Liquidating payments have included \$6,720,000 of cash and \$2,271,000 of property in kind.

### LIQUIDATION OF BANKS AND INSURANCE COMPANIES

Of the 22 banks and eight insurance companies in the process of liquidation, 21 are former Japanese companies, eight Italian, and one German. Nine of these companies are being liquidated directly by the Office and 21 by the superintendents of banks and insurance of state governments, subject to the supervision of the Office. During the fiscal year liquidation of several companies proceeded to the point that substantial payments could be made to the Attorney General. The financial condition of these enterprises as a group is indicated in Table 21.

Table 21.—CONSOLIDATED COMPARATIVE BALANCE SHEETS OF VESTED BANKS AND INSURANCE COMPANIES IN LIQUIDATION, AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1947

(In thousands of dollars)

Balance sheet item	As of dates of assumption of control	Net change	As of June 30, 1947
<b>ASSETS<sup>1</sup></b>			
Located in the United States:	35,921	-20,303	15,618
Cash.....	12,962	-11,464	1,498
Receivables.....	9,244	-9,041	203
Investments.....	142	-140	2
Fixed assets.....	97	-45	52
Deferred charges.....	1,709	-1,662	47
Claims and deposits.....			
Total assets located in the United States.....	60,075	-48,655	17,420
Located in allied and neutral countries.....	5,227	-4,149	1,078
Located in enemy and formerly enemy-occupied countries.....	14,944	-4,809	10,735
Total assets.....	80,246	-51,013	29,233
<b>LIABILITIES AND NET WORTH</b>			
Liabilities:			
Owing to residents of the United States.....	8,916	-8,283	5,623
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	3,107	-2,784	323
Owing to residents of enemy countries.....	1,373	-327	1,046
Owing to Attorney General (vested).....		602	602
Total liabilities.....	13,396	-8,802	7,594
Net worth:			
Net worth of solvent enterprises.....	66,850	-45,211	21,639
Deficits of insolvent enterprises <sup>2</sup> .....			
Total net worth.....	66,850	-45,211	21,639
Total liabilities and net worth.....	80,246	-51,013	29,233
Net worth of solvent enterprises distributed according to ownership shares:			
Vested in Attorney General.....	66,363	-44,848	21,515
Owned by others.....	487	-365	124

<sup>1</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositors; and securities according to location of issuers.

<sup>2</sup> Less than \$500.

### Disposal of Nonliquid Assets

In the entire period from the time the Office assumed control of the companies until June 30, 1947, domestic assets, other than cash, have been reduced from \$24,154,000 to \$1,802,000. This reduction of \$22,352,000 is accounted for largely by (1) the sale or liquidation of assets and (2) the distribution of \$14,712,000 of assets in kind to the Office. During the fiscal year ending June 30, 1947, alone, \$10,917,000 of domestic assets in kind were turned over to the Attorney General by the Yokohama Specie Bank of New York.

Assets located in foreign countries have been reduced by \$8,358,000 from \$20,171,000 as of dates of assumption of control to \$11,813,000 on June 30, 1947. Again the chief factor in this change is the turning over to the Attorney General by the Yokohama Specie Bank of New York of \$12,173,000 of foreign assets in kind during the fiscal year.

### Changes in Net Worth

The net worth of the banks and insurance companies has declined from \$66,850,000 as of the dates of assumption of control to \$21,639,000 on June 30, 1947. A reconciliation of this change in net worth is presented here:

Net worth as of dates of assumption of control.....	\$66,850,000
Liquidating gains and losses:	
Gains of 11 companies.....	\$3,345,000
Less: Losses of 19 companies.....	<u>-7,619,000</u>
Net gain.....	1,726,000
Distributions to stockholders and other owners (including Attorney General):	
Liquidating payments in cash.....	-20,052,000
Liquidating payments in kind.....	<u>-26,885,000</u>
Total distributions.....	<u>-46,937,000</u>
Total changes in net worth.....	<u>-45,211,000</u>
Net worth as of June 30, 1947.....	21,639,000

## »IV«

### Selected Vested Enterprises

Six of the more important enterprises in which majority interests have been vested are discussed in this chapter. All of these companies were described in previous annual reports, and the descriptions carry through the current fiscal year information on the ownership interests of the Office, management changes, business operations, and financial data.

The companies discussed are American Bosch Corporation, General Aniline & Film Corporation, Schering Corporation, all of which are manufacturing companies; General Dyestuff Corporation, wholesale distributor for General Aniline & Film Corporation; Hugo Stinnes Corporation, an investment holding company; and the United States branches of Yokohama Specie Bank, Ltd., which are in process of liquidation.

#### AMERICAN BOSCH CORPORATION

##### Interest of the Office

The Office holds title to 535,882 shares, or 77.4 percent, of the 692,644 outstanding shares of capital stock of the American Bosch Corporation. This is an increase of 882 shares over the number held as of June 30, 1946. Of these, 50 shares were vested on August 16, 1946, by Vesting Order No. 7470 and 832 shares were vested January 30, 1947, by Vesting Order No. 8135. Also vested under these orders were unpaid dividends accrued prior to vesting. By Vesting Order No. 7940, dated January 3, 1947, the Office vested dividends, which had been declared on 535,000 shares of American Bosch Corporation stock prior to vesting, in the amount of \$120,375.

The Section 9 (a) suit instituted June 14, 1946, by three Swedish corporations seeking return of 535,000 vested shares of stock remains unsettled.<sup>1</sup>

American Bosch Corporation was designated a "key corporation" on September 9, 1946, by the Alien Property Custodian, under General Order No. 35.<sup>2</sup>

##### Management

The Corporation continues to be managed by a Board of Directors composed of seven members under a general authorization issued by the Office. Any transactions outside the normal conduct of business, however, require specific authorizations of the Office. Mr. Walter S. Quinlan resigned as a Director of the Corporation in April 1947, and was replaced by Mr. Donald C. Cook, then Director of the Office of Alien Property.

##### Business Operations

American Bosch Corporation is engaged in the business of designing, manufacturing, and selling fuel injection and ignition equipment for internal combustion engines of all types. The specific products include diesel fuel

<sup>1</sup> For a description of the suit see *Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1946*, pp. 61-62.

<sup>2</sup> For a discussion of General Order No. 35 see Ch. III, "Business Enterprises," pp. 34-35.

injection equipment, high grade magnetos, and automotive electrical accessories such as generators, regulators, ignition coils and windshield wipers.

During the fiscal year ending June 30, 1947, the Corporation's production was seriously impeded by a shortage of basic raw materials needed in the manufacture of its products. Late in 1946 the shortage eased somewhat and shipments to customers were appreciably increased. Material costs increased during the fiscal year and, in addition, labor costs of the Corporation rose in the second quarter of 1947 when a blanket wage increase became effective. As a result of these increased material and labor costs, prices on a number of products were raised in the spring of 1947; the aggregate price increase was approximately ten percent.

The Corporation acquired additional machine tool equipment for manufacturing and increased facilities for laboratory and research work, at a cost of approximately \$1,000,000, during the fiscal year. A substantial portion of this equipment was purchased from the Reconstruction Finance Corporation and had been in use in the Corporation's plant on a rental basis during and since the war.

#### Financial Information

The principal changes in the assets of the Corporation during the fiscal year ending June 30, 1947, were a \$2,135,241 decrease in cash and a

#### AMERICAN BOSCH CORPORATION, COMPARATIVE BALANCE SHEETS, MAY 19, 1942, JUNE 30, 1946, AND JUNE 30, 1947

	May 19, 1942 <sup>1</sup>	June 30, 1946	June 30, 1947
<b>ASSETS<sup>2</sup></b>			
Located in the United States:			
Cash.....	\$2,514,339	\$4,399,594	\$2,264,353
Receivables.....	1,907,193	2,815,350	1,966,514
Inventory.....	2,860,996	2,121,053	3,262,489
Investments.....		2,155,000	1,500,000
Fixed assets.....	2,511,316	1,389,946	2,213,417
Intangibles.....	1	1	1
Deferred charges.....	531,965	409,776	647,217
Claims and deposits.....	203,178	730,000	1,617,972
Total assets in the United States.....	10,528,988	14,020,720	13,471,963
Located in allied and neutral countries.....	( <sup>3</sup> )	( <sup>3</sup> )	17,918
Located in enemy and formerly enemy-occupied countries.....		176	176
Total assets.....	10,528,988	14,020,896	13,490,057
<b>LIABILITIES AND NET WORTH</b>			
Liabilities:			
Owing to residents of the United States.....	4,265,979	5,378,905	3,954,455
Owing to residents of allied, neutral, and formerly enemy-occupied countries.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Owing to residents of enemy countries.....			
Owing to Attorney General (vested).....			
Total liabilities.....	4,265,979	5,378,905	3,954,455
Net worth.....	6,263,009	8,641,991	9,535,602
Total liabilities and net worth.....	10,528,988	14,020,896	13,490,057
Book value of shares vested in Attorney General.....	4,837,548	6,675,074	7,377,467
Book value of shares not vested.....	1,425,461	1,966,917	2,158,135

<sup>1</sup> These balance sheets are prepared on the basis of financial data supplied by the company. They are not the official balance sheets of the company.

<sup>2</sup> Date of vesting.

<sup>3</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositories; and securities according to location of issuers.

<sup>4</sup> There were assets "Located in allied and neutral countries" and liabilities "Owing to residents of allied, neutral, and formerly enemy-occupied countries" (principally Canada) but the amounts were not readily available and were, in any event, not significant.

\$1,141,436 increase in inventory. Total assets declined \$530,839, or 3.8 percent, during the fiscal year. Total liabilities, all of which are owed domestically, declined \$1,424,450, or 26.5 percent, in the twelve-month period.

Because of the need for increased working capital, a five-year term loan in the amount of \$2,000,000 was negotiated in May 1947 with the New York Trust Company, with the specific authorization of the Office of Alien Property. Half of the loan was invested in  $\frac{7}{8}$  percent Treasury Certificates of Indebtedness and half was retained in working capital.

Net sales for the fiscal year amounted to \$17,852,260, a decline of 32.6 percent from the previous fiscal year, due primarily to material shortages. Of the total sales approximately 6.9 percent were export sales. Profit before Federal taxes on income amounted to \$448,908, while a refund of \$343,162 on Federal income taxes, resulting from the carry-back provision of the tax law, increased the profit to \$792,070.

Net worth increased \$893,611 to \$9,535,602, or 10.3 percent, during the fiscal year as a result of profits and adjustments to surplus and reserves. No dividends were declared.

#### GENERAL ANILINE & FILM CORPORATION

##### Interest of the Office

Vested in the Office of Alien Property are 475,707 of the 527,664 outstanding shares of the Common A stock and all of the 2,050,000 outstanding shares of the Common B stock of General Aniline & Film Corporation. The holdings of the Office were increased by 52 shares of Common A stock during the fiscal year as a result of the dissolution of Union Banking Corporation, which turned over to the Office, as sole stockholder, these shares together with other assets of the Corporation. The vested shares comprise 97.98 percent of the outstanding voting stock of the Corporation and are entitled to 92.9 percent of the dividend payments.

By Vesting Order No. 7874, dated October 14, 1946, the Office seized dividends totaling \$108,750 declared on stock of General Aniline & Film Corporation in 1941 and paid into accounts beneficially owned by I. G. Farbenindustrie, A. G. in various New York banks. Other vesting orders vested debts in the total amount of \$7,221 owing by General Aniline & Film Corporation to German nationals residing in Germany.

Still unsettled are several claims for title to or interests in the greater part of the vested shares of General Aniline & Film Corporation.<sup>3</sup> As of June 30, 1947, no Section 9 (a) suits had been filed seeking the return of vested shares.

General Aniline & Film Corporation was designated a "key corporation" by the Alien Property Custodian on October 14, 1946.<sup>4</sup>

##### Management

Under an authorization issued by the Custodian the Corporation continues to be managed by a fifteen-member<sup>5</sup> Board of Directors elected by the holder of the proxy for the vested stock. During the twelve-month

<sup>3</sup> See *Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1945* p. 64.

<sup>4</sup> For an explanation of the term "key corporation," see Ch. III, "Business Enterprises," pp. 34-35.

<sup>5</sup> Owing to resignations from the Board the full membership has not always been maintained and as of June 30, 1947, there were 14 members.

312194

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period ending June 30, 1947, a number of changes in the directorships have occurred: Messrs. Victor Emanuel, William F. Carey, Neal Dow Becker, Thomas A. O'Hara, Albert N. Williams, and George Allen resigned from the board; while Messrs. Edward M. Barlow, Brian Mannix, Cary R. Wagner, John S. Bugas, Frederic E. Emmerich, and Jack Frye were elected to the board. Mr. Frye was elected Chairman of the Board on April 14, 1947. Changes also occurred in the seven-member Executive Committee of the Board of Directors, which exercises all powers of the Board of Directors when that body is not in session. Messrs. Allen, Emanuel, Becker, and O'Hara resigned from the Committee. Mr. Frye was elected to the Committee and was also elected Chairman. Mr. George Burpee continued as President of the Corporation during the fiscal year.<sup>6</sup>

#### Distribution of I. G. Chemie Shares

At the time of its vesting General Aniline & Film Corporation had in its investment portfolio 84,900 shares of International Industrie-und Handelsbeteiligungen, A. G., Basle, Switzerland (formerly known as International Gesellschaft fuer Chemische Unternehmungen, A. G. and hereinafter called I. G. Chemie), common stock, of which 56,300 shares were fully-paid and 28,600 shares were fifty-percent-paid. The company has followed a policy of permitting stockholders the option of accepting shares of I. G. Chemie stock at the approximate market price as quoted on the Zurich (Switzerland) Stock Exchange in lieu of cash dividends.

On September 16, 1946, the directors of the Corporation declared a dividend of \$0.50 per share on the Common A stock and \$0.05 per share on the Common B stock, payable October 28, 1946, to stockholders of record at the close of business on September 23, 1946. The declaration provided that the stockholders could elect to receive, in lieu of the full cash dividend to which they were entitled, a dividend payable partly in cash and partly in shares of the common stock of I. G. Chemie, as follows:

In lieu of 50 cents in cash on each share of the Common A stock of General Aniline & Film Corporation, 5 cents in cash and in addition:  
1/5000th share of the fully paid common stock of I. G. Chemie and 1/666th share of the fifty-percent-paid common stock of I. G. Chemie.

In lieu of 5 cents in cash on each share of the Common B stock of General Aniline & Film Corporation, 1/2 cent in cash and in addition:  
1/5000th share of the fully-paid common stock of I. G. Chemie and 1/666th share of the fifty-percent-paid common stock of I. G. Chemie

The Office elected to exercise the option to take shares of I. G. Chemie stock and cash in the proportions set forth above. Therefore, the Office received 1,359 shares of fully-paid and 1,019 shares of fifty-percent-paid I. G. Chemie common stock plus \$34,679 in cash as its dividend payment.

After distribution to minority stockholders of five shares of fully-paid and two shares of fifty-percent-paid I. G. Chemie common stock, as a result of the September 16, 1946 declaration, General Aniline & Film Corporation holds 230 shares of fully-paid and 118 shares of fifty-percent-paid I. G. Chemie common stock as of June 30, 1947.

When declaring dividends in 1946, the Board of Directors of General Aniline & Film Corporation authorized the officers to give on behalf of the Corporation to each stockholder electing to receive stock of I. G. Chemie in lieu of cash, and upon request of the stockholder, a warranty that the recipient would receive good and valid title.

<sup>6</sup> Mr. Burpee resigned effective July 31, 1947, and Mr. Frye was elected President of the Corporation.

The Board of Directors on January 20, 1947, authorized the officers of the Corporation to repurchase, in their discretion, shares of I. G. Chemie stock which had been sold to minority stockholders at the same prices received by the company.<sup>7</sup> This action was taken following the refusal of the Board of Directors of I. G. Chemie in Switzerland to register bearer shares presented to them by American stockholders. The directors of I. G. Chemie amended their Articles of Association on December 19, 1945, to require conversion of bearer shares to registered shares. If the application for registration is made after February 15, 1946, and the shareholder obtained title to his shares after December 19, 1945, the issuance of the registered shares is subject to the consent of the Board of Directors of I. G. Chemie.<sup>8</sup>

#### Antitrust Suits

Still unsettled are three criminal indictments returned in December 1941 charging General Aniline & Film Corporation with violations of the Sherman Antitrust Act.<sup>9</sup> The suits remained dormant during the year.

#### Business Operations

**NEW PRODUCTS.**—The General Aniline Works Division placed 19 new dyestuffs and 24 new intermediates in production and improved processes for the manufacture of other dyestuffs and intermediates. One of the new detergents developed by the company was introduced experimentally in two areas under the name of "Glim." The one area, around Kalamazoo, Michigan, is what is known as a hard water area, whereas the other, at York, Pennsylvania, is a soft water area. In both areas General Aniline has found consumer acceptance of the product very gratifying.

The Ansco Division introduced Ansco 35 mm. color printing film, safety base, for final motion picture release prints used in making 35 mm. slide films by contact or optical printing. The Division also introduced the Panda camera, made of plastic and designed for wide acceptance in the low price field.

The Ozalid Division introduced a number of new translucent materials to be used as originals in reproduction by the Ozalid process. These include Ozaparchment, Ozatran and Ozalucard. Ozacloth, a new plastic-coated cloth, has been introduced on an experimental basis.

**FOREIGN DEMAND.**—During the fiscal year ending June 30, 1947, sales made in foreign markets were approximately 13 percent of total sales made by the Corporation. This compares with approximately 12 percent reported for the year ending June 30, 1946. The trend of foreign demand is continuing at a high level.

**RESEARCH AND PATENTS.**—Total research expenditures during the fiscal year aggregated \$3,474,386 of which \$3,254,999 was for basic research and \$219,387 was spent in process development. Total research expenditures were 21.7 percent greater than the previous year.

The Corporation held 3,589 unexpired United States patents as of June 30, 1947, while pending applications for United States patents totaled 486, or 54 more than were pending a year earlier.

<sup>7</sup> Minority stockholders acquired as part of their dividend payments during 1944, 1945, and 1946, a total of 460 fully-paid shares and 255 fifty-percent-paid shares amounting to \$52,930.

<sup>8</sup> Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1946, p. 69.

<sup>9</sup> Ibid., pp. 70-71.

312195

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## Financial Information

The total assets of General Aniline & Film Corporation increased \$2,648,661, or 3.4 percent, during the fiscal year ending June 30, 1947. Several significant changes occurred in the individual asset items of the balance sheet; inventories increased \$5,427,674 owing to higher costs and the need for larger stocks for peacetime demand; investments decreased \$7,805,625 as a result of the sale of United States Government securities and because of the use of United States tax notes in payment of Federal income taxes; fixed assets increased \$8,865,464 as a result of plant expansion in all divisions of the company.

Total liabilities declined \$4,029,463. The principal factors reducing liabilities were the transfer to surplus of a \$4,301,350 special reserve for

### GENERAL ANILINE & FILM CORPORATION AND DOMESTIC SUBSIDIARIES, CONSOLIDATED COMPARATIVE BALANCE SHEETS, MARCH 31, 1942, JUNE 30, 1946, AND JUNE 30, 1947

	March 31, 1942 <sup>1</sup>	June 30, 1946	June 30, 1947
<b>ASSETS<sup>2</sup></b>			
Located in the United States:			
Cash	\$9,292,035.68	\$7,463,800.21	\$4,737,464.75
Receivables	4,647,030.38	6,920,699.40	6,421,243.04
Inventory	16,393,038.92	24,911,626.24	30,339,299.74
Investments	8,251,488.29	12,662,643.00	4,857,017.63
Fixed assets	20,561,635.19	23,087,517.74	31,952,981.26
Intangibles	1.00	1.00	1.00
Deferred charges	1,031,611.83	674,822.78	1,309,148.97
Claims and deposits	542,638.80	633,729.31	181,945.95
Total assets in the United States	60,719,480.09	76,354,739.68	79,799,102.34
Located in allied and neutral countries	433,846.31	744,977.73	634,677.89
Located in enemy and enemy-occupied countries <sup>3</sup>	7,597,288.48	745,681.05	60,278.77
Total assets	68,750,614.88	77,845,398.46	80,494,059.00
<b>LIABILITIES AND NET WORTH</b>			
Liabilities:			
Owing to residents of the United States	28,040,882.56	19,225,336.38	15,937,565.70
Owing to residents of allied, neutral and enemy-occupied countries	460,399.75	480,936.60	98,430.52
Owing to residents of enemy countries	57,599.83	8,489.48	22,675.86
Owing to Attorney General		1,024,300.04	650,927.82
Total liabilities	28,558,882.14	20,739,062.50	16,709,599.90
Net worth	40,191,732.74	57,106,335.96	63,784,459.10
Total liabilities and net worth	68,750,614.88	77,845,398.46	80,494,059.00
Book value of shares vested in Attorney General <sup>4</sup>	36,369,890.18	53,052,451.10	59,261,400.00
Book value of shares not vested	3,821,842.56	4,053,884.86	4,523,059.10

<sup>1</sup> These balance sheets were prepared on the basis of financial data supplied by the company. They are not the official balance sheets of the company.

<sup>2</sup> 24 days before vesting.

<sup>3</sup> Receivables and claims are classified according to location of debtors; deposits according to location of depositories; and securities according to location of issuers.

<sup>4</sup> An investment in common stock of I. G. Chemie is included in this item and is carried at a value of \$7,595,300 as of March 31, 1942. The stated value of this investment was later reduced substantially as a result of distribution of the I. G. Chemie shares in lieu of cash dividends. Investment in this Swiss company vested the I. G. Chemie holdings of General Aniline & Film Corp. shares, having found I. G. Chemie to be a cloak for I. G. Farben of Germany.

<sup>5</sup> This item consists of royalties payable on patents in which the Office has vested the interests of I. G. Farbenindustrie.

<sup>6</sup> The participations of the Common A shares and Common B shares in the book value of the equity may be calculated on either of two proportions. The alternative proportions to be used are stipulated in the company's certificate of incorporation, as amended. The part of the book value of the equity that is here ascribed to the vested A and B shares is proportional to their participations in dividend rights. If the part of the book value of the equity ascribed to the vested shares is made proportional to their participations in liquidation rights, the book value of the vested shares is \$59,399,465.14 and the book value of the unvested shares is \$4,384,993.86, as of June 30, 1947.

obsolescence and the payment of Federal income taxes of \$2,374,983, and notes payable of \$500,000.<sup>10</sup>

Net sales for the fiscal year ending June 30, 1947, were \$65,475,388, an increase of \$4,252,775 or nearly 7 percent over the previous year. After provision of \$1,510,532 for Federal income taxes, net income was \$2,276,875.

Dividends paid in October 1946 amounted to \$366,332. No dividends were subsequently declared in view of substantial cash requirements for capital expenditures, loan repayments, and contingent obligations.

The purchase of Common A stock of the company resulted in a charge to surplus of \$150. A credit of \$4,301,350 was made to the surplus account as a result of the transfer of the special reserve for obsolescence upon completion of conversion to peacetime operations, while a decrease in other reserves caused a credit to surplus of \$173,640. A capital gain on I. G. Chemie stock distributed as dividends resulted in a further credit to surplus of \$292,740.

As a result of profits and of surplus adjustments net worth increased \$6,678,123 to \$63,784,459 or 11.7 percent over the net worth of \$57,106,336 reported last year.

## GENERAL DYESTUFF CORPORATION

### Interest of the Office

All of the 8,678 outstanding shares of capital stock of General Dyestuff Corporation continue to be held by the Office of Alien Property. While claims to title were originally made against all of the outstanding shares, the Office has received undisputed title to 7,928 shares either by compromise payments to claimants of \$118 a share or, in one instance, by failure of the claimant in litigation. Still unsettled is a claim to title to 750 shares of stock brought by Emily Margaret St. George, Executrix and sole legatee under the will of Armin V. St. George. An offer by the Office to settle the claim by payment to the claimant of \$118 a share was rejected.

### Management

During the fiscal year ended June 30, 1947, a number of changes occurred in the Board of Directors: Messrs. George A. LaVallee, Victor Emanuel, and Thomas A. O'Hara resigned from the board, while Messrs. John D. Small and Jack Frye were elected new members of the board. Colonel Louis Johnson resigned as President of General Dyestuff Corporation on February 6, 1947, and Mr. M. J. Hickey, Jr., was elected President on June 5, 1947. The directors continue to manage the Corporation under an authorization issued by the Office of Alien Property.

### Business Operations

General Dyestuff Corporation acts as exclusive selling agent and distributor in both domestic and foreign markets of dyestuffs and textile auxiliaries produced by General Aniline & Film Corporation. Net sales in the foreign market for the year ended June 30, 1947, were 17 percent of

<sup>10</sup> On June 30, 1947, negotiations were under way with the Metropolitan Life Insurance Company for the purpose of securing a long-term loan. These negotiations were successfully concluded July 11, 1947, and the company issued its promissory note for \$15,500,000 bearing interest at the rate of 2.95 percent, payable in annual installments to June 1, 1967.

312196

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the company's total net sales; net sales in the South American market for the same period were 29.8 percent of the net sales in the foreign market.

### Financial Information

Net sales for the fiscal year ending June 30, 1947, amounted to \$36,373,835, an increase of 7.5 percent over the previous year's sales of \$33,838,110. Total net income before Federal taxes was \$684,521, consisting of an operating profit of \$527,549 and other income, principally from royalties, of \$156,972. After provision of \$250,229 for Federal taxes, net profit was \$434,292. Net worth rose to \$4,866,076, an increase of approximately 10 percent as a result of profits and a credit to surplus of \$11,160, representing a 1944 State franchise tax refund.

No dividend was declared during the year, and the book value of the Corporation's stock increased from \$509.41 to \$560.74 a share.

### GENERAL DYESTUFF CORPORATION AND DOMESTIC SUBSIDIARY, CONSOLIDATED COMPARATIVE BALANCE SHEETS,<sup>1</sup> JUNE 30, 1942, JUNE 30, 1946, AND JUNE 30, 1947

	June 30, 1942 <sup>2</sup>	June 30, 1946	June 30, 1947
<b>ASSETS<sup>3</sup></b>			
Located in the United States:			
Cash.....	\$2,191,345.55	\$4,125,615.55	\$4,202,186.69
Receivables.....	1,330,106.91	1,914,227.20	1,879,409.96
Inventory.....	1,248,716.65	503,466.67	782,232.11
Investments.....	429,258.77	682,947.77	644,578.62
Fixed assets.....	596,169.07	453,462.69	450,386.54
Intangibles.....	2,499.59	1,521.11	1,276.49
Deferred charges.....	217,528.26	176,738.46	164,178.16
Claims and deposits.....	7,400.65		14,295.00
Total assets in the United States.....	6,023,025.45	7,857,979.45	8,138,543.57
Located in allied and neutral countries.....			
Located in enemy and enemy-occupied countries.....			
Total assets.....	6,023,025.45	7,857,979.45	8,138,543.57
<b>LIABILITIES AND NET WORTH</b>			
Liabilities:			
Owing to residents of the United States.....	2,340,885.54	3,330,665.83	3,154,654.56
Owing to residents of allied, neutral, and enemy-occupied countries.....	506.36	484.46	
Owing to residents of enemy countries.....	35,906.28	106,205.50	117,813.45
Owing to Attorney General (vested).....			
Total liabilities.....	2,377,298.18	3,437,355.79	3,272,468.01
Net worth.....	3,645,727.27	4,420,623.66	4,866,075.56
Total liabilities and net worth.....	6,023,025.45	7,857,979.45	8,138,543.57
Book value of shares vested in Attorney General.....	3,645,727.27	4,420,623.66	4,866,075.56
Book value of shares not vested.....			

<sup>1</sup> These balance sheets are prepared on the basis of financial data supplied by the company. They are not the official balance sheets of the company.

<sup>2</sup> The date of vesting.

<sup>3</sup> Receivables are classified according to location of debtors; deposits according to location of depositories; and securities according to location of issuers.

## HUGO STINNES CORPORATION

### Interest of the Office

The Office of Alien Property holds 530,165, or 53.6 percent, of the 988,890 outstanding shares of common stock of Hugo Stinnes Corporation. This is an increase of 20 shares over the number held by the Office during the previous fiscal year. These 20 shares, together with six 7 per-

cent Hugo Stinnes Corporation ten-year bonds with a total face value of \$5,000, were vested on March 20, 1947, by Vesting Order No. 7924 from Joseph and Marie-Meitinger. By Vesting Order No. 8494, dated March 20, 1947, the Office seized from the legatees of August Thyssen, Jr., among other securities, eight Hugo Stinnes Corporation 7 percent gold notes with a total face value of \$8,000. In addition, by Vesting Order No. 9068 of May 26, 1947, the Office vested from Exportkreditbank A. G., two Hugo Stinnes Corporation \$1,000 notes and one \$500 note, together with two \$1,000 debentures of Hugo Stinnes Industries, Inc.

Prior to October 1, 1946, the Office held voting rights directly to only 57,045 of the vested shares; the remaining 473,100 vested shares, together with 21,907 unvested shares, were subject to a voting trust agreement.<sup>11</sup> This agreement was terminated on October 1, 1946, in accordance with its provisions, and the Office now holds directly voting rights in all of the 530,165 vested shares.

All of the outstanding capital stock of Hugo Stinnes Industries, Inc., is pledged with Central Hanover Bank and Trust Company of New York pursuant to an indenture dated October 1, 1926, as collateral security for the notes of Hugo Stinnes Corporation. As of June 30, 1947, notes with a face value of \$1,301,000 were outstanding and \$2,166,165 was due under them. Central Hanover Bank and Trust Company asserted, by a letter to Hugo Stinnes Corporation on March 21, 1947, that the notes were in default and that therefore it alone possessed the right to vote the stock of Hugo Stinnes Industries, Inc. It is claimed that in the event of default on the lien the Bank could, at its discretion, vote the stock of any company subject to the lien. The Bank also requested that the stock of Hugo Stinnes Industries, Inc., be transferred into its name.

### Management

The Corporation continues to be managed under an authorization issued by the Office by a Board of Directors normally composed of eleven members. Dr. Paul S. Saunders, who had been Chairman of the Board since 1926, died during the year and, as of June 30, 1947, no action had been taken to fill the vacancy. No other changes occurred on the board during the fiscal year, and Mr. Stanley Clarke continues as President of the Corporation.

Hugo Stinnes Industries, Inc., the principal wholly-owned subsidiary of Hugo Stinnes Corporation, is managed under an authorization issued by the Office by a slate of officers and directors identical with those who manage the parent company.

### Foreign Investments

**HOLDINGS OF HUGO STINNES CORPORATION.**—The principal properties of Hugo Stinnes Corporation and Hugo Stinnes Industries, Inc., consist of subsidiaries engaged in the production, transportation, and distribution of coal and its by-products, or other activities related thereto. Other properties include hotels, office buildings, agricultural estates, and miscellaneous manufacturing companies. These properties are located in Germany, Austria, Lithuania, France, Belgium, Holland, Denmark, Norway, Scotland, and Italy.

<sup>11</sup> See Annual Report, Office of Alien Property Custodian, fiscal year ending June 30, 1945, pp. 77-78.

261216

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# *Annual Report*

OFFICE OF

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SHIPMENT No. 1

On April 8, 1945 an immense amount of gold, silver, jewelry, art objects etc. was discovered in a salt mine in Merkers, Germany. These valuables had been evacuated from the Reichsbank in Berlin in the early part of 1945 and hidden in a vault in the salt mine for safe-keeping. Vast amounts of gold bars (8307), gold and silver coins, currency made up the cache.

Included in the Merkers cache were 207 containers of SS looted jewelry, silverware, coins, rings, teeth fillings etc. A copy of a preliminary inventory is attached, in which the items are listed by general classification with the approximate weight of each classification.

Substantiation of the belief that these valuables are SS loot has been found in a Berlin Reichsbank record book known as the "Quittungsbuch der Edelmetallankaufskasse" in which the 207 containers are listed and numbered in the "Melmer" account. ("Melmer" is a code designation for SS loot deposits).

30.1.1947

This shipment now completely inventoried. More exact statistical information can thus be obtained from inventory forms. Also (in so far as gold and silver and platinum non-SS stuff is concerned) - from "gold report".

Contents of Shipment 1. (Part which is SS-loot)

Tableware	1842.9	pounds (estimated gross weight)
Watches	594.8	"
fountain pens and pencils	2.6	"
scrap metal	3219.0	"
metal trays, candlesticks	169.8	"
gold coins	65.0	"
coins (other)	1776.5	"
paper currency	836.5	"
precious and semi-precious stone	256.7	"
rings (gold and other metal)	369.6	"
eyeglasses frames, metal and plastic	47.4	"
teeth filling, gold and silver	385.0	"
Reichsmarks	11.0	"
nondescript bars (appears silver)	120.0	"
gold bars	4.0	"
stamp collection	18.6	"
prepaid postage stamps	83.6	"
novelty jewelry	2270.6	"

Miscellaneous-bars (apparently alloy of silver and gold)

20 large  
 3 medium  
 2 small  
 1 bag

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SHIPMENT No. 2

Included in Shipment No. 2 from the Reichsbank Halle are 43 bags of currency listed as item A, and 22 bags of currency listed as item B.

Item A contained currency of the following kinds: US, English, Swedish, Swiss, Dutch, Norwegian, Belgian, Italian, Spanish, Portuguese, Turkish and Slovak. Item B, believed to have come originally from Nordhausen is made up of currency of the following types: US, English, Norwegian, Belgian, Portuguese, Swedish and Swiss.

Included in shipment 2 as items C, D and E, received on 25 April 1945, are 16 cases, 2 chests and 7 bags of gold bars, currency and coin believed to have been removed from France by the Germans.

According to a letter from the Leiter, Devisenschutzkommando, France, dated 13 September 1944 found with these assets, they are identified as large sums of gold and foreign exchange brought back to the Reich when the office retreated from Paris.

The 16 boxes are described as being gold bars of the firm of Dollfus-Mieg Muelhausen, Elsass, bearing seals of the Sec. Banque Suisse, Le Locle.

As for the 2 chests and 7 bags, (2 D & E) these are described as containing gold and foreign exchange assets from the banks of Tours, Blois, Orleans, Chartres, Dreux and Chateaudun. Preliminary inspection shows each bag and one of the boxes to contain gold and foreign exchange hoards from one French bank, evidently removed from the blocked safe deposit boxes of its customers in accordance with some order of the German authorities dated 9 August 1944 or previously, and delivered to the DSK in Paris on or about 10 and 12 August 1944. The second chest contains 9 small bags each consisting of similar assets delivered by one bank or banker.

Within each bag or box, the property of each individual is wrapped separately, and each such package is marked with the individual's name, an itemized list of his property contained therein, and in some cases, with the number of his safe-deposit box. In addition, each bank has included on its own stationery an itemized list of the entire assets so delivered.

The four bags of currency, coins and papers listed as item E appear to be personal deposits at the Halle Reichsbank and coins and foreign notes which had accumulated in the bank in the usual course of business during the 3 weeks previous to April 20, 1945 when the bank was visited on a reconnaissance mission by Colonel Bernstein.

Shipment now all inventoried.

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 Authority NND 755001  
 By WSD NARA Date 12/20/77

RG 260  
 Entry FEN  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 3

On April 27, 1945, there was received from Lt. Commander Fischer through the XII Corps at Hof, 2 chests containing the following:

- 1 gold chalice
- 24 gold plates
- 41 gold knives
- 41 gold spoons
- 41 gold forks

Commander Fischer had interrogated a certain Bender regarding SS loot and was told by the latter that some valuables from the Lublin concentration camp had been deposited at the Stadt & Kreissparkasse at Hof by direction of Dr. Richard Wendler, governor of Lublin and Head of the Lublin concentration camp. Wendler lived in Hof but had disappeared before its occupation by American troops. The reconnaissance party checked the Sparkasse and found 2 boxes containing valuables, including gold-plated dishes, valuable gold-plated porcelain tableware and a number of items including crucifixes, obviously loot from churches. Nearly all articles bore Polish markings.

On June 11, 1945 the Claims Section of the IAD contacted G-2 to discover the whereabouts of Wendler so he might be questioned. G-2 (Lt. Anderson) stated that a search had been going on since December 1945, but that Wendler had not yet been located.

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Authority NND 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 4

57 sealed bags were removed from the Reichsbank Plauen in April 1945.

35 of these bags, classified as 4A, consist of gold coins deposited, according to bank records, by the Sicherheitsdienst of the Wehrmacht for the Reichsfuehrer of the SS (Heinrich Himmler). According to bank records, the coin was deposited in April 1944. It consists of 250,000 gold US dollars, 1,000,000 Swiss francs, 98,450 Dutch guilders and 151,560 Norwegian Kronen.

Item 4 B, comprises 22 bags of German silver coins in denominations of 2 and 5 Reichsmarks.

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 Authority MMD 755001  
 By WBD NARA Date 12/6/97

RG 260  
 Entry FBI  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 5

According to a summary, and hence incomplete inventory of the items acquired from the Reichsbank, Nordhausen as shipment No. 5, the following items were received:

French francs	2,588,908,550
Belgian francs	119,000
Dutch guilden	540,000

Precious metals:

- 12 bars platinum
- 6 packages platinum scrap
- 1 block palladium
- 2 plates palladium
- 1 bottle palladium
- 2 bottles rhodium
- 3 bottles iridium
- 2 blocks gold
- 4 packages gold scrap

Checks: envelope of checks drawn on Bank of France by Reichskreditkasse total 3,500,000,000 French francs.

The French francs are believed to have been sent to the Nordhausen bank by the Reichskreditkasse Berlin in February 1945. Of the guilders, 500,000 are said to be property of the Reichsbank, received from Ellricher Bankverein, Miethe V. Thunen & Co., in Ellrich, Germany which received them from German construction company which did work in Holland.

There are indications that the precious metals had been sent to the Reichsbank Nordhausen for safe-keeping by the Reichsbank, Dresden.

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Authority MMD 755001  
By WSD NARA Date 12/10/77

RG 260  
Entry F60  
File Shipment Summary  
Box 470

SHIPMENT No. 6.

173 bags of currency, (principally middle-European currencies) were sent in as shipment number 6. These bags were all seized at the Reichsbank, Leipzig. 20 of these bags were held for the account of the bank of Oppeln, 2 for the Reichenberg Branch and 143 (containing 53,838,480 Zloty), for the Emissionsbank in Poland.

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By WSD NARA Date 12/20/77

RG 260  
Entry FED  
File Sittman's Summary  
Box 470

SHIPMENT No. 7

This shipment consists of 82 gold bars which were found in the Reichsbank Eschwege on April 29, 1945. Weight said to be 1,010,327.1 fine grams. They had been received from the Reichsbank in Berlin in August 1943 for safe-keeping. From study of Reichsbank records it would seem that these bars were a part of the looted Belgian gold. (see F-4 of the Belgium gold report). Reichsbank #43582-43663

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 Authority NND 755001  
 By WBD NARA Date 12/20/77

RG 260  
 Entry FED  
 File Shipment Summary  
 Box 470

SHIPMENT No. 8

From the Reichsbankhauptstelle in Frankfurt there was received the following currency:

Danish Kronen	460
Polish Zloty	256
Holland Gulden	1715
Norwegian Kroner	500
Italian lire	4680
Swedish Kroner	2425
Swiss francs	1140
Slovak Korun	1440
Bohemia & Moravia Kronen	90
Ukraine Karbowanez	10
Hungarian Pengos	220

All of this currency is said to be the property of the Reichsbankhauptstelle Frankfurt.

This shipment consists of one bag of foreign currency (including dollars) found at the Reichsbank Erfurt on 23 April 1945, and one bag of foreign currency and silver coin found at the Reichsbank Hilsebach.

SHIPMENT NO. 9

RG 260  
Entry 100  
File Stillinger Summary  
Box 470

DECLASSIFIED  
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By WSD NARA Date 12/20/79

DECLASSIFIED  
 Authority MM0755001  
 By WB1 NARA Date 12/20/97

RG 260  
 Entry EGD  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 10

The 82 gold bars received in shipment 10 (and considered as item A) were recovered in Coburg. They had been buried by the Reichsbank Director Hippe, who states they had been brought to the bank from Berlin. A Reichsbank receipt shows they were sent in July 1943 from Berlin, and that the fine weight is 1,016,090.8 kg. They seem, from Reichsbank records, to be resmelted Belgium gold. (Reichsbank #s 43418-43499)

Item B consists of currency (1,013,700 French francs and 16,500 lira) which had been deposited at the Coburg Reichsbank as property of the Wehrmacht.

Item C is 6 bags of silver coin which were found buried in the Reichsbank cellar beneath the vault. (2 and 5 RM denominations - total of 6000 RM). ?

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 Authority MM0755001  
 By WBJ NARA Date 12/20/77

RG 260  
 Entry FE0  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 11.

The 297 large and 645 small bars of silver comprising shipment 11 were found hidden in a powder factory southeast of Dillingen. The ingots are reported to belong to the Deutsche Gold and Silver Scheideanstalt (smelting), formerly Roessler of Frankfurt a. Main.

On 15 Oct 1946 this was delivered as a loan to the German economy.

weight = 644,886.6 fine troy oz.  
 20077.149 gross kilograms

(#s of bars given with inventory)

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Authority MMD 755001  
By WRD NARA Date 12/20/77

RG 260  
Entry FED  
File Shipment Summary  
Box 470

S H I P M E N T No. 12

The art objects comprising this shipment were found at the Salt Mine, Bernterode.

On 17 September 1945 there were removed from the Foreign Exchange Depository for restitution through the Monuments and Fine Arts Section of the Restitution Branch.

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By WRD NARA Date 12/30/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

Shipment No. 13

In accordance with Military Govt Law No. 53, representatives of the I.G. Farben Co. turned over a box of foreign currency on 2 March 1945. Types of currency are: Italian, Swiss, Hungarian, Belgian, Portuguese, French, Swedish, Danish, Norwegian, Roumanian and Slovakian.

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Authority NND 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry FBI  
File SHIPMENT SUMMARIES  
Box 470

Shipment No. 14

Shipment No. 14 consists of currency and coins found at the Reichsbank in Wuerzburg on 1 May 1945. There are 107 bags of Belgian currency, and 21 bags of Belgian coins which had come to Wuerzburg from the Reichsbank branch in Elberfeld. There are also 4 bags of foreign currencies, 2 bags of foreign coins amounting to 8,800.-- RM. and 1 bag of German 2 and 5 RM coins

*Elberfeld is near Rhine*

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By WRD NARA Date 12/20/77

RG 260  
Entry FBI  
File Shipment Summary  
Box 470

Shipment No. 15

Among the items found at the Reichsbank, Nuernberg were 34 bags of gold coins and two boxes of gold bars which had come originally from the Netherlands National Bank in Amsterdam. A letter dated 13 February 1945 at Amsterdam from the Reichs Commissioner for the occupied Netherlands Territory authorizes Schonthur, Director of the Reichsbanknebenstelle, to deposit the gold in a Reichsbank office he deems suitable. The gold was to be treated as a safe deposit of the Netherlands bank.

According to an inventory paper made out by the Meppel branch of the Netherlands National Bank, this gold was given over to Schonthur on 24 February 1945. Schonthur apparently deposited it at the Reichsbankstelle Wuerzburg, from which it was transferred on 27 March 1945 to the Reichsbank Nuernberg. The total amount of gold involved is 43,588,203 troy ounces (worth about \$ 1,525,587.10).

Also included in shipment 15 is a bag said to contain currency. This was also received from the Reichsbank in Nuernberg.

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 Authority MMD755001  
 by WBD NARA Date 12/20/97

RG 260  
 Entry FBI  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 16

On 7 May 1945, 313 boxes of currency, jewelry, coins, etc. found buried in a cave outside Buchenwald were received from Major Whiteman of the 1st US Army. He requested that the shipment be placed in safekeeping for the account of the War Crimes Section, Staff Judge Advocate, 12th Army Group, saying he expected that this evidence would be used at a later war crimes trial.

The boxes contain a large variety of items such as coins, clocks, razors, tools, tableware, dishes, teeth fillings etc. A full inventory of these valuables has not yet been made, but a preliminary listing has been effected. Attached is a list of the classes of items in the shipment, with the approximate total weight of each classification.

A mass of documents was captured by G-2 at Buchenwald. As of May 1945, these records were being sorted in an attempt to record the names of inmates, guards and administrators of Nordhausen and Buchenwald. It is not known here what evidence, if any, has been discovered in these documents as to the ownership of the valuables described above.

Shipment being inventoried as of 29/1/1947.

Contents of Shipment

	<u>estimated gross weight in pounds</u>
Alarm clocks	7811.3
tableware	17102.8
watches	3321.2
watch repair equipment	73.4
fountain-pens and pencils	593.9
scrap metal	1485.3
metal trays, candlestick	1891.2
leather bill folds	441.1
scrap leather	309.4
gold coins	5.2
coins (other)	4030.1
paper currency	681.5
precious and semi-precious stones	95.3
rings (gold and other metal)	392.9
eyeglass frames, metal and plastic	484.1
teeth filling, gold and silver	302.5
stamp collection	1.6
safety razors and straight	332.2
metal handbags	88.0
mech. drawing instrums	92.4
small tools	165.6
novelty jewelry	792.9

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Authority NND 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry EGD  
File SHIPMENT SUMMARIES  
Box 470

- 2 -

metal trimmings for cloth  
childrens toys  
dishes and pottery  
security, bonds

63.8  
134.2  
103.4  
66.0

DECLASSIFIED  
 Authority NND 755001  
 By WSD NARA Date 12/20/77

RG 260  
 Entry EGD  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 17

The contents of this shipment were all found at the Reichsbank Magdeburg.

Item A, a package said to contain foreign securities, was a private deposit of the German Customs Office in Magdeburg. It supposedly contains foreign securities of Holland, Spain, Switzerland and other countries.

Item B, consisting of 6076 silver bars and 536 boxes of silver (in the form of bars, coins, scrap etc.) had been brought to the Reichsbank Magdeburg from the Hungarian National Bank. According to the bank officials at Magdeburg, the silver was brought there on 29 January 1945 in 9 wagons. The transport was headed by the Hungarian Finance Minister, Dr. Meszaros, who was accompanied by 5 other officials. A letter to the Reichsbank Magdeburg from the Reichsbank Directorate in Berlin dated 10 January 1945 quotes a telegram from Vienna saying that Hungarian Finance Minister would like to deposit 80 tons of silver bars and 30 tons of, for the most part, silver coins.

The weight of the silver is estimated to be about 198,000 lbs. An inventory of 26 pages written in Hungarian accompanies these valuables. These lists were not verified by Magdeburg bank officials.

Item C is made up of 94 packages of records, 10 packages of plates, 1 crate of plates and 14 bags of assays, all of which had been removed from the mine at Merkers several days before US occupation. Some of these records were from the Bond Office in Berlin; others were records of the Precious Metals Department of the Reichsbank.

Item D consists of a small amount of foreign notes, foreign coin and German silver coins which the bank had on hand. The foreign notes include Czech, Danish, French, Polish, Dutch, Italian, Croatian, Norwegian, Roumanian, Slovak, Russian and Hungarian currency. The foreign coins include Szech, Polish, Dutch, Swiss, Russian, Hungarian, Croatian coins.

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 By WBD NARA Date 12/26/99

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 18 (A, B, C, D)

All items in shipment 18 were found at the Reichsbank in Munich.

Item A, consisting of 11 bags of foreign currency and coin, had been sent from Berlin to Munich, arriving 21 April 1945. 9 of the 11 bags were a deposit of the Reichssicherheitshauptamt, one a deposit of the Devisenschutzkommando, Belgium, and the remaining bag a deposit of the Auslandsbriefprüfstelle (Censorship). In S.S. bags 17 kinds of currency found including large amounts Spanish, Swiss, Norwegian and Portuguese currencies.

Item B comprizes 5 bags of foreign notes brought from Mittenwald to Munich by Mielke (of Reichsbank Munich) at order of Funk. Contents are:

English pounds	10,000
Italian lira	1,000,000
U.S. dollars	120,100
Swedish crowns	30,000
Swiss francs	150,000

Item C consists of 104 bags of foreign currency and coins, which the Reichsbank Munich had received from the Reichsbank in Graz. 37 of these arrived on 17 April 1945. Much Polish, Slovak, Bohemian, Yugoslav, Italian, Croatian and Hungarian currency.

Item D comprizes 5 bags of foreign notes which the Reichsbank Munich had accumulated in the course of their banking operations and which they had been unable to send to Berlin. Includes Roumanian, Hungarian, Bohemian, Italian and many other types of currency.

Among the items delivered on 13 May 1945 from Munich were 4 boxes and 3 valises, the contents of which were listed as "unknown". The 4 boxes, classified as item E and forming a part of the personal depots at the Munich Reichsbank were reported to be loot from the Stalag Luft VIII-C. One box was opened by the bank officials in the presence of 3 American Officers and was found to contain, in addition to personal valuables, a bag containing different types of foreign notes, including US dollars.

The 3 valises and 28 bags forming item F, had been sent from Berlin several weeks previous to the seizure in Munich, according to statements by officials of the bank. The bags and valises had been brought to Zwiesel where they were given over to Ahrendt, Reichsbankrat of Berlin who brought them to the Munich bank. Originally there were 41 bags sent from Berlin, but some of these were removed by the SS. All of item F seems to have been a deposit of the Reichsfuhrer SS. One of the valises was opened when discovered by an American investigation team and was found to contain Dutch guilders. The 28 bags contain mostly Bulgarian, Greek, Roumanian and Ukrainian currency. Much Dutch currency and coins in valises. Also Albanian currency and coins in this item F. Also a few other various coins.

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Authority NND 755001  
By WRD NARA Date 12/20/77

RG 260  
Entry EGD  
File SHIPMENT SUMMERS  
Box 470

SHIPMENT No. 19

The contents of this shipment, consisting of various religious objects, found at the Salt Mine Graslleben, were removed from the Foreign Exchange Depository on 4 September 1945 for restitution through the Monuments and Fine Arts Section of the Restitution Branch.

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 By WBD NARA Date 12/16/97

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 20

The items from this shipment were sent by the 3rd US Army which had acquired them from the National Bank of Hungary. The National Bank of Hungary with its valuables and a reduced staff had been moved from Budapest in January 1945 to escape the bombing raids and the advancing armies. The valuables transferred fell generally into 2 categories:

- a. Property of the Bank, and
- b. Safe-keeping deposits.

Inventories in Hungarian and English made out by Hungarian accompany shipment.

Item A, consisting of gold bars and gold coins, belonging to the Bank, was returned to Budapest in August 1946.

Item B is made up of 2 cases of foreign currency and coin.

Item C, 19 cases of safe-keeping deposits, is broken down as follows:

1 bag	gold bars
33	gold anodes
1 package	cathodes
3 bars	gold and silver
1	gold bar - base
54	small gold bars
2	silver bars
45	gold bars
8 bags	gold
3 bags	gold coin

Item D consists of 3 containers said to be hold platinum and other precious metals.

Item E is a package said to belong to the Hungarian Military Police. It is believed this may contain rings and other jewelry.

Item F is 28 cases said to be deposit of the Trust Company for Orphans of Budapest.

Item G is a sack containing:

- a. one case of sealed envelopes regarding Jewish properties,
- b. one package said to belong to Minister-President Ferenc Szalasi,

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Authority NND 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry EGD  
File SHIPMENT SUMMARY  
Box 470

c. one case said to have been deposited by the Commercial Bank of Budapest

Item H consists of 2 envelopes said to contain securities and one box said to contain valuables. These have not yet been inventoried.

All of the above items from C - H are believed to be valuables deposited with the Bank of Hungary for safe-keeping.

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 Authority MMO 755001  
 By WSD NARA Date 12/20/99

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 21

On 19 May 1945 a number of items said to have been collected at Augsburg from various places was received from representatives of the 7th US Army.

Item A, consisting of 4 boxes of currency, coin, jewelry etc. was received (with the exception of 1 silver ingot) from Capt. Hugh Southerland, Liaison Section, XXI Corps, with the information that CIC, 36th Infantry Division had found this property in a sewer of a cement factory at Eiberg. This loot was said to have been removed to Eiberg by Dr. Ernst Kaltenbrunner, Obergruppenfuehrer, Lt. General of Police in Berlin.

The silver ingot included in item 1 was received from Capt. G.H. Gariepy, QMC, 7th Army, who states it was left on his desk during meal hour by an unknown person, probably an officer of a combat unit.

Item B is made up of 2 bags of various coins which were received from Lt. Col. L. B. Moye, Finance Officer, 36th Infantry Division, with the information that he had received them from M/Sgt. Kraus, while in combat near Bad Toelz. Lt. Colonel Moye believed the coins were taken from a prisoner of war camp near Weilheim, Bavaria.

Item C, consisting of 3 boxes of several types of currency, was received from Capt. W.F. Hartly, FD, XV Corps, who stated it was taken from members of a group of 115 German prisoners who were captured by C Co. 65th ABI, 20th Armored Division in the vicinity of Hintsberg near Laufen, Germany. Indications were that these coins were loot, owners unknown.

Item D, 8 bags of various coins, was also received from Capt. Hartly, who stated they were found by the 20th Armored Division in the NSDAP Office in Salzburg, Austria.

Item E, 3 boxes said to contain currency, were received from 2nd Lt. Walter Oney, FD, who stated they were received from Col. Kreister, C.O. at PWX Camp at Memmingen, Germany, and were picked up at a German PW camp. Owners unknown.

Item F - J were found by Lt. William Stone, Hq 157th Bn, 411th Infantry in the possession of 12 men travelling by truck in the Brenner Pass. The men stated they were employed by Branch of Reichsbank at Verona and other Italian towns and had been instructed by German officials to deliver money, which was property of Reichsbank to Reichsbank in Innsbruck or elsewhere. Item F consists of a bag of Russian rubles; G - J consists of 13 containers of Roumanian lei.

Item K consists of 11 boxes of gold and silver taken from the Reichsmint at Munich. The gold ingots are alleged to contain 4.5 kilos, and the silver ingots allegedly 800 kilos.

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By WRD NARA Date 12/2/77

RG 260  
Entry FBI  
File SHIPMENT SUMMARY  
Box 470

- 2 -

A present breakdown is as follows:

- 1 bag gold medallions
- 1 bag small gold bars
- 7 boxes silver bars and silver scrap
- 2 boxes silver shot
- 1 box silver medallions

The previous origin of these items is not known.

also 21 bags coins - mostly German.

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 by WSD NARA Date 12/20/97

RG 260  
 Entry FBI  
 File Shipment Summary  
 Box 470

SHIPMENT No. 22

On 26 May 1945 there were received 58 containers and 14 bags said to contain precious metals which had been acquired from the Friedrichshall Salt Mine, Strassfurt, Germany. *Strassfurt is about 40-50 Kil south of Magdeburg*

These precious metals included 9 lots of platinum, 27 bags of platinum, 19 bars of platinum, 26 bottles of iridium and rhodium, 12 gold bars, a bag of gold, a large number of silver trays, dishes etc. and 5 boxes of what appears to be precious stones.

~~No information is available concerning the origin of these valuables.~~

Information available concerning the origin of these valuables is very limited. However, records of the Precious Metals Department of the Reichsbank show that the 12 gold bars were all sent to Degussa on 22 September 1944.

The previous origin of these bars is as follows:

- 6 from Reichsbank Pforzheim received by Reichsbank Berlin, 13 September 1944
- 2 from Reichssicherheitshauptamt received by Reichsbank 26 Aug 1944
- 1 from Eichler, Paris, received by Reichsbank 3 July 1944
- 1 from Brussels received by Reichsbank 25 January 1944
- 2 resmelted from Melmer (S.S.) gold (31 & 37th deliveries) received by Reichsbank 16 Dec 1943.

*Degussa had sent these bars + lots of fine gold to Roges in repayment of a gold debt amounting to 156,098.24 which they owed - see memo in Degussa Claim File 940.075*

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 Authority NND 755001  
 By WRD NARA Date 12/20/77

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

Shipment No. 23

The items comprising shipment 23 were received from the 12th Army Group on 30 May 1945. One portion of these valuables, consisting of 1 box and 5 bags of jewelry, currency, bonds and gold coins was discovered at the Reichsbank in Holzminden by Capt. Wallace, Military Government 9th Army, by Capt. of the CIC, 9th Army, and by Lt. Colonel Webster, 258th FA Group. The valuables were found in packages sealed with the Nazi emblem. The banker stated the packages had been sent him on 29 March 1945 following a telephone conversation with Reichs Kommissar of the Reichsbank at Goettingen. He was directed to place the packages in his vault and hold them 2 or 3 weeks until sent for. There was much evidence that the contents of the bags came from Marseille, France (from Customs etc.).

Item B, now contained in 3 bags, consists of gold coins, foreign notes and gold bars said to belong to the Schwerin Gestapo. These valuables originally contained in a box, were unearthed by 2nd Lt. John C. Shinn of CIC Det. No. 8 "acting on the basis of confidential information". Following is a list of the contents of the box furnished by Lt. Shinn:

U.S. MONEY

\$ 10.00 gold Pieces \$ 530.00  
 \$ 20.00 Gold Pieces \$ 6,920.00

VENEZUELA MONEY

Gold Bolivars 41

BRITISH MONEY

£ Gold Pieces 447 Pounds

GERMAN MONEY

Marks 22,882.20 Marks  
 (Renten and Reich)

FRENCH MONEY

20 Fr Gold Pieces (Old French Issue) 2,660.00 Francs  
 100 Fr Gold Pieces (Issue Tunisia) 22,200.00 Francs

BELGIAN MONEY

Paper Notes 210,000.00 Francs

SWISS MONEY

Paper Notes 120,000.00 Francs

Gold Bars

1 Bar approximately 1,000 grams  
 1 Bar " 400 grams

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Authority MMD 755001  
By WSD NARA Date 12/30/97

RG 260  
Entry FBI  
File SHIPMENT SUMMARY  
Box 470

SHIPMENT No. 24

This shipment consists of a bag of gold coins (U.S., French, Swiss, Italian, Belgian, Yugoslavian and Austrian) found on the side of the road by three enlisted men near Alt Aussee, Austria. Nothing is known of ownership of coins.

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Authority MMD755001  
By WSD NARA Date 12/1/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 25

In accordance with Law No. 53 the following valuables were turned in  
by the Reichsbank, Halle:

- 77 bags German 5 RM coins
- 19 bags German 2 RM coins
- 3 packages securities

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 By WSD NARA Date 12/10/77

RG 260  
 Entry FBI  
 File SILVER SUMMARY  
 Box 470

SHIPMENT No. 26

On 9 June 1945 items A and B, removed from the Reichsbankstelle Regensburg and item C, found at Haidhausen, Austria, were received from John J. Stack, 1st Lt. F.D. O-448634, Fiscal Officer MC Detachment FID 3 Regensburg.

Item A, 30 bars of gold bullion (approximately 12 kilos each) is said to belong to the Reichsbank Berlin.

Item B consists of valuables delivered to the Reichsbankstelle Regensburg from the Staatlichen Vermoegensamt, Prague (Property Office) by the Gestapo, i.e.

- 9 suitcases containing securities and jewelry
- 4 wooden boxes containing securities and jewelry
- 1 carbon carton containing jewelry
- 1 sack containing tabernacle of the Russian Orthodox Church
- 43 bars of silver bullion, averaging approximately 25 kilo each

Certain of these valuables are in containers bearing the label Eugene Fuchs, jeweller, Prague and Pilsen, and are new, giving the appearance of having been the stock of a retail jeweller.

Certain other articles are in containers bearing the name Josef E. Barton, apparently a retail jeweller in Prague.

In September 1945 a Czechoslovakian Mission presented a claim to these valuables of item B, asserting they were the property of persecuted Czechoslovakian citizens which had been confiscated by the Gestapo by order of the German government. The Czechoslovakian Mission claimed this confiscated property was turned over and used by a special German Government office in Prague known as "Vermoegensamt beim deutschen Staatsministerium fuer Boehmen und Maehren in Prag" and that before the end of the war this office removed such valuables as were easily transportable from Prague to the Reichsbank in Regensburg, Bavaria. (Details as to the markings on the silver and the wrappings of the jewelry are furnished.)

Nothing has as yet been done about this claim, except that the tabernacle of the Russian Orthodox Church of Prague was declared a cultural object and as such was transferred to the Monuments and Fine Arts Section for restitution to Czechoslovakia.

Item C consists of a bag of Austrian gold coins and 2 bars of gold bullion which were found in a hayrack by the railroad station in Haidhausen, Austria. The finders were members of the 166 FA. Reilly in 3 small bars unmarked 1999. Fineness 900.000 Gross weight 250.11.43

\* These bars were, according to records of the Precious Metals Department and Prussian State Mint, resmelted from Belgian gold. They were part of a shipment of gold bars sent by the Reichsbank, Berlin to the Reichsbank Weimar on 11 Aug 1943. (Smelt Nos. 954/11 to 955/12, Reichsbank Nos. 43306-43335)

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 By WRD NARA Date 12/6/77

RG 260  
 Entry F60  
 File SHILMAN SUMMERS  
 Box 470

SHIPMENT No. 27

Shipment 27 originating from various sources, was received at the Foreign Exchange Depository on 10 June 1945.

Item A consists of:

gold bars	kg	254.875
gold coins, (French, Italian, Belgian and Swiss)		766,413
Rubles		8,585
Turkish pounds		129,255
English pounds		<u>376,290</u>
	kg	1,535,418

This gold was turned in by the CIC and is reported to belong to the Foreign Ministry.

The origin of the gold bars (as found in Reichsbank and Prussian Mint Records) is as follows:

- 2 small bars received in Reichsbank 1 February 1940 sent to German Foreign Office 12 January 1942
- 1 small bar received in Reichsbank 19 July 1940 sent to German Foreign Office 12 January 1942
- 3 small bars received in Reichsbank from the Reichskreditkasse, Strassburg 3 December 1940 sent to German Foreign Office 12 January 1942
- 13 large gold bars smelted in January 1940 at the Prussian State Mint from gold of the second shipment of the Russian State Bank
- 4 large gold bars - unknown origin. However, from Reichsbank numbers must have come to Reichsbank shortly prior to November 1938
- 1 large gold bar - nothing known of previous origin

Also as part of item A are 15 bags of currency, part of which were seized on the Brenner Pass from civilian officials of the Reichskreditkasse who were Army Paymasters in Italy (Reichskreditkasse Bozan, Reichskreditkasse Cremona, Reichskreditkasse Verona). Other parts were received from the organization Todt, Luftwaffenlazarette in Igls; also one bag property of Nazi Party.

Item B, 79 gold bars, was received from the CIC with the information that they were found at Dorenwald (near Isny), Kreis Wangen, Wuerttemberg, Germany, reported as property of the German Foreign Office.

Of these 79 gold bars, 55 can be identified from records of the Reichsbank Precious Metals Department and the Prussian State Mint as being bars resmelted from a shipment of Russian gold in January 1940.

7 bars can not be identified definitely but seem to be in the same series

DECLASSIFIED  
 Authority MMD755001  
 By WSD NARA Date 12/20/97

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

- 2 -

as 4 bars of shipment 27A which were received in the Reichsbank in late 1938.

As to the other 17 bars, the origin is unknown.

Item C, 28 bags of coin and 60 gold bars were turned in by the CIU with the information that these valuables were found at Lindau, Bavaria, reported as property of the German Foreign Office.

According to the Reichsbank and Prussian State Mint Records of these 60 gold bars, 50 were resmelted from a shipment of Russian gold in January 1940.

Four others seem to be in the same series as the unidentified bars in 27A and 27B which were received in the Reichsbank shortly prior to November 1938.

The remaining 6 bars cannot be identified.

Item D, consists of 2 boxes of currency, the contents of which were found at Ruhpolding-Zell and at St. Johann, Germany.

The contents of the first box, believed to be approximately 960,000 German Reichsmarks, and said to belong to Reichsfuehrer SS, were found in a private residence, inhabited by German civilians through a lead furnished Lt. Scheuer, Interrogation Center, Headquarters, 7th US Army.

The contents of the second box were discovered below the floor of a barn and were found through the help of General Berger, Waffen-SS Obergruppenfuehrer, in charge of German Prisoner of War Administration. He stated the money had been given him by Himmler with instructions to hide it; that the money was the property of the Reichsbank and not his or Himmler's property.

Item E, consisting of a box of foreign currency, securities and several pieces of jewelry, was reportedly found just over the Austrian frontier in the neighborhood of Oberbichl, Germany. It was turned over to American Military authorities by a Major in the second Mountain Division, who had notified the XIIIth SS Army Corps of the find. It was said to have been buried in a ravine along with some canned food.

Item F, a box of Hungarian currency, was found near Ober-Siegsdorf, Germany in a Hungarian General Staff car.

Item G, 728 gold bars, was found buried in the vicinity of Wallgau, Bavaria. The location was high in a mountain in a densely wooded area where it had been carried on mules. Reportedly the gold came from the Reichsbank in Berlin, from whence it had been brought to Munich, then to Wallgau.

Reichsbank and Prussian State Mint Records show these bars were all resmelted from Belgian gold. They are bars which were subsequently sent to various Reichsbank branches in the summer of 1943, then returned to Berlin early April 1945. On 14 April 1945 they were sent to the Reichsbank Munich by order of the Reichsbank directoriums.

312229

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Authority MMD 755001  
By WSD NARA Date 12/30/79

RG 260  
Entry FBI  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 28

the two bags of this shipment said to contain currency and securities were found on a farm near Erlangen, as a result of a lead furnished by a German civilian. This civilian was entrusted with these funds and ordered to hide them by the Reichsminister and Gauleiter of Holland, Seyss-Inquart. The German civilian stated he had reason to believe that all currencies and securities belonged formerly to the Government of the Netherlands or that they might constitute part of requisitioned Jewish property in Holland.

*Erlangen is north of Nuremberg*

*These securities not ones mentioned in Dutch claims  
5000 and 5100*

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Authority MMD 755001  
By WSD NARA Date 12/10/97

RG 260  
Entry FEA  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 29

This shipment consists of 82 gold bars which had been at the Reichsbank Zwickau, but which had been removed to the Reichsbank Branch in Aue prior to occupation of Zwickau by U.S. troops.

From the Reichsbank numbers and smelt numbers on the bars, they have been identified from Reichsbank and Prussian Mint Records as having been sent from Berlin to Saalfeld on 11 August 1943.

They are resmelted Belgian gold. (Reichsbank # 43326-43417)

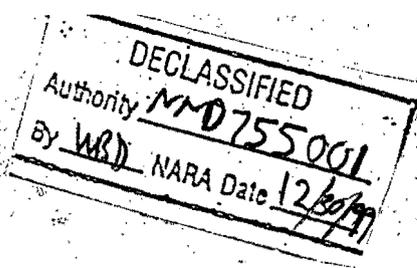
DECLASSIFIED  
Authority MMD 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry FBI  
File St. Imogen Summary  
Box 470

SHIPMENT No. 30

The contents of this shipment were sent in from the Deutsche Bank, Meiningen, on 15 June 1945.

They consist of a box of currency (353,032.02 Hungarian pengos and 15,000.-- Polish zlotys) which were turned in in accordance with Law 53, and a box of radium which was turned in to Lt. Col. Meyers of the Military Government Detachment by a German civilian who had allegedly found it accidentally in a brewery at Bad Salzungen while searching for beer. (The radium is no longer stored at the Foreign Exchange Depository, but has been turned over to the office of the Chief Surgeon.)



RG 260  
 Entry FBI  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 31

Shipment 31 consists of valuables which were discovered, through the efforts of the C.I.C., at Rauris, south-east of Zell am See.

The contents are as follows:

- 19 bags of gold coin and bullion
- 1 sack and 3 boxes of currency
- 3 bags of jewelry and silverware (watches, chains, rings, tableware, misc. jewelry)
- 2 boxes and 10 bags of silver coins and bullion
- 1 envelope of gold coin, currency and jewelry.

The presence and location of these valuables was discovered through members of MII team 466-G at the Oklahoma PW cage. A prisoner there, SS Hauptsturmfuehrer Schlemmer disclosed the identity of Spacil, former head of Amt III of the Haupt-sicherheitsdienst, and revealed that the latter wanted to buy a discharge, using funds from a hidden treasure. (Spacil had come to Schlemmer several days before the German capitulation, asking that he be taken into Schlemmer's company as a corporal to conceal his identity. He proposed that Schlemmer buy a discharge from an American officer for himself, him (Spacil) and Schlemmer's lieutenant, named Hirschfeld, payment to be made from a concealed treasure.) The MII authorities had Schlemmer mislead Spacil into believing a discharge could be bought. Spacil furnished a letter and a password enabling an American, Lt. Nacke, to contact persons who knew where the treasure was hidden.

On 4 June 1945 Lt. Nacke, T/3 Alter and S.S. Lt. Hirschfeld went to Taxenbach to contact one of Spacil's liaison men who knew where the money was hidden. The only one who could be located was Reisinger, a forester, who was convinced by means of the password and a letter furnished by Spacil, that he could show where the treasure was hidden.

The gold coins and foreign currency were found first in Rauris. The gold was hidden in a barn under the floor and the foreign currency was hidden behind a bricked-up enclosure in the attic, all in the home of a certain Urschunger. The other valuables were later found along the Rauris-Taxenbach highway on a steep slope under trees about 100 yards from the highway.

The history of the origin of the valuables is as follows:

During the middle of April 1945 establishment of an Alpine redoubt was still being considered by the Nazis. Kaltenbrunner ordered foreign exchange assets to be removed from the Reichsbank in Berlin and hidden in the mountains of southern Germany. 23 million gold marks worth of jewels, securities etc. were allegedly involved.

On orders from Kaltenbrunner, Spacil flew from Berlin to Salzburg on 22 April 1945 to arrange to hide the assets. Spacil planned to set up a main cache and a paying depot approximately 5 kilometers apart, with communication between the two

DECLASSIFIED  
Authority NND 755001  
By WRD NARA Date 12/20/77

RG 260  
Entry FED  
File Sittman Summary  
Box 470

- 2 -

locations by motorcycle. Spacil ordered a certain Pfeiler to hide the valuables in the vicinity of Zell am See. Pfeiler took the hoard from Salzburg to Breitwies, Austria, but delayed execution of the orders for a few days. He was relieved of his assignment, as a result, and the truck containing the money was turned over to Untersturmfuehrer Menzel. With the help of Obersturnbannfuehrer Schuster and Hauptsturmfuehrer Apfelbeck, two reliable agents were located, Wimmer (Volkssturm official at Zell am See) and Reisinger (forester, also Ortsgruppenleiter of Taxenbach). Menzel drove his truck to Taxenbach where he and the two agents, possibly aided by others, buried the treasure during the nights of 2, 3 and 4 May (some reports say 6 and 7 May).

312234

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By WRD NARA Date 12/2/77

RG 260  
Entry FBI  
File SHIMMER SUMMERS  
Box 470

SHIPMENT No. 32

Item A of shipment 32 consists of 4 bags of silver bullion weighing approximately 109 kilos which was turned over to the XXI Corps Artillery by Detachment 12 (Prov). No information as to its origin with the bullion.

Item B, also sent in by the XXI Corps is made up of the following valuables:

- a) five albums of maps (Originals)
- b) five albums on botanical subjects (Originals)
- c) Norman helmet.

This loot was turned over to the Degenhausener Estate for safe-keeping by SS leader von Alvensleben.

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Authority MMD 755001  
By WSD NARA Date 12/20/97

RG 260  
Entry FED  
File Shipment Summary  
Box 470

SHIPMENT No. 33

This shipment consists of 32 boxes, 2 bags and 1 package of securities turned in by affiliated banks of the Reichsbank, Leipzig in accordance with MG Law No. 53.

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Authority MMO 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry FD  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 34

Shipment 34 was received in the Foreign Exchange Depository on 29 June 1945. It consists of various items surrendered in accordance with M.G. Law 53.

Item A, 3 bags of currency and 28 small gold bars, were received in the Reichsbank Kothen.

Item B, 9 bags of coins, 17 bags and 4 boxes of currency, came from the Reichsbank, Dessau.

Item C, 2 1/2 truck loads of securities (including many Concordia and Columbia shares) came from Delitzsch.

Item D, ~~73 boxes and 40 chests of silver bullion (16,854.015 kg)~~ came from the Mansfeld Copper Mining Co. at Eisleben. It consists of 73 boxes and 40 chests of silver bullion (approximately 16,854.015 kg) and a box containing 3 bottles of silver granules, 3 bottles of platinum and 4 leaves of gold.

Item E, from Bitterfeld, contains bonds, coins and 751 grams of fine gold.

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Authority NND 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry FBI  
File SHIPMENT SUMMARY  
Box 470

SHIPMENT No. 35

This shipment consists of two bags of currency, gold coins and securities turned in to the Reichsbank, Nordhausen, in accordance with MG Law 53.

DECLASSIFIED  
Authority MMD 755001  
By WRD NARA Date 12/20/97

RG 260  
Entry FBI  
File SHIPMENT SUMMARY  
Box 470

SHIPMENT No. 36

The contents of this shipment were collected from the Reichsbank in Stadtkreis Eisenach, Germany. They are valuables turned in in accordance with MG Law 53 and consists of:

- 4 bags of currency
- 2 packages currency and securities
- 1 envelope of securities
- 1 bag currency and securities

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Authority MMD 755001  
By WBD NARA Date 12/30/97

RG 260  
Entry FED  
File Shipment Summary  
Box 470

SHIPMENT No. 37

Shipment 37 consists of currency and securities turned in to the Reichsbank Schmalkalden and other banks of Schmalkalden and the Reichsbank Suhl in accordance with MG Law 53.

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By WSD NARA Date 12/1/77

RG 260  
Entry 260  
File Shipment Summary  
Box 470

SHIPMENT No. 38

Shipment 38, 4 boxes of currency, securities and silver and gold coins were turned in by the Reichsbanknebenstelle Naumburg (Saale) in accordance with MG Law 53.

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Authority MMD 755001  
By WSD NARA Date 12/1/77

RG 260  
Entry FED  
File SHIPMENT SUMMARY  
Box 470

SHIPMENT No. 39

This shipment, made up of 2 boxes of securities valued at approximately RM 212,000,000 were found in the basement of the State Kur Bad at Bad Elster, Germany. They are said to belong to the State of Saxony.

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By WSD NARA Date 12/10/77

RG 260  
Entry FED  
File Shipment Summary  
Box 470

SHIPMENT No. 40

This shipment, 40 bags of silver RM coins and 1 bag of currency were received from the Reichsbank Jena.

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Authority MMO 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 41

The items of shipment 41 were received from the Reichsbank  
Someberg. They consist of:

- 21 bags of 5 RM coins
- 111 bags of 2 RM coins
- 445 small bags of 5 RM coins
- 7 bags of silver bullion (kg 135.204)
- 1 bag coins
- 1 box currency and securities

These assets were turned in in connection with M.G. Law 53

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 By WBS NARA Date 12/20/77

RG 260  
 Entry FEA  
 File Shipment Summary  
 Box 470

SHIPMENT No. 42

Shipment 42 consists of assets turned in by various Reichsbanks in accordance with M.G. Law 53. They are as follows:

- |   |                                 |
|---|---------------------------------|
| A. 2 bags of gold and silver coins<br>4 bags of foreign currency  | from Reichsbank<br>Zwickau      |
| B. 4 bags foreign currency and coin<br>1 bag gold coins   | from Reichsbank<br>Grimmitschau |
| C. 1 bag currency, securities and coins   | from Reichsbank Werdau          |
| D. 235 bags German silver coins<br>9 bags various coins (gold coins)<br>1 bag foreign currency and coins<br>1 bag securities<br>2 bags foreign currency | from Reichsbank<br>Gera         |
| E. 1 bag foreign currency   | from Reichsbank Merano          |

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Authority MMD 755001  
By WBJ NARA Date 12/1/77

RG 260  
Entry FED  
File Shipment Summary  
Box 470

SHIPMENT NO. 49

Items of this shipment were surrendered in accordance with M.G. Law 53. From the Reichsbank in Weissenfels came a box of coins, currency and securities. From the Reichsbank branch in Zeitz came a bag of coins, currency and securities, in addition to 8 bags of silver RM coins (RM 57740).

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Authority MM0755001  
By WBD NARA Date 12/21/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 44

Shipment 44 is made up of 8 bags of securities and coins (German silver coins plus several gold coins) and 8 sacks of silver coin. These valuables were received from the Reichsbank Weimar in accordance with M.G. Law 53.

DECLASSIFIED  
Authority MMD 755001  
By WBD NARA Date 12/20/97

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 45

Shipment 45 consists of items turned in by Reichsbank Leipzig in accordance with M.G. Law 53. Included are 44 boxes of securities (reported to belong to ADCA Bank, SK Leipzig), and one bag of silver coins.

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By WSD NARA Date 12/10/99

RG 260  
Entry FED  
File Stillmore Summary  
Box 470

SHIPMENT No. 46

This shipment is made up of foreign currency and coins (one metal case and one sack) turned in by various banks in Landkreis Schleiz in accordance with M.G. Law 53.

DECLASSIFIED  
 Authority NND 755001  
 By WSD NARA Date 12/30/77

RG 260  
 Entry FED  
 File Shipment Summary  
 Box 470

SHIPMENT No. 47

Shipment 47 was received from the Reichsbank Gotha on 3 July 1945 and consists of assets surrendered in accordance with M.G. Law No. 53.

These assets include currency, securities in 3 bags and 3 boxes and also a quantity of platinum (6 small boxes), diamonds and diamond tools. The diamonds had been reported by Max Uhlig, Chief of the Industrial Diamond Section of the Reichsstelle fuer Edelmetalle at Stutzerbach. He turned them in to the Reichsbank branch at Ilmenau.

The value of the diamonds is not known, but it is possible that they may be 150,000 carats and be worth over several million RM. The diamond tools had been taken from a man who had been using them illegally in Leipzig. The diamonds had been evacuated from Berlin to Stutzerbach in March 1945, where they had been kept in Uhlig's room, under his bed. They had come from a diamond pool maintained by ROGES (Rohstoff Handgesellschaft G.m.b.H.) of Berlin. The diamonds were used to replenish inventories of merchants and firms using industrial diamonds under licenses issued by the Reichsstelle fuer Edelmetalle. ROGES was a company controlled by the Reichs Economic Ministry.

At the time the diamonds were evacuated from Berlin, ROGES also evacuated some precious metals, including platinum. Six sealed packages containing the platinum mentioned above as part of shipment 47, were deposited at the Reichsbankstelle Erfurt on 2 April 1945, according to MGAX form made out by Ministerialrat Forkel. They were turned over to the Ilmenau Reichsbank-nebenstelle on 20 June 1945 in accordance with M.G. Law 53.

m Currency included in the assets delivered to the Gotha Reichsbankstelle consists of Czeck, French, Croatian, Hungarian, Russian, Polish, U.S., Dutch, Belgian, Roumanian, Italian, Danish and Ukranian currencies. Securities are expressed mainly in RM, with a few in Austrian kronen, Dutch florins, U.S. dollars and Swiss francs. There are a few British and Polish checks and bills of exchange.

DECLASSIFIED  
Authority MMD 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 48

This shipment consists of currency and coins received from the Reichsbank Greiz on 3 July 1945. Part of these assets had been sent in to the Reichsbank Greiz by other banks in the vicinity. All items were turned in under M.G. Law 53.

The coins, enclosed in 348 bags, are almost entirely German silver coins of 2 and 5 RM denominations. The currency (contained in 2 boxes and 3 packages) is Danish, Finnish, French, Dutch, Italian, Serbian, Norwegian, Polish, Swedish, Czech, Russian, Hungarian, Croatian, U.S., English, Ukrainian, Belgian, Austrian, Swiss and Spanish.

Also included are 9.3 grams of gold.

DECLASSIFIED  
Authority MMD 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry FBI  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 49

The items forming shipment 49 were surrendered in accordance with M.G. Law No. 53 by the Reichsbank Saalfeld and nearby branches.

They consist of 6 bags believed to contain 78,000 in silver Reichsmarks coins.

Also included in the shipment are foreign currency and a few gold and silver coins contained in an envelope.

DECLASSIFIED  
Authority MMO 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

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DECLASSIFIED  
Authority MMD 755001  
By WSD NARA Date 12/30/77

RG 260  
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File Sittler Summary  
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DECLASSIFIED  
 Authority MMD 755001  
 By WSD NARA Date 12/20/77

RG 260  
 Entry FEB  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 50

Shipment 50 consists of currency from a large number of different sources. It was turned in to the Foreign Exchange Depository on 6 July 1945 by Capt. George Hackleman, G-5 Section, 12th Army Group.

Item A, 67,150 Czechoslovakian kroner was received from Major Raymond W. Laycock, 23rd Intelligence Officer with the statement that these were funds taken from a German paymaster evacuated through the processing channels of his organization.

Item B, 10,250 units of Bulgarian currency, were found abandoned in the factory of Walter Waffenwerk at Zella-Mehlis, Germany, on 24 April 1945, after the town had been captured by American troops.

Item C, 29,000 Italian lire, was turned in to the Finance Officer of the 30th Infantry Division by G-2 of that Division on 21 April 1945. The funds had belonged to the German Army.

Item D, 118,391 Czechoslovakian kroner, are funds received from Major James H. King, Hq 2nd Infantry Division with the statement "Captured Wehrmacht payroll at Pilsen through I.P.W. A.P.O. No. 2 by Capt. Rausch, M.I.I. Interrogator".

Item E, 157,300 Czechoslovakian kroner, constitute funds taken from a captured German vehicle 9 May 1945, in the vicinity of the town of Ejpovice. The box in which they were contained was marked "Feldherrnhalle Kommandeur".

Item F consists of a small amount of German currency and coins enclosed in a number of envelopes, each containing an MGAX form showing owners' name. Many envelopes belong to affiliate Nazi organizations.

Item G, consists of a box of funds captured during combat from an enemy vehicle in the town of Obertiefenbach, Germany. Funds include small number of German and foreign coins, stamps, and Greek, Russian, Hungarian, Irish, Albanian, Croatian, Danish, Polish, Belgian, German, Norwegian, Japanese, Tripolitanian, Spanish, Czeck, Ukranian, Fiji, Curacao, Turkish and Chinese currencies.

DECLASSIFIED  
Authority MMD 755001  
By WBD NARA Date 12/20/77

RG 260  
Entry FED  
File SHIPMENT SUMMARY  
Box 470

SHIPMENT No. 51

Shipment 51, a box of foreign currency and securities, was obtained from civilians in Hartmannsdorf, Germany. They had found it in a Prisoner of War camp in Hartmannsdorf on 25 April 1945. This camp had been evacuated by the German Army when they withdrew from this locality. It is assumed that funds belonged to Allied PWs.

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 By WSD NARA Date 12/6/97

RG 260  
 Entry EGD  
 File Sit Report Summary  
 Box 470

SHIPMENT No. 52

The contents of shipment 52, originating from various sources, were received at the Foreign Exchange Depository on 7 July 1945.

Item A, 72 boxes of foreign currency, 6 boxes of Danish currency, 4 boxes of gold and 2 bags of gold coins were found at Walchensee, south of Munich. On or about 27 June 1945 a certain Helmuth Groger, CIC screened interpreter working with the 512th M.P. Battalion of the 3rd Army stated that he was in contact with German civilians who knew the location, within 100 miles south of Munich, of a buried cache of gold and currency reserve. Groger requested transportation and escort to bring back proof of existence of the cache and an inventory of it. Through Major Robert Allgeier this was arranged. On 28 June 1945 he (Major Allgeier) was called to the house of a certain Schrieber who had accompanied Groger on the trip. They had in their possession 25 bags of currency which they had brought back. They urged that the rest of the cache be obtained as soon as possible, since a part had already been removed, assumedly by "partisans" living in the hills. Major Allgeier immediately despatched a force of men under Capt. Rockwell to secure the cache. When Capt. Rockwell returned, only 4 boxes of gold bullion could be found, and the civilians involved felt that at least 16 boxes of gold and some currency had been removed by others after their departure from the cache. Capt. Rockwell and his unit brought back, besides the 4 boxes of bullion 53 bags of currency and 2 bags of gold coins.

The cache was located in the hills south of Walchensee, 10 kilometers east of Highway 11.

The discovery of the cache was in reality made possible through Fritz Rauch, a former Reich official who had been a Lt. Col. in the Schutzpolizei of Berlin and an adjutant of Minister Lammers of Hitler's Chancellory. (It was he who had contacted Groger through Mr. Schreiber). Mr. Rauch revealed that in the closing days of Berlin's struggle he suggested to Minister Lammers that Reichsbank assets should be evacuated from Berlin to preserve them for a future Nazi regime. Minister Lammers broached the idea to Minister Funk, who agreed. However Hitler, refusing to admit that defeat was at hand, would not give his consent. Finally Hitler was prevailed upon to agree, and much of the remaining gold and currency of the Reichsbank was sent from Berlin to Bavaria, where it was turned over to a Wehrmacht Colonel and a select crew of Wehrmacht soldiers. The gold was transported southward to Kreis Garmisch-Partenkirchen to a spot previously selected by Rauch and the Colonel. The gold was hidden in three holes and the paper currency in three other holes.

After a period of weeks, when the American military authorities were firmly established, Rauch, through his friend Warth contacted Schreiber who turned the matter over to Groger and the 512th M.P. Battalion.

DECLASSIFIED  
 Authority MMO 755001  
 By WBD NARA Date 12/6/77

RG 260  
 Entry EBD  
 File SHIMMER SUMMERS  
 Box 470

- 2 -

Rauch estimated the amounts removed by other persons from the cache as approximately 350 bags of gold bars and 20 boxes of gold (These are believed to be 1) the 364 bags delivered to F.E.D. on 10 June 45 and forming shipment 27 G; and 2) the 20 boxes uncovered by 574 AAA Bn and sent in as 52B)

Shipment 52 B, consisting of 20 boxes of gold, was obtained in the following manner. On 23 June 1945 Lt. Chatel of B Battery of the 574 AAA Bn was contacted at Fall by a German Captain, Hans Neuhauser, who stated he wished to impart certain information to the Americans. He stated he wished to tell a certain American Colonel stationed at Garmisch-Partenkirchen about the location of some hidden gold. When the colonel could not be found at Garmisch-Partenkirchen, the German captain consented to disclose the cache to Lt. Chatel and Capt. Thayer. On returning from Garmisch just before reaching the Walchensee and very near the German's home he gave directions to turn off the main road. The group climbed the hill south of the main road and reached a spot where the captain directed. There were two large holes beside the path. After searching for 45 minutes the German captain finally found the place where the gold had been buried. 20 wooden boxes were dug up, all about 13 x 11½ x 7 inches. Each box was sealed, numbered and bore on it in black letters DRB.

The German captain stated that his first knowledge of the boxes was on the 25th or 26th of April 1945 at the Military Officer's School at Mittenwald. He was at home recovering from a wound when he was taken to Mittenwald to see the boxes etc. He stated he understood the stuff belonged to the Kreis Garmisch-Partenkirchen. On the 25th or 26th of April all the valuables, including gold bars, were moved from the school to his home. Two days later an SS Officer, Sturmfuhrer Thite and 10 SS men took the valuables up the mountain by mule and buried them, with his help, at the first hole near the path. On approximately 28th of April two men (one from the Reichsbank and the other from the SS office) came with a paper authorizing the Reichsbank man to take the valuables. The captain showed them the location of the cache, then departed. He discovered shortly afterwards through their tracks in the snow, that they had hidden the gold in a new hiding place instead of carrying it off. It was to this place that the German captain directed the unit led by Lt. Chatel and Capt. Thayer.

Item C of shipment 52 had been turned over to the Third Army by Lt. Col. Ball, 80th Infantry Division (SIGO). According to a receipt made out at that time, it was made up in the following fashion:

- 3 pkgs bills said to be American currency amounting to \$ 14,500 (no certification as to validity)
  - 1 envelope said to contain Swiss francs
  - 1 pkg said to contain British gold sovereigns
- Above items taken from Gestapo at Bad Aissee, Austria, by "Free Austria" movement and turned over to Military Government detachments.

312256

DECLASSIFIED  
 Authority MMD 755001  
 By WRD NARA Date 12/20/97

RG 260  
 Entry E60  
 File Silberman Summary  
 Box 470

- 3 -

- 4 pkgs said to contain misc. gold and silver items such as wedding rings, fillings etc.
- 1 box misc valuables
- Above items at Dachau. Uncovered by 36th Div and left for 80th Inf Div.
- 1 bag said to contain Russian gold coin
- 1 bag said to contain Russian silver coin
- above items dredged from Enns River by M.I.I. team of 80th Inf Div while searching for counterfeit currency

Item D consists of a tin box containing charred currency and coins. It was removed from a forcibly opened safe belonging to the Vermoegensverwaltung der DAF, Bezirkshausverwaltung, Muenchen, 42, Barerstrasse (Regional Building Admin. Min. of Property Adm. of German Labor Front) The contents of the box were carbonized when the building burned down in an air raid.

Item E, according to a report by Headquarters Regional Military Government, Bavaria (Property Control Section) had been turned over by Dr. Frei, Swiss Consul for Bavaria. He states these articles had come into his possession in the following manner:

"The prisoners (From the Dachau Concentration Camp were being marched under SS guards to the Tyrol. When they came into Tegernsee, near Rottach, he met the SS Officer in charge and pleaded with him on behalf of the prisoners who were in no condition to continue the march and finally persuaded him to permit them to stop for the night. Later, the SS CO brought and turned over the above cases, etc. to the Consul stating what was contained therein. That night the SS guard fled; The prisoners learning that there was no guard also took off. The Consul deemed it advisable to hold on to the property until he could release it to a responsible authority which he feels he has now done."

These articles, consisting of jewelry, currency etc. are contained in hundreds of envelopes, each bearing the name and number of a prisoner.

312257

DECLASSIFIED  
 Authority MMD 755001  
 By WBD NARA Date 12/6/77

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 53.

Shipment 53 is made up of valuables (currency, coins etc.) which were surrendered by the Eschwege Reichsbank and neighboring banks (Erfurt and Muelhausen) in accordance with M.G. Law 57.

They were turned in to the F.E.D. on 11 July 1945 by G-5 Chase 1st Lt. Cav. 5th Armd. Div. They were packed as:

- 926 bags currency
- 11 cardboard cartons currency
- 1 folder of misc. papers (mostly MGAX forms)
- 6 bars silver (said to be 77,931 kg)
- 1 bag coins (gold and silver)
- 180 bags German coins
- 3 wooden boxes currency
- 1 bag currency and coins etc. (mostly currency)
- 1 suitcase of assorted valuables

Part of the currency (813 bags) consisted entirely of Russian rubles which had been removed from the Reichsbank Strassburg to the Reichsbank Muelhausen. The rubles had originally been enclosed in 801 sacks, but because of poor condition some had to be resacked when moved from Eschwege and since smaller sacks used for repacking 813 sacks was new total.

General Sokolovsky of the Soviet Military Administration in Germany sent a letter to General Clay on 15 December 1945, asking that this currency be turned over to the Soviet Union. General Clay agreed to this release and directed that these Russian rubles be released from the Foreign Exchange Depository to Soviet Representatives, after verifying with these Representatives that the bags contained nothing but rubles. The Soviet Representatives came to Frankfurt and on 5 February 1946 removed the rubles.

The assets from Muelhausen included further (according to list furnished by Muelhausen Reichsbank): French, Polish, Yugoslav, U.S., Lithuanian, Ukrainian, Roumanian, Greek, Czeck, Dutch, Hungarian, Swiss, Turkish Bulgarian and Latvian currency. Also check and bills of exchange expressed in French, Polish, U.S., Roumanian Latvian and German currencies. Also package of gold leaf, Securities expressed in U.S., French, Polish, Lithuanian, Roumanian, Dutch, Latvian, Russian, Estonian, British, Finnish, Swiss, Belgian, Polish, Hungarian, Austrian, Czeck, German currencies.

Among the items turned in by The Reichsbank Eschewege was a suitcase containing the following:

DECLASSIFIED  
Authority MMD 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry FED  
File SHIPMENT SUMMARY  
Box 470

- 2 -

- 6 paper bags of assorted loose paper money
- 1 small envelope of jewelry (watch, bracelet etc.)
- 1 small envelope of rings
- 1 small envelope of teeth and bridgework
- 1 small envelope of what appears to be pearls
- 1 small envelopes containing 4 gold watches

The previous origin of this suitcase is unknown, although the suitcase is stated in the list furnished by the Eschwege Reichsbank to be a "Koffer der Gemeinde Ringleben Krs. Weissensee/Thuer."

312259

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 Authority NND 755001  
 By WBD NARA Date 12/20/77

RG 260  
 Entry FE0  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 54

This shipment consists of an envelope containing monies, papers and various documents turned in to the Foreign Exchange Depository on 13 July 1945. These items were discovered by Tec. 5 Thomas M. Huffman, Hq Co 10th Armd Div. Trains, on 6 May 1945. While walking near the outskirts of Farchant he noticed beneath a pile of logs a bundle of papers and money tied in a white rag. On finding the bundle contained French money and German papers he turned it in to his headquarters.

*On 4 March 1947 I examined the folder & found it contains no French money - It does contain however, two passports issued by German authorities to 2 Belgian women (dated 1944) - a fire insurance policy + 7 securities, believed Belgian.*

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Authority MMD 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry F60  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 55

On 21 July 1945 Edwin Sacks, 1st Lt. of Military Government Detachment E 1 F 3, Co. F ECAR brought into the FED 382 engraving plates said to be for small denomination German currency.

They had been found by 3rd Army Forward Military Police in Bad Toelz.

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 Authority MMD 755001  
 By WSD NARA Date 12/20/77

RG 260  
 Entry FBI  
 File SHIPMENT SUMMARY  
 Box 470

SHIPMENT No. 56.

This shipment consists of silver stocks found at the Agfa photographic plant of the I.G. Farbenindustrie A.G. located at Wolfen bei Bitterfeld, Germany, by an officer from the Office of the Chief Signal Office, Communications Zone, shortly before 20 May 1945.

More specifically the silver is in the form of:

1939 bars	said to weigh	56,472.81	kg	
102 boxes	" " "	6,447.68	kg	(gross weight)
33 sacks		665	kg	
27 bundles sheets	"			
48 single sheets	"	3,887.80	Kg	
102 pipes	"			
1 bundle pipes	"	878.70	kg	
94 bundles wire	"	2,043.--	kg	

These silver stocks were exported from Germany through the Office of the Deputy General Purchasing Agent for Belgium, the Netherlands and Luxembourg, between 20 and 25 May 1945 before it was known by that agency that silver was excluded from commodities exportable from Germany. The silver was therefore brought from Liege, Belgium, when it had been transported, to the Foreign Exchange Depository, arriving 29 July 1945.

DECLASSIFIED  
Authority MMO 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 57

On 30 July 1945 there were received the following items from 1st Lt. C. W. Snedeker, Detachment I 6 F 3.

- A. a wooden box containing British Sterling pound notes
- B. 15 bags of British silver coins
- C. 10 packages of foreign securities

Items A and B had been stored in the Stadtsparkasse Garmisch-Partenkirchen and found by Lt. Col. Baker of the English Army. Records show the money was taken from deceased British aviators. Lt. Col. Baker requested the records for the British War Office.

Item C was found in the bank vaults of the Dresdner Bank in Munich. These securities were placed there by Kurt Hellman, assistant of Geschaeftsfuehrer Schreyer, and a letter indicates them to be the property of the NSDAP. Hellman's wife stated the securities came from Luxembourg; that they were left at her house by Geschaeftsfuehrer Schreyer. She also states they should be deposited for the account of "Abwicklungsstelle der Aufbau-Fonds Moselland".

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Authority MMD 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry F60  
File Shipment Summary  
Box 470

SHIPMENT No. 58

Shipment 58 was received on 31 July 1945 from the Reichsbank, Weimar. It consists of a bag of German 2 and 5 RM coins and a box containing French francs, Roumanian lei, a few German and foreign coins and some securities (expressed in rubles, marks, dollars, kroners, Swiss francs and French francs.

These items were surrendered in accordance with M.G. Law 53.

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Authority: MMD755001  
By: WBD NARA Date: 12/20/77

RG 260  
Entry FED  
File Shipment Summary  
Box 470

SHIPMENT No. 59

This shipment was received in the Foreign Exchange Depository on 3 August 1945. It consists of some of the Hungarian crown jewels, i.e.

- 1 crown said to be the Holy crown of St. Stephan
- 1 scepter
- 1 state apple said to be Gold State Apple
- 1 saber said to be Coronation Saber.

Also there were received 2 documents in Hungarian, a small sealed glass tube containing small particles said to be gold, 3 padlocks with keys for chest and a key for chest lock.

Since these objects were deemed to be cultural objects they were turned over to the Monuments and Fine Arts Detachment at Wiesbaden on 16 September 1945.

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By WSD NARA Date 12/6/97

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 60

On 11 August 1945 the sum of \$ 4000 in U.S. currency was received from Lt. Col. L.W. Varner US Group CC and Lt. Roger Ernst, US Group CC. Lt. Ernst stated he found the currency on a mountain near Mittenwald while searching for buried documents. It was in an area where previously valuables had been buried in accordance with instructions of Minister Funk. (Perhaps a connection with items in shipment 52 A and B)

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By WSD NARA Date 12/10/77

RG 260  
Entry FBI  
File Shipment Summary  
Box 470

SHIPMENT No. 61

On 20 August 1945 currency consisting of \$ 10,000 U.S. dollars, 10,000 Swiss francs and 472 Spanish Pesetas was received in the Foreign Exchange Depository. This currency was seized from Mr. Pierre Daval at the time he surrendered to the US Military authorities near Linz, Austria.

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By WSD NARA Date 12/10/77

RG 260  
Entry FED  
File Shipment Summary  
Box 470

SHIPMENT No. 62

The contents of shipment No. 62 were turned in by the Reichsbank-nebenstelle Hersfeld in accordance with M.G. Law 53. It consists of a bag of miscellaneous currency and securities. Currency - Belgian, Bohemian, Danish, Finnish, French, Dutch, Italian, Croatian, Lithuanian, Norwegian, Roumanian, Swiss, Serbian, Slovak, Polish, Hungarian, Russian, Ukrainian, Esthonia. Securities are expressed in marks and florins.

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Authority MMD 755001  
By WBJ NARA Date 12/20/77

RG 260  
Entry EGD  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 63

The valuables in Shipment No. 63 were turned in by the Reichs-  
bankstelle Fulda in accordance with M.G. Law 53. They consist of:

- 22 bags of foreign currency (mostly Belgian)
- 1 bag coins (old German silver coins Mark 359)
- 15 bags German coins (RM 70,000)
- 20 packages of securities

DECLASSIFIED  
 Authority MMD 755001  
 By WSD NARA Date 12/30/77

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIO  
 Box 470

SHIPMENT No. 64.

On 24 August 1945 there was received a box of diamonds and jewelry said to be the property of Erich Viehmann, Hanau, who had been taken under arrest at Buedingen by the 970/69 SIC Detachment on 20 August 1945 because of his connection with the SS. After his arrest Viehmann was turned over to the 223rd CIC Detachment for evacuation to 96 political Internee Camp.

An approximate valuation of Viehmann's valuables is as follows:

various diamonds	1,997.53 carat	6,680,000.--- RM
diamond powder		?
sapphires	45.--	45,000.---
emeralds	57.50	114,000.---
rubies	110.75	110,000.---
tourmalines	25.--	5,000.---
other stones	137.50	15,000.---
other stones	123.50	12,000.---
pearls(Japan)	60.25	60,000.---
" "	193.--	193,000.---
" "	84.--	84,000.---
1 bracelet with pearls	2.70	20,000.---
1 " " 2	2.70	20,000.---
1 " " "	0.30	2,000.---
1 " " "	1.--	9,000.---
1 " " "	0.60	1,500.---
1 pin with pearl (baroque)		1,000.---
1 golden ring		500.---
1 " "		500.---
1 pair of earrings (golden)		300.---
1 golden pin with a small pearl		400.---
2 pairs of chest buttons		200.---
1 brilliant pin		400.---
1 ornament (brilliant)		1,200.---
1 pair of earrings with stones		300.---
1 " " " " "		300.---
1 " " " " "		300.---
1 golden ring		100.---
1 brilliant pin	0.12	1,000.---
1 " "	0.10	1,000.---
1 " "	0.05	400.---
1 " "	0.70	2,500.---
1 " " with pearl	0.25	1,500.---
1 pin with ruby, emeralds, sapphire, rose	0.50	2,000.---
1 brilliant brooch	6.--	50,000.---
1 brilliant ornament	0.20	1,500.---
1 " "	0.10	800.---
1 " "	0.25	1,500.---
1 " "	0.15	500.---
1 ring with sapphire	0.25	2,000.---
1 " " emeralds and rose		200.---
1 brilliant ring	0.25	2,000.---
1 " " with pearl	1.20	7,000.---

312270

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Authority MMD 755001  
By WBJ NARA Date 12/30/77

RG 260  
Entry FEW  
File Sittler Summary  
Box 470

1 brilliant ring	0.40 carat	1.500.-- FM
1 " "	0.35	2.500.--
1 " "	0.10	800.--
1 " "	0.05	300.--
1 " "	0.10	700.--
1 " "	0.10	700.--
1 " "	0.45	3.000.--
1 " "	0.25	2.000.--
1 " "	0.35	3.000.--
1 " "	0.60	5.000.--
1 " "	0.45	4.000.--
1 " "	0.50	4.000.--
1 " "	0.70	6.000.--
1 " "	6.60	40.000.--
several golden chains and misc.	35 gr.	
7 fountain pens	)	
1 cigarette holder	)	3.500
1 powder box		
		<hr/> 7.580.400.--

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Authority MMO 755001  
By WBD NARA Date 12/20/77

RG 260  
Entry FBI  
File Shipment Summary  
Box 470

SHIPMENT No. 65

on 25 September 1945 there were received from the Reichsbank  
Schweinfurt:

- 78 bags said to contain 78,000.-- marks in 2 RM silver coins
- 284 bags said to contain 284,000.-- marks in 5 RM silver coins

These coins were surrendered under M.G. Law 53.

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Authority MMD 755001  
By WBD NARA Date 12/20/77

RG 260  
Entry FEB  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 66

On 27 September 1945 there were received from the Reichsbank Wuerzburg 23 boxes said to contain 330,000 RM in 5 RM silver coins. They were sent in in accordance with M.G. Law 53.

DECLASSIFIED  
Authority NND 755001  
By WSD NARA Date 12/30/77

RG 260  
Entry EE0  
File SHIPMENT SUMMERS  
Box 470

SHIPMENT No. 67

Shipment 67 consists of 20 boxes said to contain RM 300,000.-- in 5 RM silver coins. These assets were sent in from the Reichsbank, Aschaffenburg, in accordance with M.G. Law 53.

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Authority MMO 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry FBI  
File Shipment Summary  
Box 470

SHIPMENT No. 68.

The items in this shipment were surrendered in accordance with M.G. Law 53.

Item A, 6 boxes said to contain RM 60,000.-- in 2 RM silver coins, was received from the Reichsbank Aschaffenburg.

Item B, 7 boxes containing RM 70,000.-- in 2 RM silver coins and 1 box containing RM 10,000.-- in various other silver RM coins, was sent in from the Reichsbank, Wuerzburg.

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 Authority: MMD 755001  
 By: WBJ NARA Date: 12/10/77

RG 260  
 Entry EBD  
 File Sittman Summary  
 Box 470

SHIPMENT No. 69

On 5th October 1945 the following items connected with the printing of German currency were received from the Reichsbankstelle Regensburg:

- 10 boxes containing 350 plates for front and back of 2 Rentenmark notes
- 1 roll consisting of 101 sheets of partially printed 2 Rentenmark notes
- 1 box said to contain 70 steel dies or stamps and 4 numbering machines
- 1 wrench or metal part for adjusting numbering machine
- 5 tins of ink.

The Military Government representatives had ordered the Regensburg Reichsbank to collect all materials for printing the 2 RTM notes from the firm Friedrich Pustet Printers and to store them in the bank vaults. Mr. Pustet, when interviewed, stated that due to war conditions in March 1945 the Reichsdruckerei Berlin sent him 3 printers and supplies with instructions to print 2 RTM notes; that two of the three printers had since returned to Berlin. The remaining printer, Herbert Schreyer, stated he had been employed at the Reichsdruckerei since October 1933. He said that on 2 occasions he readied his presses for printing the 2 RTM but had never completed a single note.

DECLASSIFIED  
 Authority MMD 755001  
 by WBD NARA Date 12/20/77

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 70

Shipment 70 consists of a sack of Goering jewels which were received in the Foreign Exchange Depository on 11 October, 1945. The jewels were turned in by Mr. Eldon J. Cassoday of the Division of Investigation of Cartels and External Assets, Individuals Investigation Branch. He states that he carried the Goering jewels from Nuernberg for deposit to the F. E. D. having received them from Mr. E.E. Minskoff, Chief of the Branch. Sometime between 24 September 1945 and 6 October 1945, Mr. Minskoff went to Veldenstein Castle, Goering's castle at Neuhaus on the Pegnitz, near Nuernberg, Germany for the purpose of interrogating Emmy Goering. He obtained possession of the jewel collection and gave Emmy Goering a receipt for it. The jewels were brought to Nuernberg and were brought from there by Mr. Cassoday to the Foreign Exchange Depository.

In the beginning of December 1946 these jewels were officially inventoried at the Foreign Exchange Depository. They were found to include (inter alia) many bracelets, pins, tiaras, rings, necklaces, cuff buttons, diamonds, and a large gold champagne cup encrusted with precious stones. The collection was valued at 15,437,750 francs.

Mr. de Fommervault, jewel expert who conducted the inventory, had been asked to check photographs and descriptions of Rothschild jewels (reportedly looted from Paris) against the Goering jewels, in the possibility that the Goering collection might contain some of the looted Rothschild jewels. Mr. de Fommervault reported that none of the jewelry in shipment No. 70 correspond with description of the Rothschild valuables.

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Authority NND 755001  
By WBD NARA Date 12/6/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 71

On 17 October 1945, 8 bags of gold coins were received in the Foreign Exchange Depository from Lt. Joseph Bartos, Det. E-201, Company F, 3rd Military Government Detachment. The gold (consisting of 7145 coins of 20 French francs and 20 Italian lira denominations) had been turned in to Lt. Bartos by Capt. Eric W. Timm of the 3rd Army SCI Detachment. The funds, belonging to the Reichssicherheitshauptamt, had been hidden by a certain Fréderich Schwendt, near Imst, Austria.

DECLASSIFIED  
Authority MMD 755001  
By WBD NARA Date 12/20/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

Shipment No. 72

Shipment 72 consists of a sack of approximately 1750 gold coins (believed to be British sovereigns) found at St. Anna, near Ering. They comprised an emergency reserve of funds of the former German Consulate at Budapest, Hungary, and were obtained by CIC agents acting on information received from the former German Consul in Budapest, Carl Rekowski, who had left them in a barn at St. Anna.

DECLASSIFIED  
Authority NND 755001  
By WSD NARA Date 12/20/77

RG 260  
Entry FED  
File SHIPMENT SUMMERS  
Box 470

SHIPMENT No. 73.

On 29 October 1945 a sack containing approximately 8,000,000 French francs, was received in the FED from S/Sgt. Phillip Feld, ASN 32704999 Hq. Co. 2nd Bn., 359th Infantry. This currency was found at the firm of Flick Kommandit Gesellschaft by a group of 3 officers (headed by Major E.C. Ophuls) who had gone to Sulzbach and Rosenberg in order to investigate some records of the above firm.

DECLASSIFIED  
 Authority MMD 755001  
 By WBD NARA Date 12/20/77

RG 260  
 Entry FED  
 File SHIPMENT SUMMARIES  
 Box 470

SHIPMENT No. 74

On 1 November 1945 the following items, taken from the Reichsbank Bremen were received in the Foreign Exchange Depository.

299 bags said to contain 5 RM silver pieces  
 28 bags said to contain various coins  
 20 bags said to contain currency  
 82 packages papers and/or currency  
 3 packages MGAX forms.

These items were all surrendered in accordance with M.G. Law 53.

The currency in this shipment includes sizable amounts of French, Roumanian, Dutch, Polish, British, Hungarian, Serbian, Belgian, U.S. and Croatian currencies. Also small amounts of the following currencies: Swedish, Norwegian, Danish, Ukrainian, Italian, Icelandic, Finnish, Slovakian, Swiss, Colombian, Spanish and Chinese.

Coins in the shipment besides German RM, included American, British, Roumanian, Belgian and Manilan pieces, as well as small amounts of 20 other types of coins.



DECLASSIFIED  
 Authority MMD 755001  
 By WBD NARA Date 12/20/77

RG 260  
 Entry FEA  
 File Shipment Summary  
 Box 470

SHIPMENT No. 76

In a shipment sent in on 8 November 1945 by the G-2, Documents Control Section ~~were~~ contained the following items:

- a) one chest said to contain silverware with the emblem of the Polish crown.
- b) 4 gold men's watches  
 1 gold women's watch, set with 50 diamonds  
 2 pair of gold cuff links
- c) \$ 1000 in U.S. currency  
 10 English one pound notes  
 100000 RM  
 1 wallet containing 4625 RM  
 1 diamond brooch  
 1 religious medallion  
 silverware with monogram of Eva Braun (6 knives,  
 6 forks,  
 6 spoons).

According to available information, all of this property except the brooch belonged to Eva Braun. Shortly before the capitulation it was entrusted for safe-keeping to SS Oberfuehrer Wilhelm Spacil who transported it to Austria and turned it over to SS Hauptsturmfuehrer Franz Konrad at the SS Horse Farm, Fischborn Castle, near Zell am See, Austria. The diamond brooch was found on the person of Konrad when apprehended. It is believed to be the property of SS Gruppenfuehrer Hermann Fegelein (brother-in-law of Eva Braun).

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Authority MMD 755001  
By WBD NARA Date 12/20/77

RG 260  
Entry FBI  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 77

On 26 December 1945 a shipment of gold coins was received in the Foreign Exchange Depository. These coins had been brought by plane from Madrid, Spain. They constitute official funds of the former German Government turned over by the Spanish Government to the United States and British as trustees.

The coins include 117825 British gold sovereigns, and 6430 other gold coins (1772 Belgian, 8 Greek, 1147 French, 1414 Italian, 29 Austrian, 2 Spanish, 1 Russian, 48 United States, 9 Tunisian and 2000 unsorted French, Italian and Belgian).

DECLASSIFIED  
Authority NND 755001  
By WSD NARA Date 12/6/77

RG 260  
Entry EA  
File Shipment Summary  
Box 470

SHIPMENT No. 78

This consists of dividend coupons of German shares with talons attached which were found in a safe in the M.G. building in Frankfurt. (Brought in to Foreign Exchange Depository on 17 June 1946)

DECLASSIFIED  
Authority MMD 755001  
By WBD NARA Date 12/1/77

RG 260  
Entry FED  
File SHIPMENT SUMMARIES  
Box 470

SHIPMENT No. 79

Shipment 79 was received in the Foreign Exchange Depository on 9 October 1946. It consists of a large quantity of silver objects, tableware, jewelry and miscellaneous items. They are uncovered at Rittmanschausen and Kreis Eschwege as a result of the arrest by the German police of a German civilian on the suspicion of illegal activities. (They were seized on October 6, 7 and 8 by border installation Luederbach and in Netra).

It has been alleged that this collection is a portion of the movable properties of the House of Saxony-Weimar-Eisenach which were hidden throughout Germany prior to the surrender.