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Annual Report

OFFICE OF

ALIEN PROPERTY

DEPARTMENT OF JUSTICE

FISCAL YEAR ENDED JUNE 30, 1954

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LETTER OF TRANSMITTAL TO THE PRESIDENT

Office of the Attorney General,
Washington, D. C.

The President,
The White House, Washington, D. C.

My Dear Mr. President: I have the honor to transmit to you the Annual Report of the Office of Alien Property, Department of Justice, for the fiscal year ended June 30, 1954. This report is made pursuant to section 6, of the Trading With the Enemy Act, as amended.

Respectfully,

Herbert Brownell, Jr.
Attorney General.

324100

LETTER OF TRANSMITTAL TO THE ATTORNEY GENERAL

Office of Alien Property,
Department of Justice,
Washington 25, D. C.

The Honorable
The Attorney General.

Dear Mr. Attorney General: I herewith present the Annual Report of the Office of Alien Property for the fiscal year ended June 30, 1954. This is the twelth annual report of proceedings under the Trading With the Enemy Act, as amended, submitted by the Office of Alien Property and its predecessor agency, the Office of Alien Property Custodian, in accordance with section 6 of the Act.

Respectfully,

Dallas S. Townsend,
Assistant Attorney General,
Director, Office of Alien Property.

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CONTENTS

		Page
	Letter of Transmittal to the President	i
	Letter of Transmittal to the Attorney General	ii
I.	Basic Policies and Problems	1
	Administration and Liquidation of Vested Property	2
	Disposition of Vested Property	3
	Philippine Vested Property	5
	Litigation	6
	Intercustodial Problems	6
	Foreign Funds Control	8
II.	General Description of Controlled Property	9
	Value of Controlled Property	9
	Net Equity Vested	10
	Property Held in Safekeeping	18
	Assets Remaining From World War I	18
III.	Business Enterprises	20
	General Description of Vested Enterprises	20
	Attorney General's Interest in Vested Enterprises	21
	Operation of Vested Enterprises as Going Concerns	22
	Sale of Vested Enterprises as Going Concerns	24
	Liquidation of Vested Enterprises	28
	Liquidation of Banks and Insurance Companies	32
	General Aniline & Film Corporation	35
IV.	Patents, Copyrights, and Trade-marks	39
	Vested Patents and Patent Applications	39
	Licensing of Vested Patents	40
	Patent Contracts	41
	Patent Rights of Vested Corporations	43
	Copyrights: General	44
	Administration of Prewar Copyright Contracts	45
	Administration of Vested Works	45
	Trade-marks	46
V.	Real and Personal Property and Interests in Estates and Trusts	49
	Real Estate	49
	Mortgages	51
	Mortgage Participations	51
	Stocks, Bonds, and Other Securities	52
	Other Personal Property	54
	Interests in Estates and Trusts	55
VI.	Claims and Suits	58
	Title Claims	58
	Debt Claims	64
	Payment of Taxes Incident to Vested Property	68
	Suits and Other Judicial Proceedings	69
VII.	Organization, Finances and Accounting	85
	Organization	85
	Finances and Accounting	85
	Accountants' Report	88

324102

Missing pages not relevant

APPENDIX

Exhibit		Page
A.	Supplement to Lists of Vesting Orders Issued by the Office of Alien Property, March 11, 1942, to June 30, 1954	89
B.	Rules and Regulations of the Office of Alien Property in Effect as of June 30, 1954	90
C.	List of Dissolution Orders Issued by the Office of Alien Property, July 1, 1953, to June 30, 1954	92
D.	List of Return Orders Issued by the Office of Alien Property, July 1, 1953, to June 30, 1954	93
E.	Legislation Relating to the Office of Alien Property, July 1, 1953, to June 30, 1954	106
F.	Information Required by Public Law 859, Claims Filed and Allowed, Sept. 29, 1950, to June 30, 1954	107

LIST OF TABLES

Table		
1.	Value of Net Equity Vested at Dates of Vesting Together with Number of Vesting Orders Issued, Mar. 11, 1942, to June 30, 1954	2
2.	Statement of Realization of Philippine Vested Property, as of June 30, 1953, For the Fiscal Year 1954, and as of June 30, 1954	6
3.	Net Equity Vested, Mar. 11, 1942, to June 30, 1954, Classified by Types of Property, Valued as of Dates of Vesting and as of June 30, 1954	11
4.	Changes in Net Equity Vested, Mar. 11, 1942, to June 30, 1954, From Dates of Vesting to June 30, 1954	12
5.	Property Returned by Administrative and Judicial Action, Mar. 11, 1942, to June 30, 1954, Classified by Nationality of Former Ownership	13
6.	Net Equity Vested, Mar. 11, 1942, to June 30, 1954, Classified by Nationality of Former Ownership, as of Dates of Vesting and as of June 30, 1954	14
7.	Changes in Net Equity Vested, Mar. 11, 1942, to June 30, 1954, From Dates of Vesting to June 30, 1954, by Nationality of Former Ownership	15
8.	Cash Income on Property Vested, Classified by Type of Property, Mar. 11, 1942, to June 30, 1954	16
9.	Cash Received Through Liquidation and Sale of Property Vested, Classified by Type of Property, Mar. 11, 1942, to June 30, 1954	17
10.	Changes in World War I Property, July 1, 1953, to June 30, 1954	19
11.	Comparative Statement of World War I Property Held, April 21, 1942, June 30, 1953, and June 30, 1954	19
12.	Net Equity in All Vested Enterprises, Classified by Character of Interests, as of Dates of Vesting, and as of June 30, 1954	21
13.	Changes in Net Equity Vested in All Vested Enterprises, Dates of Vesting to June 30, 1954	22
14.	Consolidated Comparative Balance Sheets of 17 Active Enterprises in Which Substantial Interests Are Still Held by the Office of Alien Property as of June 30, 1954, Data Shown as of Dates of Vesting and as of June 30, 1954	23
15.	Factors Responsible for Changes in Net Worth of 17 Active Enterprises in Which Substantial Interests Are Still Held by the Office of Alien Property as of June 30, 1954, Data Shown from Dates of Assumption of Control to June 30, 1954	24
16.	Consolidated Comparative Balance Sheets of Vested Enterprises (Except Banks and Insurance Companies) Completely Liquidated and Still in Liquidation as of June 30, 1954, Data Shown as of Dates of Assumption of Control and as of June 30, 1954	29
17.	Factors Responsible for Changes in Net Worth of Liquidated and In Liquidation Enterprises, Dates of Assumption of Control to June 30, 1954	30

324103

Table | Page

18. Consolidated Comparative Balance Sheets of Banks and Insurance Companies in Liquidation or Completely Liquidated as of June 30, 1954, Data Shown as of Dates of Assumption of Control and as of June 30, 1954..... 33
19. Changes in Patent Holdings From Dates of Vesting to June 30, 1954..... 40
20. Royalties Collected Under Vested Patents and Patent Contracts, Mar. 11, 1942, to June 30, 1954, Classified by Nationality of Former Ownership..... 43
21 Royalties Collected Under Vested Copyrights, Mar. 11, 1942, to June 30, 1954, Classified by Nationality of Former Ownership..... 44
22. Royalties Collected Under Vested Trade-mark Contracts, Mar. 11, 1942, to June 30, 1954..... 48
23. Value of Real Estate Vested, Mar. 11, 1942, to June 30, 1954, Classified According to Nationality of Former Ownership, Method of Acquisition, and Disposition Thereof to June 30, 1954..... 49
24. Sales Status of Real Estate Held by the Office of Alien Property, By Number of Parcels, as of June 30, 1954..... 50
25. Stocks, Bonds, and Other Securities Vested and Acquired, Mar. 11, 1942, to June 30, 1954, and Disposition Thereof to June 30, 1954..... 52
26. Property Held as of June 30, 1954, Derived From Vestings of Interests in Estates and Trusts..... 56
27. Suits and Other Judicial Proceedings in Which the Office of Alien Property Was Involved, Fiscal Years 1954 and 1953..... 69
28. Administrative Expenses and Means of Financing, Fiscal Periods 1943 through 1950, and for the Fiscal Periods Ended June 30, 1951, 1952, 1953, and 1954.. 87

324104

I

BASIC POLICIES AND PROBLEMS

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

The vesting program of the Office came to an end on April 17, 1953, although the vesting of Japanese-owned property had ended when the Treaty of Peace with Japan came into effect on April 28, 1952. 1/ All vested property, with a few specified exceptions, is reduced to cash by sale or liquidation at the earliest practicable time. The disposition of the proceeds of the sale or liquidation of vested property is carried out in a manner prescribed by the Congress. By legislation the Congress has provided for the payment of debt claims to American creditors of enemy nationals whose property has been vested, the return of vested property to nonhostile persons, and the transfer of the net proceeds of German and Japanese vested property to the War Claims Fund.

Jurisdiction is also exercised by the Office over certain assets in the United States of "Iron Curtain" countries and their nationals which are still subject to the blocking and licensing controls of World War II.

Value of Vested Property

As of June 30, 1954 the Office had vested property with an estimated net value at dates of vesting of $393,709,000. 2/ Together with appreciation of vested property since dates of vesting of $114,662,000 and income from vested property of $59,071,000, the total estimated value of all vested property at June 30, 1954 was $567,442,000. 3/ The Office added the sum of $2,206,000 to the value of vested property during the fiscal year by the payment by the Government of the Netherlands of that amount on August 28, 1953 under the terms of an agreement between that country and the United States. 4/ The net values of vested property at dates of vesting classified according to the various types of property, together with comparable data on the number of vesting orders issued by the Office of Alien Property under its vesting program, are presented in table 1. A further breakdown has been made between vested property of German and Japanese nationals and their governments 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.

1/ Executive A. 82d Cong., 2d sess.
2/ The value of property vested in the Philippines is not included in this total nor any other total of vested property shown in this Annual Report, as it is being administered separately by the Office so that the net proceeds left may be turned over to the Republic of the Philippines by the terms of the Philippine Property Act of 1946 (60 Stat. 418). For further details of the Philippine program, see infra, p. 5.
3/ Before deductions, both administrative and those required by law. For details of the deductions, see Ch. II, table 4, p. 12.
4/ For further details of this agreement and other intercustodial and foreign funds problems, see infra, pp. 6-8.

324105

Table 1.--VALUE OF NET EQUITY VESTED AT DATES OF VESTING TOGETHER WITH NUMBER OF VESTING ORDERS ISSUED, MAR. 11, 1942, TO JUNE 30, 1954 1/

Type of property	Mar. 11, 1942 to June 30, 1954	
	Number of vesting orders	Net equity vested 2/
A. Property of nationals of Germany and Japan:		
Interests in business enterprises	794	$163,360,000
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting)	1,105	3,861,000
Real property (including mortgages) and tangible personal property	971	8,769,000
Interests in estates and trusts	5,794	79,689,000
Securities (stocks, bonds, etc., not representing substantial interests in business enterprises)	2,147	33,843,000
Bank accounts, currency and coin	3,392	44,711,000
Notes, claims, and credits	1,828	25,488,000
Life insurance and annuity contracts	2,257	3,923,000
Received in cash per intercustodial agreement	.....	3,056,000
Subtotal	18,288	366,700,000
B. Property of nationals of other countries	1,267	27,009,000
Total	19,555	393,709,000

1/ On April 17, 1953 the Office ceased vesting.
2/ Exclusive of patents, copyrights and trade-marks and other properties on which dollar valuations are not practicable; net income and appreciation of vested property since dates of vesting; and of property located in the Philippines.

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.

The many valuable German and Japanese patents vested by the Office, with the exception of those in which nonenemies have or claim interests, are licensed to American industry on a nonexclusive, royalty-free basis. Vested nonenemy and Italian patents are subject to return under section 32 of the Trading With the Enemy Act, as amended. 5/ 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 $12,472,000 during the fiscal year 1954 as the proceeds of the sale and liquidation of vested property and collected $4,465,000 as net income from vested property. As of June 30, 1954 total net proceeds amounted to $299,103,000 and total net income received by the Office reached $59,071,000.

5/ 50 U. S. C. App. sec. 32.

The Office continues its policy of not selling or liquidating the following classes of vested property: (1) patents, copyrights and trade-marks; and (2) properties of nationals of countries other than Germany and Japan. Under the injunctive provision of section 9(a), 6/ the Office may not sell or liquidate property against which a suit for return is pending. However, where the Office can arrive at a stipulation with the plaintiff in a suit for return of vested property to substitute the cash proceeds of a sale for the claimed unsold property, the Office will do so and go ahead and sell the property, in order to fulfill its main objective of liquidating vested property as quickly as possible.

As of June 30, 1954 approximately $138,000,000 of vested property is involved in the above classes of property. Excluded from this figure are values for patents, copyrights and trade-marks which are impractical of computation.

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 for return 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 the Office disposed of 1,639 debt claims with 94 claims being allowed in the aggregate amount of $341,538 7/ and 1,545 debt claims disallowed, withdrawn or disposed of through consolidation. In addition, 23 debt claims totaling $61,591, asserted against insolvent debtors, were tentatively allowed.

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. 8/ Generally speaking, vested property can be returned to the following: nonenemy governments; citizens of allied and neutral countries not voluntarily resident in enemy countries during the war period; corporations of nonhostile 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 Govern-

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6/ 50 U. S. C. App. sec. 9(a).
7/ Because of the insolvency of 13 of the debtors' accounts, payments totaling only $243,367 were made on these allowed claims during the 1954 fiscal year.
8/ 60 Stat. 50, 60 Stat. 784, 64 Stat. 1080, 50 U. S. C. App. sec. 32.

324107

ment, nationals and residents of Italy who were previously ineligible because of their earlier enemy status.

The Office processed a total of 993 title claims during the fiscal year 1954. Of this total, the number allowed was 448 and the number disallowed or withdrawn was 545. Returned to former owners during the fiscal year were $6,638,000 of cash and appraisable property, 104 patents, 3 patent applications, 6 interests in patent contracts, and certain other industrial properties. The Office of Alien Property has now returned a total of $52,941,000 of cash and appraisable property under section 32 of the Act. 9/

The provisions of section 9(a) of the Trading With the Enemy Act, as amended, offer a judicial remedy to 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

NATIONALS OF ITALY.--Vested property formerly owned by Italian nationals is being returned under the terms of a general settlement agreement between the Governments of Italy and the United States. Legal authority for the returns is contained in section 32 of the Trading With the Enemy Act, as amended. 10/ 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 of the Act.

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.--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 at this time. Although 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 a bill has been introduced in the United States Senate (S. 1310, 84th Cong.) which would authorize the vesting by the Office of the bulk of these blocked assets.

Nationals of Germany and Japan

The War Claims Act of 1948 11/ provides for the manner of disposal of vested property, or the proceeds therefrom, formerly owned by the Governments and nationals of Germany and Japan. 12/

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

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9/ For a breakdown of this total by nationality and type of appraisable property, see table 5, p. 13.
10/ 61 Stat. 784, 50 U. S. C. App. sec. 32.
11/ 62 Stat. 1240.
12/ Excluding vested property in the Philippines. See infra, p. 5.

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, 13/ which specifically provided that property of the Government and nationals of Germany and Japan shall not be returned except as authorized in section 32, 14/ and no compensation shall be paid with respect to such property. The net proceeds available after completion of the 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.

The Congress has directed the amount of $225,000,000 to be paid out of vested property funds of nationals of Germany and Japan to the War Claims Fund. As of June 30, 1954 the Office of Alien Property had transferred on the books of the Treasury Department $210,000,000 of this authorization to the War Claims Fund.

PHILIPPINE VESTED PROPERTY

The transfer of the jurisdiction and administration of vested property located in the Philippine Islands from the Philippine Alien Property Administration to the Office of Alien Property was effective June 29, 1951. The provisions of Executive Order No. 10254 of June 15, 1951, effecting the transfer, stipulated that all necessary expenses incurred in the administration of Philippine vested property be paid from funds or property or interests so transferred, to prevent diminution of funds otherwise available for future transfer to the War Claims Fund. This provision was necessary because the Philippine Property Act of 1946 15/ 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.

The administration of Philippine vested property is, therefore, kept separate from other vested property by the Office, and statistics shown in this subchapter are omitted from those shown elsewhere in this Annual Report. The progress of the conversion of Philippine vested property into cash proceeds and the necessary deductions therefrom are shown in table 2.

Through June 30, 1954 a total of $8,569,990 had been realized from the sale and liquidation of vested Philippine property. In addition, $1,075,199 of income before deductions and provision for reserve for expenses had been received from vested property of which $183,854 was received during the fiscal year 1954. At the close of the fiscal year approximately $142,281 of vested property had not been sold or liquidated. There were no transfers of cash during the fiscal year to the Republic of the Philippines under section 3 of the Philippine Property Act of 1946. The amount so transferred still stands at $2,428,607.

Under section 5 of the Act, transfers were permitted to the Philippine Republic for a nominal cash consideration of vested shares in agricultural corporations, agricultural lands, miscellaneous personal property and improved real property in Manila needed administratively by the Philippine Government. There were no transfers of property under this section of the Act during the fiscal year 1954.

13/ 50 U. S. C. App. sec. 39.
14/ 50 U. S. C. App. sec. 32.
15/ 60 Stat. 418.

Table 2.--STATEMENT OF REALIZATION OF PHILIPPINE VESTED PROPERTY, AS OF JUNE 30, 1953, FOR THE FISCAL YEAR 1954, AND AS OF JUNE 30, 1954
[$ omitted - rounded to nearest dollar]

	June 30, 1954	Fiscal year 1954	June 30, 1953
Proceeds realized:			
Cash	$2,080,096	$1,823	$2,078,273
Personal property	5,019,859	60,623	4,959,236
Real estate	1,301,258	8,413	1,292,845
Installment sales contracts	168,777	15,200	153,577
Total realized	8,569,990	86,059	8,483,931
Disbursements and charges:			
Transfers to Philippine Government 1/	2,428,607	.....	2,428,607
Closed free account balances available for transfer to Philippine Government	37,987	37,987	.....
Title and debt claims paid	88,450	297	88,153
General claims paid	960	(900)	1,860
Direct expenses charged to vested property accounts	1,154,384	56,171	1,098,213
Provision for reserve for expenses based on 20% charge on principal collections	1,672,933	17,182	1,655,751
Total deductions and charges	5,383,321	110,737	5,272,584
Balance in realization account	3,186,669	(24,678)	3,211,347

1/ Cash transfers only under sec. 3 of the Philippine Property Act of 1946.
2/ A reserve for expenses is provided by the Act. The figures used here are provided for by a reserve of 20 percent of the realization proceeds only.

LITIGATION

The Office of Alien Property is involved in a variety of suits and legal actions 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 close of the fiscal year approximately 80 section 9(a) suits to recover vested property were pending, compared with 114 pending at the close of fiscal year 1953. These suits seek the return of vested property valued at approximately $134,966,000. The Office was active during the fiscal year in 127 section 9(a) suits, in 1,796 matters involving estates and trusts, and in 216 cases involving a diversified type of legal action. At the close of the year, there were pending 1,474 matters involving estates and trusts and 160 cases of a diversified nature.

INTERCUSTODIAL PROBLEMS

An intercustodial problem arises between the United States and another Government when both Governments vest and claim the same item of property under their respective enemy property laws. 16/ As a result of such duplicate action, important legal and policy questions are raised. Since litigation would be costly and time consuming, it was deter-

16/ See Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1952, pp. 7-8.

mined to settle the differences by international negotiations and agreements. Accordingly, in September 1950, the Congress, by amendment to the Trading With the Enemy Act, 17/ authorized the President, or such officers or agencies as he may designate, to conclude and implement agreements with foreign governments, with which the United States has not been at war, in order to settle intercustodial conflicts with respect to enemy property. The legislation, among other things, provides that such agreements (1) shall have the effect of protecting and making available for utilization the American and nonenemy interests in such property, (2) shall eliminate enemy interests in the property, and (3) shall further the efficient administration and liquidation of enemy property in the United States. By Executive Order No. 10244, of May 17, 1951, 18/ the President designated the Attorney General and the Secretary of State to perform these functions.

Pursuant to the Congressional and Presidential delegation of authority, the first agreement designed to resolve intercustodial conflicts between the United States and foreign governments became effective on January 24, 1951. This accord, known as the Brussels Intercustodial Agreement was negotiated by certain member countries of the Inter-Allied Reparations Agency and has been signed by the Governments of Belgium, Canada, Cuba, Denmark, Haiti, Honduras, Luxembourg, Nicaragua, The Netherlands and the United States. The Brussels Intercustodial Agreement, which is applicable only to vested German property, provides in general that (1) securities in both registered and bearer form, currency and evidence of indebtedness which are German owned 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; (3) the custodian of the country having primary administration over an estate or trust shall administer all assets wherever located, except real estate, 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 but shall receive in reimbursement that portion 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 assets of enterprises organized under the laws of Germany in which there is 25 percent or more interests of nonenemy nationals of the signatory countries, custodians in such countries shall release the vested assets of such German enterprises to the extent of the nonenemy ownership of the enterprises.

During the fiscal year ended June 30, 1954 progress was made in the implementation of the Brussels Intercustodial Agreement. 19/ Discussions were held with representatives of the Government of Canada. As a result of those discussions many of the cases in conflict with Canada were resolved. Implementation of the decisions reached has commenced. During the year extensive correspondence was conducted with Governments of The Netherlands 20/ and Luxembourg on specific cases in conflict. An agreement with Denmark on the application of the Brussels Intercustodial Agreement was modified by further negotiation and then approved by the Governments of Denmark and the United States. Releases of property pursuant thereto have commenced. Also an agreement with Norway, drafted during fiscal year 1953, was approved by both Governments and went into effect in April 1954. Finally, in May and June 1954 negotiations were conducted with representatives of Great Britain, which country is not a signatory to the Brussels Intercustodial Agreement. As a result thereof, the cases in conflict between Great Britain and the United States

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17/ 50 U. S. C. App. 40.
18/ 16 F. R. 4639.
19/ See Annual Reports, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1952, pp. 8-9, and fiscal year ended June 30, 1953, p. 10.
20/ See Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1952, pp. 8-9.

were ascertained and the differences of principle as applicable to cases in this field became known to both Governments. However, as of the close of the fiscal year no agreement had been reached.

During the year $2,206,000 was received from the Government of the Netherlands pursuant to the provisions of the United States-Netherlands 1951 Agreement respecting Dutch Administration Office securities. 21/ This payment in conjunction with the $850,000 received in 1952 represents full implementation of the Agreement except for final adjustments.

At the present time more than 1,500 cases involving approximately $50,000,000 are known to be involved in intercustodial conflicts with various foreign governments.

FOREIGN FUNDS CONTROL

At the end of the fiscal year 1953, 22/ the remaining World War II blocking controls were removed from assets in the United States of certain foreign countries and their nationals, by the issuance of General License No. 101 and the revocation of General Rulings Nos. 6 and 17. The assets of the Governments of the following countries and their nationals thus became free from further blocking restrictions:

Austria	The Netherlands
Belgium	Norway
Denmark	Sweden
France	Switzerland and Liechtenstein
Greece	Japan
Italy	Western Germany
Luxembourg	

Blocking controls continued, however, over the war-time assets of "Iron Curtain" countries and their nationals. More specifically, blocking was maintained over property of (1) Bulgaria, Hungary, and Rumania and persons in any of these countries on January 1, 1945, (2) Czechoslovakia, Poland, Estonia, Latvia and Lithuenia and persons in any of these countries on December 7, 1945 and (3) Eastern Germany and persons in that area on December 31, 1946. In general, assets acquired by these countries and their nationals after these dates are not blocked. Legislation 23/ was introduced in the Senate at the end of the fiscal year 1954 which would authorize the vesting of the bulk of blocked Bulgarian, Hungarian and Rumanian property and its use to pay war claims against such countries under the terms of the peace treaties with them. No action has as yet been taken on the proposal.

The Scheduled Securities Program, designed to aid in restoring to their original owners securities which were looted during the war by Nazi Germany, continued during the fiscal year. Further progress was made in clarifying title to scheduled securities of United States issue which had been deposited with the Federal Reserve Bank of New York in compliance with General Ruling No. 5B. Blocking restrictions were maintained on scheduled securities of foreign issue subject to General Ruling No. 5 in order to assist the efforts of the other governments in recovering the securities for their original owners. Foreign issued securities are removed from the schedule as soon as it becomes clear that continued listing is not necessary. The Netherlands Government on behalf of itself and the original owners has filed claims to many of the scheduled securities of United States issue which were vested by the Attorney General. Procedures are being developed in accordance with the agreement between the United States and The Netherlands of January 9, 1951 to facilitate the resolution of these claims.

21/ Ibid.
22/ See Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1953, p. 6.
23/ S. 1310, 84th Cong., 1st sess.

II

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, 1/ controlled property is divided into two categories: (1) vested property, and (2) property held in safekeeping. Since vested property is by far the most important type of controlled property in terms of over-all dollar value and significance, all of the statistical tables and most of the 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 of property over which the Office exercises control through vesting and 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, 1954 total controlled property amounted to $386,308,000. Of this amount, $252,206,000 represented net equity vested. 2/ The $134,102,000 difference represents (1) $4,982,000 of property held in safekeeping, and (2) the $129,120,000 difference between the total assets of controlled business 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., intangible property, held by the Office which have not been evaluated. Were it practical to value these properties, the amount shown for net equity vested would be higher. The following summary indicates such properties held as of June 30, 1954:

Type of property	Number of items
Patents 1/	42,321
Part interests in patents	271
Patent applications	1,679
Abandoned patent applications	523
Unpatented inventions	804
Copyrights	577,682
Trade-marks	375
Interests in patent contracts	484
Interests in trade-mark contracts	27
Interests in copyright contracts	373
Motion picture film (000's of feet)	36,859

1/ Approximately 28,466 of these patents have expired.

1/ For details of the blocked foreign properties program, see Ch. I, p. 8.
2/ Property remaining from World War I is excluded from these figures and is treated separately. See pp. 18-19, infra.

324113

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 what was formerly enemy country or enemy-occupied country, and which are known by this Office to be without value.

NET EQUITY VESTED

In this section of the report, net equity vested as of the dates of vesting means the total value of all vested property valued as of the dates when vesting occurred, without regard for any dispositions made of the property since vesting. New equity vested as of June 30, 1954 means the value on this date of the vested property still held by the Office after dispositions and changes in value of the property.

Types of Property Vested

Table 3 shows net equity vested by types of property as of dates of vesting and as of June 30, 1954. The first column in the table indicates the types and values of all vested properties as of dates of vesting. The second column presents the types and values as of June 30, 1954, of the remaining vested property held by the Office. Reflected in the latter column are changes in value since vesting due to appreciation, write-offs, sales, liquidations and dispositions. Income received from vested property is included in the first figure in the second column and called "cash."

Changes in Net Equity Vested

Total net equity has declined from $393,709,000 as of dates of vesting to $252,206,000 as of June 30, 1954. The factors responsible for the $141,503,000 decline are shown in table 4. The more important reasons for the reduction in net equity were: (1) the transfer of funds to the War Claims Fund pursuant to the War Claims Act of 1948, amounting to $210,000,000; (2) the return of property to successful title and debt claimants in the amount of $55,082,000; and (3) the use of funds to defray the administrative expenses of the Office in the amount of $41,584,000. 3/ The decline in net equity was offset substantially by the appreciation of vested interests in property amounting to approximately $114,662,000 and by income received from vested property amounting to $59,071,000 since dates of vesting.

Table 5 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. The value of vested property returned is computed at the time of return. It does not include payments made to debt claimants.

3/ The Office has actually expended the sum of $46,679,000 on administrative expenses as of June 30, 1954. However, since vested property funds were used in the amount of $41,584,000 only, due to the fact that approximately $4,000,000 was authorized to be expended from World War I Administrative Expense Funds and approximately $1,000,000 was used from miscellaneous receipts and revenues without diminution of World War II vested property, for purposes of determining net equity vested as of June 30, 1954, the $41, 584,000 figure is used.

Table 3.---NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1954, CLASSIFIED BY TYPES OF PROPERTY, VALUED AS OF DATES OF VESTING AND AS OF JUNE 30, 1954

[In thousands of dollars]

Type of property	As of dates of vesting	As of June 30, 1954
Cash	.....	1/ 67,900
Interests in vested business enterprises:		
Stock	110,665	110,831
Equity in enterprises whose assets or excess assets have been vested	49,057	10,728
Partnership interests	167	6
Other proprietary interests	50	62
Bonds	517	9
Notes and accounts receivable	11,072	2,106
Total	171,528	122,906
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting):		
Patents, patent applications, and patent contracts	10,222	.....
Copyrights and copyright contracts	1,108	.....
Trade-marks and trade-mark contracts	745	.....
Total	12,075	.....
Real property:		
Real estate	7,499	1,839
Mortgages	1,174	293
Ground rents, leaseholds, and other interests	162	80
Total	8,835	2,212
Personal property:		
Tangible personal property	1,389	235
Stocks (miscellaneous)	23,150	17,552
Bonds	9,447	8,621
Other securities	152	209
Mortgage participations	488	221
Bank balances	34,891	1,266
Notes, claims, and credits	26,829	1,587
Currency and coin	10,128	.....
Life insurance and annuities	3,946	469
Total	110,420	30,160
Interests in estates and trusts:		
Decedents' estates	37,110	3,851
Trusts under wills	33,083	16,420
Trusts inter vivos	15,891	8,479
Guardianship estates	1,711	278
Total	87,795	29,028
Received in cash per intercustodial agreement	3,056	.....
Grand total	393,709	252,206

1/ 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."

Table 4.--CHANGES IN NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1954, FROM DATES OF VESTING TO JUNE 30, 1954

[In thousands of dollars]

Net equity vested as of dates of vesting			393,709
Add:			
Net appreciation of interests in business enterprises	113,240		
Net appreciation of interests in real and personal property	1,422		
Net income on interests in vested property	59,071		
		173,733	
Less:			
Property returned to nonhostile persons	-52,941		
Debt claims paid	-2,141		
Funds transferred to War Claims Fund	-210,000		
Funds transferred to the Treasury Department pursuant to Lombardo and reverse lend-lease agreements	-1,237		
Direct expenses not allocated to specific types of property 1/	-7,333		
Conservatory and administrative expenses: 2/			
Allocated to specific alien accounts	-13,541		
Not yet allocated	-28,043		
		-315,236	
			-141,503
Net equity vested as of June 30, 1954			252,206

1/ Wherever possible, figures in this report are shown net of direct expenses. These expenses arise from the vested property itself, and are not an administrative expense of the Office. The total of $7,333,000 shown here as not being allocated to specific types of property arises primarily from the payment by the Office to Federal and State governments of income taxes in behalf of enemy nationals whose vested property consists of several different types of property. It is impractical to allocate these taxes to a specific type of property.

2/ The Office has actually expended $46,679,000 for conservatory and administrative expenses in administering World War II vested property (see table 28, p. 87). However, since funds used for conservatory and administrative expenses included approximately $4,000,000 from World War I Administrative Expense Fund, and in addition, receipts and revenues not arising directly from vested property, these miscellaneous receipts and revenues are not included in the net equity statistics in this report on World War II vested property. The actual amount of money used for conservatory and administrative expenses which reduced the available vested property funds of World War II is derived as follows:

Total conservatory and administrative expenses	$46,679,000
Less: miscellaneous revenued, receipts, and World War I Administrative Expense Fund	5,095,000
Conservatory and administrative expenses derived from World War II vested property	41,584,000

Table 5.---PROPERTY RETURNED BY ADMINISTRATIVE AND JUDICIAL ACTION, MAR. 11, 1942, TO JUNE 30, 1954, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP 1/

[In thousands of dollars]

Type of property	Total	Nationality of former ownership						
		German	Japanese	Italian	Hungarian	Rumanian	Bulgarian	Enemy occupied 2/
Total.....	52,941	21,363	3,461	15,709	2,137	253	108	9,910
Cash.....	27,978	12,281	2,614	7,311	577	210	108	4,877
Interests in business enterprises.	6,935	2,827	508	3,592	.....	8	.....	.....
Royalties on patents 3/.....	4,900	.....	.....	.....	.....	....	.....	4,900
Real property....	1,563	509	271	775	8	....	.....	.....
Personal property	6,258	4,646	68	1,412	.....	....	.....	132
Interests in estates and trusts	5,307	1,100	.....	2,619	1,552	35	.....	1

1/ Does not include debt claims paid to creditors of former owners of vested property.
2/ The category enemy-occupied included interest as follows: French $7,694,000; Danish $1,232,000; Norwegian $223,000; Polish $8,000; Dutch $328,000; Belgian $105,000; Luxembourg $60,000; and Czechoslovakian $260,000.
3/ 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 6 classifies net equity vested by nationality of former owners as of dates of vesting and as of June 30, 1954. Table 7 presents the changes in values of properties vested from nationals of each country from dates of vesting to June 30, 1954.

Cash Income From Vested Property

The Office received $4,464,777.45 as gross income from all vested property during the fiscal year 1954. This amount compares to the $4,063,288.29 received as gross income from vested property during the 1953 fiscal year. However, income on vested property will decline in the future as the Office continues its policy of selling, liquidating and returning income-producing vested property. The allocation of cash by type of property from which the income was received is shown in table 8.

Cash Proceeds of Liquidation and Sale

Cash proceeds from the sale and liquidation of vested property during the fiscal year amounted to $12,472,195.26, making a grand total so received of $299,102,545.29 before deducting conservatory and administrative expenses allocated to specific types of property and direct expenses unallocated. This total compares to the $12,825,967.04 received by the Office from the same source for the fiscal year 1953. Data on the proceeds received from the sale and liquidation of vested property are presented in table 9.

Table 6.--NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1954, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP, AS OF DATES OF VESTING AND AS OF JUNE 30, 1954
[In thousands of dollars]

Date of valuation and type of property	Total	Nationality of former ownership						
		German 1/	Japanese	Italian	Hungarian	Rumanian	Bulgarian	Enemy occupied
Valued as of dates of vesting:								
Interests in vested business enterprises	171,528	110,116	53,244	7,614	52	5	497	.....
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting).....	12,075	3,859	2	1,130	200	1	1	6,882
Real property.....	8,835	5,978	1,927	780	57	89	4	.....
Personal property....	110,420	98,172	9,801	1,309	239	429	25	445
Interests in estates and trusts.....	87,795	78,851	838	5,026	2,372	589	118	1
Received in cash per intercustodial agreement.....	3,056	3,056	.....	.....	.....	.....	.....	.....
Grand total...	393,709	300,032	65,812	15,859	2,920	1,113	645	7,328
Percent of total....	100.0	76.2	16.7	4.0	.7	.3	.2	1.9
Valued as of June 30, 1954:								
Cash.....	2/ 67,900	268,827	31,574	1,132	1,149	696	497	1,968
Interests in vested business enterprises	122,906	112,027	10,879	.....	.....	.....	.....	.....
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting).....	.....	.....	.....	.....	.....	.....	.....	.....
Real property.....	2,212	1,569	550	93	.....	.....	.....	.....
Personal property	30,160	25,151	4,898	101	1	9	.....	.....
Interests in estates and trusts.....	29,028	27,381	331	1,067	114	103	32	.....
Received in cash per intercustodial agreement.....	3/	3/	.....	.....	.....	.....	.....	.....
Grand total....	2/ 252,206	435,055	48,232	2,393	1,264	808	529	1,198

1/ 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 time of vesting.
2/ Funds for unallocated administrative expenses and the War Claims Fund transfers ($238,043,000) 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 nationality columns, therefore, exceed the $253,042,000 net equity as of June 30, 1954, by $238,043,000.
3/ Included in "Cash" as of June 30, 1954.

Table 7.--CHANGES IN NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1954, FROM DATES OF VESTING TO JUNE 30, 1954, 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	393,709	300,032	65,812	15,859	2,920	1,113	645	7,328
Add:								
Net appreciation of interests in business enterprises	113,240	113,623	1,394	1,002	6	3	.....	.....
Net appreciation of interests in real and personal property	1,422	12,130	(10,347)	(258)	(35)	(65)	(3)	.....
Net income on interests in vested property	59,071	47,645	2,052	3,085	898	18	1	5,372
Less:								
Property returned to nonhostile persons	(52,941)	(21,363)	(3,461)	(15,709)	(2,137)	(253)	(108)	(9,910)
Debt claims paid	(2,141)	(1,328)	(748)	(11)	(45)	(1)	.....	.....
Funds transferred to War Claims Fund	1/ (210,000)	.....	.....	.....	.....	.....	.....	.....
Funds transferred to the Treasury Department pursuant to Lombardo and reverse lend-lease agreements	(1,237)	.....	.....	(835)	.....	.....	.....	(402)
Direct expenses not allocated to specific types of property	2/ (7,333)	(5,678)	(778)	(418)	(216)	(3)	(5)	(235)
Conservatory and administrative expenses allocated to specific alien property accounts	3/ (13,541)	(10,006)	(2,904)	(322)	(127)	(4)	(1)	(177)
Conservatory and administrative expenses not yet allocated	1/ (28,043)	.....	.....	.....	.....	.....	.....	.....
Net equity vested as of June 30, 1954	1/ 252,206	435,055	48,232	2,393	1,264	808	529	1,968

1/ 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 $253,042,000 net equity remaining as of June 30, 1954 by $238,043,000. Also see footnote 2, preceding table.
2/ See footnote 1, preceding table.
3/ See footnote 2, preceding table.

Table 8.--CASH INCOME ON PROPERTY VESTED, CLASSIFIED BY TYPE OF PROPERTY, MAR. 11, 1942, TO JUNE 30, 1954

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 as a result of vesting an interest in a trust is classified as income on real estate rather than on trusts.

Type of property	Total	Period	
		July 1, 1953 to June 30, 1954	Mar. 11, 1942 to June 30, 1953
Interests in vested business enterprises:			
Stock	$19,422,780.15	$1,212,028.12	$18,210,752.03
Equity in enterprises whose assets or excess assets have been vested	4,244.24	621.36	3,622.88
Partnership interests	373,265.67	.....	373,265.67
Other proprietary interests	7,231.36	.....	7,231.36
Bonds	92,827.83	64,695.78	28,132.05
Notes and accounts receivable	96,787.73	22,358.05	74,429.68
Total	19,997,136.98	1,299,703.31	18,697,433.67
Royalties on patents, copyrights, and trade-marks (accrued subsequent to dated of vesting):			
Patents, applications, and contracts	18,600,775.16	433,148.09	18,167,627.07
Copyrights and contracts	3,170,467.06	264,176.59	2,906,290.47
Trade-marks and contracts	1,188,589.32	18,490.59	1,170,098.73
Total	22,959,831.54	715,815.27	22,244,016.27
Real property:			
Real estate	1,862,523.81	166,823.17	1,695,700.64
Mortgages	127,772.45	5,163.33	122,609.12
Ground rents, leaseholds, and other interests	217,318.93	43,650.20	173,668.73
Total	2,207,615.19	215,636.70	1,991,978.49
Personal property:			
Tangible personal property	217,045.97	1/ (157.69)	217,203.66
Stocks	5,248,516.85	750,872.89	4,497,643.96
Bonds	1,725,044.13	456,356.87	1,268,687.26
Other securities	237,685.55	234,721.78	2,963.77
Mortgage participations	55,718.27	1,524.97	54,193.30
Bank balances	54,736.47	93.96	54,642.51
Notes, claims, and credits	163,971.69	32,533.84	131,437.85
Life insurance and annuities	149,075.13	37,046.13	112,029.00
Total	7,851,794.06	1,512,992.75	6,338,801.31
Interests in estates and trusts:			
Decedents' estates	217,684.29	27,123.16	190,561.13
Trusts under wills	4,205,363.34	406,440.43	3,798,922.91
Trusts inter vivos	1,596,325.28	285,514.12	1,310,811.16
Guardianship estates	36,326.64	1,551.71	34,774.93
Total	6,055,699.55	720,629.42	5,335,070.13
Subtotal	59,072,077.32	4,464,777.45	54,607,299.87
Conservatory and administrative expenses 2/	(1,748,453.50)	(815,883.34)	(932,570.16)
Direct expenses not allocated 3/	(5,142,525.04)	(1,829,951.92)	(3,312,573.12)
Grand total	52,181,098.78	1,818,942.19	50,362,156.59

1/ Excess of expenditures over cash income.
2/ Expenses allocated to specific alien property accounts upon the return of vested property or the payment of debt claims.
3/ 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 9.--CASH RECEIVED THROUGH LIQUIDATION AND SALE OF VESTED PROPERTY, CLASSIFIED BY TYPE OF PROPERTY
MAR. 11, 1942 TO JUNE 30, 1954

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 of trusts.

Type of property	Total	Period	
		July 1, 1953 to June 30, 1954	Mar. 11, 1942 to June 30, 1953
Interests in vested business enterprises:			
Stock	$105,333,455.36	$1,589,563.60	$103,743,891.76
Equity in enterprises whose assets or excess assets have been vested	19,327,286.78	.....	19,327,286.78
Partnership interests	178,349.68	.....	178,349.68
Other proprietary interests	81,567.05	.....	81,567.05
Bonds	192,327.81	63,447.23	128,880.58
Notes and accounts receivable	7,192,403.56	173,969.82	7,018,433.74
Total	132,305,390.24	1,826,980.65	130,478,409.59
Royalties on patents, copyrights, and trade-marks (accrued prior to dates of vesting): 1/			
Patents, applications, and contracts	5,321,982.64	6,679.76	5,315,302.88
Copyrights and contracts	1,107,601.24	.....	1,107,601.24
Trade-marks and contracts	744,583.15	500.00	744,083.15
Total	7,174,167.03	7,179.76	7,166,987.27
Real property:			
Real estate	7,000,041.28	719,159.10	6,280,882.18
Mortgages	1,223,261.93	15,869.27	1,207,392.66
Ground rents, leaseholds, and other interests	53,637.22	10,448.96	43,188.26
Total	8,276,940.43	745,477.33	7,531,463.10
Personal property:			
Tangible personal property	981,664.56	2/ (3,029.37)	984,693.93
Stocks	26,916,933.39	777,546.08	26,139,387.31
Bonds	15,748,461.63	1,647,003.62	14,101,458.01
Other securities	156,180.84	7,229.89	148,950.95
Mortgage participations	579,606.59	11,445.75	568,160.84
Bank balances	30,013,184.07	515,976.45	29,497,207.62
Notes, claims, and credits	23,421,599.28	261,828.03	23,159,771.25
Currency and coin	10,054,883.66	.....	10,054,883.66
Life insurance and annuities	3,476,999.15	211,251.11	3,265,748.04
Total	111,349,513.17	3,429,251.56	107,920,261.61
Interests in estates and trusts:			
Decedents' estates	24,909,348.35	3,839,057.12	21,070,291.23
Trust under wills	7,981,718.00	252,728.20	7,728,989.80
Trust inter vivos	3,367,756.65	160,078.65	3,207,678.00
Guardianship estates	681,711.42	5,441.99	676,269.43
Total	36,940,534.42	4,257,305.96	32,683,228.46
Received in cash per intercustodial agreement	3,056,000.00	2,206,000.00	850,000.00
Subtotal	299,102,545.29	12,472,195.26	286,630,350.03
Conservatory and administrative expenses 3/	(11,792,562.12)	(1,010,295.70)	(10,782,266.42)
Direct expenses not allocated 4/	(2,190,118.59)	(432,176.77)	(1,757,941.82)
Grand total	285,119,864.58	11,029,722.79	274,090,141.79

1/ 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. (See table 8).
2/ Excess of expenditures over cash proceeds.
3/ Expenses allocated to specific alien property accounts upon the return of vested property or the payment of debt claims.
4/ 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 vesting orders. As of June 30, 1954 the estimated value of such properties was $4,982,303. Of this amount, $4,492,274 was in stocks and bonds while $451,036 consisted of cash on deposit with the United States Treasury.

ASSETS REMAINING FROM WORLD WAR I

The value of World War I assets held by the Office of Alien Property as of June 30, 1954 amounted to $1,602,877.92. There was a decrease of $390,699.10 in the book value of these assets during the fiscal year.

A grand total of $6,664,787.06 through June 30, 1954 had been transferred to the Secretary of the Treasury for deposit in the "German Special Deposit Account" under the provisions of Public Law 375, 80th Cong., 1st sess. 4/ Although no cash had been transferred under Public Law 375 during the fiscal year 1954, $147,572.20 has been set aside subject to call by the Secretary of the Treasury for deposit in this account.

Unclaimed German funds in the amount of $6,811.84 had been transferred to the Treasury in accordance with the provisions of section 25(d) of the Trading With the Enemy Act, as amended, making a total of $866,784.27 so transferred as of the end of the fiscal year 1954. These transfers eliminated 13 pending claims.

A total of $294,736.23 was paid on allowed claims or otherwise removed from 120 active accounts as unpayable during the fiscal year as the claimants could not be located or for other reasons.

After the deduction of $147,572.20 certified under Public Law 375 as subject to call by the Secretary of the Treasury from the cash assets of $1,602,877.92, there was a cash balance of $1,455,305.72 remaining at June 30, 1954, of which $69,003.56 is claimed by alleged French citizens, $82,492.29 by alleged Austrian citizens and $65,184.62 by persons of other nationalities exclusive of Germany.

At the start of the fiscal year 1954, there were pending 186 claims aggregating $298,096.75 filed by alleged French nationals. During the fiscal year 25 French claims totaling $220,624.95 were allowed and paid; the sum claimed in 4 claims was transferred to the Unpayable Balances Account in the amount of $8,164.81; $56 was held for eventual transfer to the German Special Deposit Account under Public Law 375 and estate and income taxes of $787.48 were paid. As of June 30, 1954 there were 157 pending claims by alleged French citizens aggregating $69,003.56.

There were pending at the start of fiscal year 1954 a total of 151 claims by alleged Austrian nationals totaling $230,829.40. During the year 23 claims were paid in the total amount of $142,232.45 and income taxes were paid in the amount of $234.61. In addition 100 claims totaling $4,509.86 were determined to be unpayable and that amount was transferred to the Unpayable Balances Account and the claimants in 2 claims totaling $1,360.19 were determined to be of other nationalities. As of June 30, 1954 there were pending on the books 30 claims aggregating $82,492.29. Four of these appear to be by Germans and the amount claimed had been earmarked for eventual transfer to the German Special Deposit Account under Public Law 375. However, 12 additional claims aggregating $71,051.68 upon which payment had not been completed or entries made had been allowed on June 30, 1954, and only 18 claims aggregating $11,440.61 were open for action at this date.

4/ 61 Stat. 789, 50 U. S. C. App. sec. 9.

At the beginning of the fiscal year 1954 there were pending 91 claims by nationals of countries other than France, Austria and countries behind the Iron Curtain in the amount of $88,072.75 to which was added $1,005.47, transferred from the Austrian account. Of these claims, 29 totaling $17,526.50 were paid and 13, totaling $6,367.10, were transferred to the Unpayable Balances Account or held for transfer to the German Special Deposit Account under Public Law 375. On June 30, 1954 there were pending 49 claims aggregating $65,184.62, one of which is for $44,913.86.

During the fiscal year 4 claims in the total amount of $2,355.83 were paid from the Unpayable Balances Account and 5 claims not included in the above classifications were allowed in the sum of $13,074.39 but had not been paid on June 30, 1954.

Table 10.--CHANGES IN WORLD WAR I PROPERTY, JULY 1, 1953, TO JUNE 30, 1954

Value at July 1, 1953		1/ $1,993,577.02
Add: Cash received		46.09
		$1,993,623.11
Less:		
Payments to claimants	-$382,769.18	
Expenses paid and administrative deductions upon settlement of claims	-1,162.17	
Transfers to German Special Deposit Account	-6,811.84	
Worthless assets written off	-2.00	
		-390,745.19
Value at June 30, 1954		1/ 1,602,877.92

1/ Excludes $57,419,820.73 at June 30, 1953 and June 30, 1954 of United States Treasury certificates of deposit which are considered worthless and are being omitted from the balances shown. 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 11.--COMPARATIVE STATEMENT OF WORLD WAR I PROPERTY HELD, APRIL 21, 1942, JUNE 30, 1953, AND JUNE 30, 1954

Type of property	June 21, 1942	June 30, 1953	June 30, 1954
Property in process of administration: 1/			
U. S. Treasury cash	$9,014,305.51	$1,880,669.02	$1,452,281.70
U. S. Treasury cash held subject to call for transfer to German Special Deposit Account 2/	970,498.29	112,594.22	150,284.44
Stocks	72.00	6.00	6.00
Bonds	1.00	9.00	9.00
Real estate	29,915.00	214.00	214.00
Mortgages	15,761.50	.....	.....
Miscellaneous assets	36.00	84.78	82.78
Total	10,030,589.30	1,993,577.02	1,602,877.92

1/ Excludes $55,203,923.51 at April 21, 1942 and $57,419,820.73 at June 30, 1953 and June 30, 1954 of worthless certificates. See footnote 1 in table above.
2/ Represents funds subject to call by the Secretary of the Treasury for transfer to the German Special Deposit Account under the Settlement of War Claims Act of 1928 (45 Stat. 254, 50 U. S. C. App. sec. 9) or Public Law 375, or both.

III

BUSINESS ENTERPRISES

The Office of Alien Property has vested controlling or substantial interests in 434 business enterprises whose total assets at dates of vesting amounted to $407,714,000. As of June 30, 1954 the Office had under its administration 104 enterprises, both active and in liquidation, with total assets of $296,460,000, of which $122,906,000 represents the value of the Attorney General's vested interests.

In the case of a corporation, the Office has vested the enemy-owned capital stock. Where partnerships and other types of unincorporated businesses are involved, the Office has vested 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 vested the remaining excess assets after payment of claims and liabilities in accordance with the laws of the state or territory in which the institution is located. The Office, in addition to vesting ownership interests, also has vested the interests of enemy creditors.

GENERAL DESCRIPTION OF VESTED ENTERPRISES

Status of Vested Enterprises

Of the 434 enterprises in which controlling or substantial interests have been vested, the Office has continued 101 as going concerns while the remaining 333 were either in liquidation at date of vesting, placed in liquidation by the Office or remain inactive and dormant for certain reasons. Of the 101 continued in operation as active going concerns, 60 have been sold, 23 returned to their former nonhostile owners, and 1 merged with another vested enterprise prior to sale. The Office has completely liquidated 220 of the 333 enterprises in liquidation, and in addition, has sold 4 companies in liquidation and returned the vested interests in 22 companies in liquidation. The Office continues to hold controlling or substantial vested interests in 17 active going business enterprises 1/ and 87 inactive or liquidation enterprises as of June 30, 1954.

The following summary, arranged according to the nationality of the former owners of the 434 enterprises, indicates the distribution of the enterprises and their total assets at dates of assumption of control and as of June 30, 1954:

Nationality of former ownership	Dates of vesting		June 30, 1954	
	Number of companies	Total assets	Number of companies	Total assets
German	220	$290,897,000	47	$259,015,000
Japanese	175	100,715,000	57	37,445,000
Italian	33	13,564,000	.....	.....
Other	6	2,538,000	.....	.....
Total	434	$407,714,000	104	$296,460,000

1/ This figure excludes certain minority stock interests which, although of substantial value, did not justify taking supervision of the particular enterprises.

ATTORNEY GENERAL'S INTEREST IN VESTED ENTERPRISES

The interests of the Office in both net worth and obligations of the vested enterprises are shown in table 12. The value of the vested interests is based upon the net equity concept. Book values, although constituting the best available basis for valuation, do not accurately portray the value of the Attorney General's interest 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 former enemy and enemy-occupied countries, especially those assets owned by enterprises in liquidation, have been analysed and where they consist of valueless assets awaiting write-off on the books of the companies, have been treated as having no value; 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 all vested enterprises is estimated at $171,528,000 at dates of assumption of control and at $122,906,000 as of June 30, 1954.

An analysis of the $48,622,000 decline in net equity vested from dates of assumption of control to June 30, 1954 is presented in table 13. The major portion of the decline was caused by the sale of vested interests in business enterprises for which the Office received $92,782,000 in cash and the payment of liquidating dividends by companies in liquidation in the amount of $55,283,000. 2/ Offsetting this decline to a large degree was the amount of appreciation added to net equity on vested property totaling $113,240,000.

Table 12.--NET EQUITY IN ALL VESTED ENTERPRISES, CLASSIFIED BY CHARACTER OF INTERESTS, AS OF DATES OF VESTING, AND AS OF JUNE 30, 1954

[In thousands of dollars]

Character of interests	As of dates of vesting	As of June 30, 1954
Total	171,528	122,906
Interests in net worth	159,939	120,797
Stock	110,665	110,831
Equity in enterprises whose assets or excess assets have been vested	49,057	9,898
Partnership interests	167	6
Other proprietary interests	50	62
Interests as creditor	11,589	2,109
Bonds	517	9
Notes and accounts receivable	11,072	2,100

It will be noted that the net equity of the Attorney General represented by stock interests in enterprises has actually increased slightly between dates of assumption of control and June 30, 1954 despite the sale and liquidation of stock interests in the interim. This situation is due primarily to the appreciation of vested interests in General Aniline & Film Corporation from dates of assumption of control to June 30, 1954. As of the latter date, the Attorney General's stock interest in this one corporation was valued on the books in excess of $93,000,000, accounting for approximately 84 percent of the $110,831,000 representing stock interests in all vested enterprises. 3/

2/ Correction of figure shown in 1953 Annual Report.
3/ See infra, pp. 35-38.

Table 13.--CHANGES IN NET EQUITY VESTED IN ALL VESTED ENTERPRISES, DATES OF VESTING TO JUNE 30, 1954

[In thousands of dollars]

Net equity as of dates of vesting			$171,528
Add:			
Net appreciation of vested interests	$113,240		
Distribution of interests formerly owned by vested estates and trusts	2,296	115,536	
Less:			
Liquidating dividends in cash and kind paid to the Office	-55,283		
Interests sold by the Office 1/	-92,782		
Interests returned by the Office	-6,935		
Debts paid to Office in cash and kind	-7,422		
Transfer of minority interests in business enterprises to miscellaneous stock 2/	-3,399		
	-165,821		
Deduct direct expenses incurred in management or sale of vested interests	1,663		
		-164,158	
			-48,622
Net equity as of June 30, 1954			122,906

1/ The value of the shares of stock in General Aniline & Film Corporation received as the proceeds of the sale of General Dyestuff Corporation to the former corporation is not included in this figure, since the net effect of the sale was to exchange the interests in one vested enterprise for additional interests in another vested enterprise. For details of the sale, see infra, pp. 25-26.

2/ Shares of stock remaining after the sale or return of the substantial interests.

OPERATION OF VESTED ENTERPRISES AS GOING CONCERNS

Of the 434 enterprises in which substantial or controlling interests have been vested by the Office of Alien Property, 101 have been continued in operation on an active going basis. The sale of 60 companies, the return of the vested interests in 23 companies, and the merging of 1 concern, leaves 17 continued in operation as of June 30, 1954.

Consolidated Comparative Balance Sheets

Table 14 indicates the comparison of balance sheet items of the 17 active enterprises in which substantial or controlling interests have been vested and which are still held by the Office, as of dates of vesting and as of June 30, 1954. Total assets have increased from $96,984,000 as of dates of vesting to $221, 040,000 as of June 30, 1954. Total net worth has advanced from $57,020,000 as of dates of vesting to $126,672,000 as of June 30, 1954, an increase of $69,652,000 on the books of the enterprises. This increase of $69,652,000 in total net worth is analysed in table 15 to show the reasons for the change.

The 17 active enterprises still under the control of the Office as of June 30, 1954 had operating profits of $72,159,000 while under the supervision of the Office. Of this total, 15 companies made profits of $73,159,000 while 2 companies had operating losses of $1,000,000. Capital adjustments on the books of the enterprises accounted for a net increase of $16,469,000, while distributions of dividends in cash and kind reach the

total of $18,448,000. Of the latter figure, the Office of Alien Property has collected in excess of $8,500,000 as its share of distributed profits.

Table 14.--CONSOLIDATED COMPARATIVE BALANCE SHEETS OF 17 ACTIVE ENTERPRISES IN WHICH SUBSTANTIAL INTERESTS ARE STILL HELD BY THE OFFICE OF ALIEN PROPERTY AS OF JUNE 30, 1954, DATA SHOWN AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1954

[In thousands of dollars]

Balance Sheet items	As of dates of assumption of control	Additional interests vested	Changes reflected on books of interprises	As of June 30, 1954
ASSETS 1/				
Located in the United States	71,051	.....	99,993	171,044
Located in former allied and neutral countries	442	.....	49,554	49,996
Located in former enemy and enemy-occupied countries	25,491	.....	(25,491)	2/
Total assets	96,984	.....	124,056	221,040
LIABILITIES AND NET WORTH				
Liabilities:				
Owing to residents of the United States	37,343	.....	24,609	61,952
Owing to residents of former allied, neutral and enemy-occupied countries	1,655	.....	30,470	32,125
Owing to residents of former enemy countries	531	(553)	22	.....
Owing to Attorney General	435	553	(697)	291
Total liabilities	39,964	.....	54,404	94,368
Net worth:				
Net worth of solvent enterprises	57,195	.....	69,487	126,682
Deficits of insolvent enterprises	(175)	.....	165	(10)
Total net worth	57,020	.....	3/69,652	126,672
Total liabilities and net worth	96,984	.....	124,056	221,040
Net worth of solvent enterprises distributed according to ownership interests:				
Vested in Attorney General	45,454	1,268	61,326	108,048
Owned by others	11,741	(1,268)	8,161	18,634

1/ Receivables and claims are classified according to location of debtors; deposits according to location of depositaries; and securities according to location of issuers.
2/ See p. 21, supra, first paragraph.
3/ For an explanation of the factors producing this change, see table 15.

Table 15.--FACTORS RESPONSIBLE FOR CHANGES IN NET WORTH OF 17 ACTIVE ENTERPRISES IN WHICH SUBSTANTIAL INTERESTS ARE STILL HELD BY THE OFFICE OF ALIEN PROPERTY AS OF JUNE 30, 1954
DATA SHOWN FROM DATES OF ASSUMPTION OF CONTROL TO JUNE 30, 1954

[In thousands of dollars]

Factors responsible for changes		Amount
1. Operating profits and losses (after taxes):		
Profits of 15 enterprises	$73,159	
Less: Losses of 2 enterprises	-1,000	
Net change		$72,159
2. Capital adjustments:		
Revaluation of assets (including losses and gains on sale of fixed assets, and changes in expenses and taxes applicable to periods prior to vesting):		
Gains	17,843	
Losses	-1,374	
Net change		16,469
3. Distribution to stockholders, partners, and other owners (including Attorney General):		
Distributed profits in cash and kind	-18,448	
Redemptions and purchases of stock by companies	-528	
Net change		-18,976
Total changes in net worth of 17 active enterprises since dates of assumption of control (footnote 3, table 14)		69,652

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.

SALE OF VESTED ENTERPRISES AS GOING CONCERNS

During the fiscal year the Office sold the vested interests in 4 active business enterprises, making a total of 60 sold to June 30, 1954, plus 1 active company merged with another prior to sale. Of the 4 sold during the fiscal year, 3 were cash sales while the vested shares in 1 corporation were exchanged for shares of capital stock in another active enterprise the majority of whose capital stock is held by the Office.

Proceeds from the sale of the vested interests in active business enterprises has now reached $92,755,000 in cash and $7,159,000 in shares of stock of another vested enterprise. In addition, the Office was left with small minority interests valued at approximately $2,857,000 in several companies after the sale of the major portion of its vested interests, which minority interests have been transferred to miscellaneous securities and deducted from net equity in business enterprises.

Therefore, as a practical matter, the Office has realized a total of $102,771,000 in cash and additional interests in a vested business enterprise from the sale of its vested interests in active business enterprises as of June 30, 1954. This realized total compares with $57,555,000, the book value of the sold interests at dates of assumption of control, and with $80,089,000, the book value of the sold interests at dates of sale.

Enterprises Sold During Fiscal Year

SEECK & KADE, INC.--By Vesting Order No. 17536, executed March 14, 1951, the Attorney General vested 500 shares of $100 par value common capital stock and 250 shares of $100 par value preferred stock of Seeck & Kade, Inc., as property of Walter Seeck, Garmisch-Partenkirchen, Germany. By Vesting Order No. 19292, executed April 15, 1953 the Attorney General vested "any and all rights and interests" of Walter Seeck under an Agreement dated May 1, 1929, which provided for a preemptive right in each party to the Agreement to be first offered the stock of the other party at a fair and reasonable price if sale of such stock was contemplated.

As a result of these vesting orders, the Attorney General acquired 50% of the authorized, issued and outstanding common capital stock and 100% of the authorized, issued and outstanding preferred capital stock of Seeck & Kade, Inc. During the months preceding the sale, negotiations were carried on between Mr. Max Kade, who, with his wife, owned the unvested 50% of the outstanding common stock, and this Office. The result of these negotiations was that, by letter dated April 20, 1953, signed by Max Kade and accepted by the Attorney General, the latter and Mr. Kade agreed that for the purpose of this sale and provided the auction resulted in a final sale of the stock of the company owned by the Attorney General, each party would waive any and all rights that they may have respectively under the Preemptive Contract dated May 1, 1929, referred to in Vesting Order No. 19292 above. In addition, Mr. Kade agreed to make a guaranteed minimum bid of $650,000 for the stock offered for sale, which bid was to be the opening bid at the public auction.

A prospectus and related sales papers were prepared and on June 2, 1953 the Attorney General announced the offering for sale of the vested stock at public auction. The sale was advertised in the New York Times and Wall Street Journal on June 2, 1953 and in the Oil Paint and Drug Reporter on June 8, 1953. The auction was held at the Office of Alien Property, U. S. Court House, Foley Square, New York at the appointed time. Although six parties had filed "Questionnaire for Prospective Bidders" and five had made the required $50,000 deposit, the only bid received was that of Mr. Kade in the amount of $650,000. The Attorney General accepted the bid of Mr. Max Kade and the stock was transferred to Mr. Kade on July 8, 1953 in return for two checks in the total amount of $650,000, representing payment in full for the purchase price of the stock.

GENERAL DYESTUFF CORP.--By Vesting Order No. 33, dated June 30, 1942, the Alien Property Custodian vested all of the outstanding capital stock of General Dyestuff Corporation consisting of 8,678 shares of $100 par value common stock. By Vesting Order No. 99, dated August 6, 1942, as amended June 7, 1945, the Custodian vested all rights of I. G. Farbenindustrie, A. G., in and to a certain contract, dated March 13, 1936, between I. G. Farben and General Dyestuff Corp., relating to the assignment of certain patents to General Dyestuff Corp. By Vesting Order No. 5034, dated June 15, 1945 the Custodian vested all the rights of I. G. Farben in and to a certain contract dated April 2, 1940, between I. G. Farben and General Dyestuff Corp., relating to the assignment of certain patents to

General Dyestuff Corp. By Vesting Order No. 11421, dated June 10, 1948, the Attorney General vested a debt owing by General Dyestuff Corp. to I. G. Farben as of December 31, 1947 in the amount of $358.46.

Due to their close interdependence, it has long been the belief of management of both General Dyestuff Corporation and General Aniline & Film Corporation that a merger of the two companies would be to the advantage of both. As a consequence, a great deal of thought has been devoted to determining the best means of accomplishing this result, with merger by private sale of General Dyestuff Corp. to General Aniline & Film Corp. developing as the preferred solution. By letter dated August 10, 1953, Winston Paul, Chairman of the Board of Directors of General Aniline & Film Corp., pursuant to authorization by the Board of Directors, transmitted the offer of General Aniline & Film Corp. to acquire all of the 8,678 shares of outstanding capital stock of General Dyestuff Corp., vested in the Attorney General, in exchange for 65,085 shares of authorized but unissued Common "A" stock of General Aniline.

The number of shares of Common "A" stock of General Aniline & Film required as equivalent in value to the entire issued and outstanding capital stock of General Dyestuff was determined in a report prepared by Ebasco Services, Inc., at the request of the management of General Aniline & Film Corp. A sale of the vested stock of General Dyestuff Corp. for 65,085 shares of Class "A" stock of General Aniline & Film was recommended to the Attorney General on October 16, 1953. On November 4, 1953 the Offer of General Aniline & Film was accepted by letter from the Office of Alien Property to Winston Paul, Chairman of the Board of Directors. No cash was involved in the transaction. For statistical purposes of this Annual Report, a value of $7,159,000 has been assigned to the shares of General Aniline & Film Corp. received in exchange for the vested shares in General Dyestuff Corp., the value being determined as the midpoint of the "bid" and "asked" price per share on the 'over the counter' market on the day of sale.

FUJIMOTO TRADING COMPANY, LTD.--By Vesting Order No. 4725, dated March 7, 1945, the Alien Property Custodian vested 700 shares of capital stock, par value $50 each, of Fujimoto Trading Co., Ltd., Hawaii. The vested shares represented 50% of the issued and outstanding stock of the company which is engaged in the importing of foodstuffs and general merchandise.

The company had not paid dividends on its stock since before vesting and it had sustained net losses on its operations in 1950, 1952 and 1953. The vested stock was first offered for public sale in June 1950 and only one bid was received. Mrs. Chieko Iwasaki was the bidder and her bid of $7,000 was rejected as inadequate. Private negotiations to seek higher offers were conducted by the Honolulu office of the Office of Alien Property, culminating in November 1951 in a private offer of $11 per share, or $7,700, but this offer was also rejected as inadequate. Efforts to negotiate for the sale of the vested stock in 1951 and 1952 with members of the Fujimoto family, who hold the non-vested stock in the enterprise, resulted in advice that they would be interested in purchasing the stock only at a figure considerably less than the $10 offer received in June 1950.

The latest private offer was received from Mrs. Chieko Iwasaki in June 1953 in the amount of $5.00 per share. After several months of negotiations, her offer was increased to $11.00 per share, or a total of $7,700. Although the offer was less than the book value of the vested shares, it was considered advisable to accept the offer in view of the poor earnings record of the company, the fact that four years of negotiations had resulted in this, the best offer obtainable, and the administration of this asset and efforts to effect its sale by the Office had involved time and expense out of proportion to the value of the property. On April 15, 1954 a sale order was executed accepting the bid on a down payment of $5,770 and the balance within six months of the date of sale, but the sale order was amended on June 21, 1954 when the purchaser tendered the full purchase price of $7,700.

HERMAN BASCH & CO., INC.--An agreement dated October 9, 1953 was entered into between the Attorney General and Herman Basch & Co., Inc., which provides for the purchase by the company of 1,002 shares of stock vested by the Attorney General for $832 per share, or a total of $833,664. The agreement provides for a cash payment for 442 shares and for the purchase by the company of the remaining 560 shares over a three-year period.

The sale was culminated on October 9, 1953 when a certified check was received from the company in the amount of $367,744 and a stock certificate for 940 shares was delivered to the company together with a transfer order directing the transfer of 442 shares to Herman Basch & Co., Inc., and the delivery of a certificate for the remaining 498 shares to the Attorney General. The 498 shares, together with 62 additional shares then held by the Attorney General, aggregated 560 shares to be purchased by the company on a time-payment basis.

The final closing on the settlement of the sale of 560 shares was consumated on December 3, 1953 at which time 560 shares of the capital stock was transferred to the company, in return for which three promissary notes were executed including pledge agreements as follows:

Note No. 1 in the amount of $166,400, due Oct. 8, 1954
(Paid 10/8/54)
Note No. 2 in the amount of $166,400, due Oct. 8, 1955
Note No. 3 in the amount of $133,120, due Oct. 8, 1956.

The company issued a new stock certificate for 560 shares in the name of the company, endorsed in blank by Paul Wm. Vort, President, and Ernest Nauen, Secretary, for the company.

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 prior to sale.

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 opertions of the company, including 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 with the standards of the Securities and Exchanges Commission in its prospectus and related documents, although no registration statement is filed with the Commission.

Each sale is advertised in newspapers and national peridocals, 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 the sale. A prospectus and related documents are made available to all persons who request them.

A period of 15 days or more is generally allowed from the time of the announcement of the sale to the date for opening of bids to afford prospective purchasers sufficient time to appraise the value of the interests being offered. 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 condidions 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 as 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.

LIQUIDATION OF VESTED ENTERPRISES

Of the 434 business enterprises in which substantial interests have been vested by the Office, 333 were either in liquidation at the time of assumption of control, placed in liquidation by the Office or remain inactive and dormant for certain reasons. Those companies that were placed in liquidation by the Office were either unable to operate profitably or their continued operation would not serve the national interest. Of the 333 companies in liquidation, 29 enterprises are banks and insurance companies which are discussed separately in the succeeding section of this chapter.

Of the 304 remaining companies in liquidation, 211 have been completely liquidated by the Office as of June 30, 1954. In addition, the Office has sold the vested interests in 4 companies while in liquidation and has returned the vested interests in 14 companies in liquidation. As of June 30, 1954 the Office continues its liquidation of 75 enterprises in which substantial or controlling interests have been vested.

Progress of Liquidation

Table 16 indicates the progress of liquidation by the Office by showing a comparison of balance sheet items of the 211 companies completely liquidated and the 75 companies still being liquidated as of June 30, 1954. The first column of the table gives the balance sheet items for the liquidated companies as of dates of assumption of control by the Office. The second column indicates the balance sheet items as of dates of assumption of control of the 75 companies still being liquidated on June 30, 1954. The third column shows the net change on the books of the enterprises (both liquidated and in liquidation) as a result of the efforts of the Office to effect final liquidation of these companies. The fourth column shows the balance sheet items as they are still reflected on the books of the 75 companies still being liquidated, since those items for the 211 companies completely liquidated amount to zero value at June 30, 1954, as far as the companies itself are concerned.

In some cases, the remaining assets shown in the fourth column of table 16 have involved difficulties in liquidation. 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 remote.

Table 16.--CONSOLIDATED COMPARATIVE BALANCE SHEETS OF VESTED ENTERPRISES (EXCEPT BANKS AND INSURANCE COMPANIES) COMPLETELY LIQUIDATED AND STILL IN LIQUIDATION AS OF JUNE 30, 1954, DATA SHOWN AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1954

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control		Changes reflected on books of companies	As of June 30, 1954
	Liquidated on June 30, 1954	In liquidation June 30, 1954		
ASSETS 1/				
Located in the United States:				
Cash	5,616	8,788	(4,041)	10,363
Receivables	1,592	1,764	(2,928)	428
Inventory	2,931	2,590	(5,516)	5
Investments	2,956	4,457	(3,066)	4,347
Fixed assets	3,232	3,283	(6,497)	18
Intangibles	1,026	267	(1,288)	5
Deferred charges	143	24	(166)	1
Claims and deposits	243	4,263	(3,233)	1,273
Total assets in United States	17,739	25,436	(26,735)	16,440
Located in former allied and neutral countries	5,031	2,073	(5,317)	1,787
Located in former enemy and enemy-occupied countries	3,594	37,186	(4,410)	36,370
Total assets	26,364	64,695	(36,462)	54,597
LIABILITIES AND NET WORTH				
Liabilities:				
Owing to residents of the United States	3,765	22,841	(1,950)	24,656
Owing to residents of former allied, neutral, and enemy-occupied countries	2,366	1,138	(2,529)	975
Owing to residents of former enemy countries	2,422	3,793	(4,937)	1,278
Owing to Attorney General	5,850	472	(3,945)	2,377
Total liabilities	14,403	28,244	(13,361)	29,286
Net worth:				
Net worth of solvent enterprises	14,178	42,363	(20,527)	36,014
Deficits of insolvent enterprises	(2,217)	(5,912)	(2,574)	(10,703)
Total net worth	11,961	36,451	2/ (23,101)	25,311
Total liabilities and net worth	26,364	64,695	(36,462)	54,597
Net worth of solvent enterprises distributed according to ownership shares:				
Vested in Attorney General	11,403	23,806	(13,763)	21,446
Owned by estates and trusts in which Attorney General is sole beneficiary	280	.....	(280)	.....
Owned by others	2,495	18,557	(6,484)	14,568

1/ Receivables and claims are classified according to location of debtors; deposits according to location of depositaries; and securities according to location of issuers.
2/ For a breakdown of this figure, see table 17.

The Office has succeeded in reducing domestic assets of the liquidated or in liquidation companies from $43,175,000 to $16,440,000 at June 30, 1954. Liabilities have also been reduced a total of $13,361,000 to $29,286,000, so that net worth of these enterprises at June 30, 1954 has dropped to $25,311,000, a reduction of $23,101,000 from dates of assumption of control. Table 17 indicates the factors responsible for this reduction in net worth between dates of assumption of control and the close of fiscal year 1954.

Table 17.--FACTORS RESPONSIBLE FOR CHANGES IN NET WORTH OF LIQUIDATED AND IN LIQUIDATION ENTERPRISES, DATES OF ASSUMPTION OF CONTROL TO JUNE 30, 1954

[In thousands of dollars]

Net worth as of dates of assumption of control			$48,412
Operating profits and losses: 1/			
Profits of 80 companies	$4,080		
Losses of 181 companies	-7,930		
Net change		-$3,850	
Capital gains and losses:			
Capital gains	7,441		
Capital losses	-7,269		
Net change		172	
Distributions to stockholders and other owners (including the Attorney General):			
Regular dividends	-1,309		
Liquidating payment in cash and kind	-18,114		
Net change		-19,423	
Total net changes			-23,101
Net worth as of June 30, 1954			25,311

1/ 25 companies had neither profits or losses.

Of the total liquidating payments made in cash and kind, the Office of Alien Property received $11,388,000 in cash and $3,995,000 in assets in kind, or a total of $15,383,000 of the $18,114,000 paid out by the companies already liquidated or still in liquidation as of June 30, 1954.

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 the usual trade channels by public sale, or through negotiated offers, depending on the method most advantageous to the Office and 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 corporation being liquidated. 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 a 100 percent stock vesting, 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. 4/ Dissolution orders are based on a review of all actions taken since the capital stock of the corporation was vested and a determination of the extent to which the liquidation and dissolution of the company in accordance with state law has 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 stockholders, exclusive of the Attorney General, to furnish bond to protect the officers and directors of the corporation 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 corporation has been vested, the management is generally not designated by the Office. No dissolution orders are issued but the plans of distribution adopted by the officers and directors are passed on by the Office if supervisory powers are in effect.

4/ For a list of dissolution orders issued during the fiscal year 1954, see Appendix, Exhibit C, p.92.

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 5/ 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 manner than 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 claim is questioned. When the Office assumes control of an unincorporated enterprise through the issuance of a vesting order taking title to the assets of the 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 for payment of such claims is contained in Public Law 671, 79th Cong., 2d sess., approved August 8, 1946. 6/ For a fuller discussion of claims, see Chapter VI, "Claims and Suits."

LIQUIDATION OF BANKS AND INSURANCE COMPANIES

During the fiscal year 1954 the Office of Alien Property continued its supervision of the liquidation of 11 banks and 1 insurance company. The majority of these institutions are being liquidated by the appropriate state officials 7/ or by liquidating trustees 8/ under the supervision of this Office.

Progress of Liquidation

Table 18 indicates the financial condition of banks and insurance companies except those 6 banks and 2 insurance companies in which vested interests were returned to their former nonhostile owners. From dates of assumption of control to June 30, 1954 the progress of liquidation is shown. The first column gives the balance sheet breakdown of the 9 banks and insurance companies completely liquidated at the close of the fiscal year 1954, as of dates of assumption of control. The second column shows the same breakdown for the 12 companies still being liquidated at June 30, 1954, as of dates of assumption of control. The third column shows the net change on the books of the enterprises due to the liquidation efforts of the Office, while the fourth column shows the items as they stand at the close of fiscal year 1954. It should be noted that the last column reflects the balance sheet items of the same companies as shown in column two, since the fully liquidated companies shown in column one have no assets or liabilities at June 30, 1954.

5/ 8 CFR 501.25.
6/ 60 Stat. 925, 50 U. S. C. App. sec. 34.
7/ 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.
8/ 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).

Table 18.--CONSOLIDATED COMPARATIVE BALANCE SHEETS OF BANKS AND INSURANCE COMPANIES IN LIQUIDATION OR COMPLETELY LIQUIDATED AS OF JUNE 30, 1954, DATA SHOWN AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1954

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control		Changes reflected on books of companies	As of June 30, 1954
	Liquidated on June 30, 1954	In liquidation June 30, 1954		
ASSETS 1/				
Located in the United States:				
Cash	7,820	21,103	(18,746)	10,177
Receivables	428	12,463	(11,756)	1,135
Investments	5,934	2,490	(8,109)	315
Fixed assets	.....	117	(115)	2
Deferred charges	3	86	(84)	5
Claims and deposits	42	1,688	(1,587)	143
Total assets in the United States	14,227	37,947	(40,397)	11,777
Located in former allied and neutral countries	1	5,221	(4,240)	982
Located in former enemy and enemy-occupied countries	3	14,752	(6,690)	8,065
Total assets	14,231	57,920	(51,327)	20,824
LIABILITIES AND NET WORTH				
Liabilities:				
Owing to residents of United States	992	7,361	(4,291)	4,062
Owing to residents of former allied, neutral, and enemy-occupied countries	.....	990	(990)	.....
Owing to residents of former enemy countries	20	862	(798)	2/ 84
Owing to Attorney General	.....	.....	.....	.....
Total liabilities	1,012	9,213	(6,079)	4,146
Net worth:				
Net worth of solvent companies	13,219	48,707	(45,248)	16,678
Deficits of insolvent companies	.....	.....	.....	.....
Total net worth	13,219	48,707	(45,248)	16,678
Total liabilities and net worth	14,231	57,920	(51,327)	20,824
Net worth of solvent companies distributed according to ownership shares:				
Vested in Attorney General	13,014	48,584	(44,947)	16,651
Owned by others	205	123	(301)	27

1/ Receivables and claims are classified according to location of debtors; deposits according to location of depositaries; and securities according to location of issuers.
2/ Not vested for policy reasons.

It will be noted from table 18 that total assets of the 21 banks and insurance companies fully liquidated and still in liquidation as of June 30, 1954 have declined some $51,327,000 under the liquidation supervision of the Office of Alien Property. The two principal factors in reducing total assets have been the payment of principal and interest dividends to creditors and the distribution to the Office of cash and assets in kind, such as receivables and securities. Non-liquid assets of $26,025,000 book value distributed to the Office from liquidated or in liquidation banks and insurance companies are no longer shown on the balance sheets of the companies. Of the above amount, approximately $22,858,000 represents notes, claims, and credits, the liquidation of which presents a difficult problem, since a substantial amount of those claims are against other enterprises vested by this Office. The disposition of these claims must be carried out in conformance with the claims procedure established by the Office under section 34 of the Trading With the Enemy Act, as amended. 9/ 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, further discussions with the Department of the Secretary of State of Canada were held with regard to the turnover to this Office of assets in Canada owned by vested enemy banks in this country, in accordance with the "Proposals for Settlement of Certain Problems Arising under Conflicting Custodian Controls" adopted by the Custodian Agencies of the United Kingdom, Canada and the United States.

Assets of the Yokohama Specie Bank, Ltd., San Francisco Office, consisting of Imperial Japanese Government Dollar Bonds in the face amount of approximately $3,500,000 were liquidated during the fiscal year 1954 by the Superintendent of Banks of the State of California, as Liquidator of that Bank, through sales in the San Francisco area which produced approximately $5,000,000. These dollar bonds were among those revalidated by the Japanese Government as a result of a mission to Japan in 1951 by members of the staff of this Office.

During the fiscal year a first and final report was filed with the Supreme Court, New York County, by the Superintendent of Insurance of the State of New York, as Liquidator of the Sumitomo Marine & Fire Insurance Company, Ltd. The report indicates that proceeds of the liquidation in the amount of approximately $500,000 will not be required for the payment of claims or other obligations by the Liquidator, and accordingly will be turned over to this Office as vested "excess proceeds" of the liquidation.

A decision was handed down by the Supreme Court of the United States in Brownell v. Singer, (347 U.S. 403) under which the Superintendent of Banks of the State of New York, as Liquidator of the Yokohama Specie Bank, Ltd., New York Agency, is directed to comply with a Turnover Directive issued by this Office in September 1950. The Directive requires the Superintendent of Banks to turn over a fund of approximately $557,000 which has been the subject of litigation since 1943.

All of the banks and insurance companies liquidated or in the process of liquidation by state authorities and by liquidating trustees under the supervision of this Office have paid dividends of 100 percent on approved claims of creditors. The claims of creditors of those banks and insurance companies which are being liquidated directly by this Office must be settled in accordance with sections 32 and 34 of the Trading With the Enemy Act, as amended. 10/

9/ 60 Stat. 925 (1946), 50 U. S. C. App. sec. 34.
10/ 60 Stat. 50, as amended 60 Stat. 930 (1946), 61 Stat. 784 (1947), 64 Stat. 1080 (1950), U. S. C. App. sec. 32; 60 Stat. 925 (1946), 50 U. S. C. App. sec. 34.

Decline in Net Worth

The reduction in net worth of liquidated and in liquidation banks and insurance companies from $61,926,000 at dates of assumption of control to $16,678,000 at June 30, 1954, is reconciled as follows:

Net worth at dates of assumption of control			$61,926,000
Liquidating gains and losses:			
Add: Gains of 10 companies	$5,497,000		
Less: losses of 11 companies	-1,975,000		
Net change		$3,522,000	
Distributions to stockholders and other owners (including Attorney General):			
Liquidating payments in cash	-22,745,000		
Liquidating payments in kind	-26,025,000		
Net change		-48,770,000	
Total change in net worth			-45,248,000
Net worth of liquidated and in liquidation banks and insurance companies as of June 30, 1954			16,678,000

GENERAL ANILINE & FILM CORPORATION

With the sale of General Dyestuff Corporation during the fiscal year to General Aniline & Film Corporation in exchange for shares of stock in the latter corporation, General Aniline & Film Corporation becomes by far the most important piece of vest property still under the control of the Office of Alien Property. The operations of this corporation for the fiscal year ended June 30, 1954 are described below.

Interest of the Office

The Office of Alien Property now holds 540,894 shares of the 592,743 outstanding shares of common "A" stock and all of the 2,050,000 outstanding shares of the common "B" stock of the corporation as of June 30, 1954. During the fiscal year the Office increased its holdings of the common "A" stock by 65,085 shares, which it received in exchange for the vested shares in General Dyestuff Corporation.

Management

There were no changes in the membership of the board of directors of the corporation during the fiscal year. Mr. M. M. Gouger and Mr. S. H. Williams were appointed vice presidents on September 17, 1953 and June 30, 1954, respectively. Mr. A. J. Young replaced Mr. W. A. Hensel as Controller on April 28, 1954, while Mr. J. H. Hilldring became executive vice president of the corporation on the same date.

Business Operations

DYESTUFF & CHEMICAL DIVISION (formerly General Aniline Works Division).--As of October 31, 1953 the corporation acquired General Dyestuff Corporation, the sole selling agent of the corporation's dyestuffs and chemicals for more than 25 years. General Dyestuff Corporation continued to act as the sales department of General Aniline Works Division until June 30, 1954 when it was merged into General Aniline & Film Corporation. As a result of the acquisition and subsequent merger the activities of General Aniline Works Division and General Dyestuff Corporation were combined and functioned as the Dyestuff and Chemical Division. This will assure the orderly continuity of the dye and chemical sales organization and will also increase operating economies.

IV

PATENTS, COPYRIGHTS, AND TRADE-MARKS

The Office of Alien Property controls directly and indirectly a large volume of industrial and intellectual property consisting of patents, copyrights, and trade-marks, together with many contracts and license agreements relating thereto. 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 capital 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 and trade-names was conducted on a selective basis only, the Office is responsible for the control of several 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. There 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 Office consisted of the following: 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.

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 to the following: (1) 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; (2) the expiration of patents; and (3) the return of patents and patent applications to American citizens and nonhostile foreign nationals. Table 19 indicates the changes in patent holdings of the Office from dates of vesting to June 30, 1954.

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, 1954 the Office has been granted a total of 3,053 patents on vested patent applications. This work for all practical purposes has been completed.

EXPIRATIONS.---Patents granted by the United States Patent Office expire 17 years from date of issue. As a result, a number of patents expire each year. Approximately 1,942 expired during the fiscal year 1954, making a total of 28,466 expirations since dates of vesting. After deducting expirations and returns of vested patents, the Office still held approximately 14,126 unexpired patents and interests in patents at the end of the fiscal year.

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RETURNS OF PATENT PROPERTY.---The Office returned to their former owners 104 patents, 6 part interests in patents, 3 patent applications, 6 interests in patent contracts, and certain other industrial properties during the fiscal year 1954. These returns were made under the authority of section 32 of the Trading With the Enemy Act, as amended. 1/ As of June 30, 1954 the Office had returned 2,174 patents, 91 part interests in patents, 132 patent applications, 97 interests in 91 patent contracts, and 15 inventions.

Table 19.--CHANGES IN PATENT HOLDINGS FROM DATES OF VESTING TO JUNE 30, 1954

Type of change	Patents	Part interests in patents	Patent applications	Permanently abandoned patent applications	Inventions
Total vested.....	41,176	362	4,706	529	868
Changes resulting from prosecution..	3,053	.....	(2,900)	(2)	(49)
Patent applications filed on inventions.....	.....	.....	48	.....	(49)
Divisional patent applications accepted 1/.....	.....	.....	95	.....	.....
Abandoned applications revived.....	.....	.....	2	(2)	.....
Patents granted on patent applications.....	3,053	.....	(3,045)	.....	.....
Changes resulting from assignments and return of property.....	(1,908)	(91)	(127)	(4)	(15)
Patents and applications assigned by this Office.....	(1)	.....	(1)	.....	.....
Patents and applications assigned to this Office.....	267	.....	4	.....	.....
Patent holdings returned to nonhostile persons.....	(2,174)	(91)	(130)	(4)	(15)
Total held.....	2/ 42,321	271	1,679	523	804

1/ 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.
2/ Of this number, approximately 28,466 patents have expired as of June 30, 1954.

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 outstanding 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 former Italian owner. These terms must be

1/ 50 U. S. C. App. sec. 32.

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 this 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, 1954	Licensed during period July 1, 1953 to June 30, 1954	Cumulative total to June 30, 1953
Number of licenses granted.....	1/ 3,398	45	3,353
Number of patents and patent applications licensed (counting each patent as many times as it was licensed).....	14,735	73	14,662

1/ More than 99 per cent related to patents formerly owned by nationals of enemy countries.

Encouragement of Use of Vested Patents

To provide a readily available listing of vested patents for prospective users, the Office maintains a library of "soft" copies and sets of abstracts of vested patents for public reference in the Washington Office. Upon request the Office supplies information on vested patents and patent abstracts to the public. During the fiscal year 1954 approximately 771 requests for general and technical information on vested patents were received and over 170 orders for sets and sections of patent abstracts were filled.

PATENT CONTRACTS

Interests in a large number of patents have been acquired by the Office, in addition to those directly vested, 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 at the close of the vesting program in April 1953. Of the 1,218 interests vested, 965 had been owned by enemy nationals and 253 had been owned by nationals of former enemy-occupied countries; of the 894 patent contracts involved, 724 had been vested from enemy nationals, 153 from nationals of former enemy-occupied countries, while 17 patent contracts had had joint interests vested.

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 the rights and interests in patents were granted to Americans by their former owners who were nationals of Germany and Japan. 2/ Any licensee who voluntarily relinquishes all claims relative 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 and Japanese nationals to give up those 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 1954 a total of 19 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 4,816 patents and patent applications has been made available for licensing by the Office through interpretation 3/ or termination of certain contracts during the period March 11, 1942 to June 30, 1954.

2/ Antitrust questions also arise with respect to property returned to eligible persons. In some cases, agreements containing provisions which restrain competition or tend 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.

3/ 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 contract may contain "most favored" license 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.

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	4,610
Restricted royalty-free licensing	138
Unrestricted royalty-bearing licensing	68

COLLECTION OF ROYALTIES.---As of June 30, 1954 the Office had collected a total of $23,922,757.80 in royalties due under vested patents and patent contracts. Of this amount, $439,827.85 was collected during the fiscal year 1954. Table 20 classifies royalty collections by nationality of former owners of the rights to royalties.

Table 20 .---ROYALTIES COLLECTED UNDER VESTED PATENTS AND PATENT CONTRACTS, MAR. 11, 1942, TO JUNE 30, 1954, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP

Nationality of former owners of patents and interests in patent contracts	Total	Accrued prior to dates of vesting	Accrued subsequent to dates of vesting
Total	$23,922,757.80	$5,321,982.64	$18,600,775.16
Enemy	18,368,094.63	3,978,593.13	14,389,501.50
German	16,689,565.06	3,365,389.78	13,324,175.28
Japanese	841.79	.....	841.79
Italian	1,252,318.28	534,258.88	718,059.40
Hungarian	423,772.32	78,944.47	344,827.85
Rumanian	1,597.18	.....	1,597.18
Formerly enemy-occupied	5,554,663.17	1,343,389.51	4,211,273.66
Belgian	199,455.38	70,938.63	128,516.75
Czechoslovakian	394,711.95	154,859.70	239,852.25
Danish	76,905.09	46,541.45	30,363.64
Dutch	341,496.85	117,372.35	224,124.50
French	3,103,228.74	791,087.39	2,312,141.35
Luxembourg	311,723.14	84,779.68	226,943.46
Norwegian	1,127,366.20	78,085.31	1,049,280.89
Polish	1/ (275.00)	1/ (275.00)	.....
Swiss	50.82	.....	..... 50.82

1/ Excess of expenditures over cash income.

PATENT RIGHTS OF VESTED CORPORATIONS

Administration of corporate-Owned Patents

The Office controls many patents indirectly 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 agreement 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

324144

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.

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. The Office grants licenses for the exploitation of vested works of foreign origin. The various types of exploitation include, among others, the republication of books, periodicals and sheet music and 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 contracts entered into before the war between foreign copyright owners and American exploiters and collects the royalties as they accrue.

An estimated 664,974 copyrights, claims and rights to copyrights, and the interests in 550 prewar contracts covering thousands of works have been vested as of June 30, 1954.

ROYALTIES.---At the end of the fiscal year 1954, as a result of its licensing program and the administration of vested prewar contracts, the Office had collected a total of $4,278,068.30 in royalties. A net of $264,176.59 was collected during the fiscal year. Table 21 shows the total receipts of the Office from copyrighted works and the nationalities of the former owners of these works.

Table 21 .---ROYALTIES COLLECTED UNDER VESTED COPYRIGHTS, MAR. 11, 1942, TO JUNE 30, 1954, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP 1/

Nationality of former owners of copyright interests	Total	Accrued prior to dates of vesting	Accrued subsequent to dates of vesting
Total	$4,278,068.30	$1,107,601.24	$3,170,467.06
Enemy	2,488,823.50	468,569.24	2,020,254.26
German	2,010,786.81	331,129.21	1,679,657.60
Japanese	19,117.25	1,981.82	17,135.43
Italian	423,133.08	127,506.43	295,626.65
Hungarian	32,757.71	6,027.28	26,730.43
Rumanian	1,836.13	1,211.13	625.00
Bulgarian	1,192.52	713.37	479.15
Formerly enemy-occupied	1,789,244.80	639,032.00	1,150,212.80
Belgian	28,258.83	4,773.03	23,485.80
Czechoslovakian	29,277.42	10,314.93	18,962.49
Danish	72,162.64	44,021.40	28,141.24
Dutch	1,225.69	447.65	778.04
French	1,615,326.26	559,887.38	1,055,438.88
Norwegian	15,455.74	6,696.53	8,759.21
Polish	26,869.47	12,697.33	14,172.14
Yugoslavian	668.75	193.75	475.00

1/ The figures on royalties are net of such expenses as taxes, agents' fees, etc.

ADMINISTRATION OF PREWAR COPYRIGHT CONTRACTS

In administering prewar copyright contracts on literary works and music, the Office is responsible for protecting and managing the Government's interest in the vested property. However, in addition to collecting the royalties provided for in the contracts, the Office cooperates with the American copyright exploiters to enable them to continue exercising the rights secured to them by the provisions of the contract and, at the same time, protects the interests of the authors and composers. A variety of problems must be dealt with in the administration of these contracts---for example, making arrangements for taking up options, tax adjustments, disputes with respect to royalty payments, the extension or interpretation of rights under the contracts, the allowance of expense deductions from royalties, and the determination of conflicting claims to the property and of respective interests of the various claimants.

As of June 30, 1954 the Office had collected a total of $3,704,611 for the exploitation of literary works and musical compositions under prewar contracts in which foreign interests have been vested. Of this amount approximately $3,210,000 was collected on music and $494,600 on books and periodicals.

Music and Books

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 alone paid approximately $750,000 under prewar contracts which it had with German publishers. The Office continues to receive royalties on many books covered by prewar contracts.

ADMINISTRATION OF VESTED WORKS

As a result of the licensing program for the exploitation of vested copyrighted works there were licenses outstanding at the end of the fiscal year 1954 covering approximately 1,000 scientific books and periodicals. In addition, there are 77 licenses covering the exploitation of vested motion pictures and a number of other licenses covering musical compositions. During the fiscal year ended June 30, 1954, 32 new licenses were issued and many outstanding licenses were amended to include additional vested works or to extend the life of the licenses. An additional 214 individual works were licensed during the fiscal 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 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 for-

324146

eign 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 $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.

Music

Licenses granted for the use of music are royalty-bearing with rates charged in accordance with general trade practices. The royalty rate for sheet music and orchestration is 10 percent of the retail price and for recordings 2¢ for each record, except where the licensee publishes a new English version the rates generally are lower. Royalties also are 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.

Motion Pictures

At the end of the fiscal year, the Office had vested over 6,000 motion pictures. Most of the motion pictures are German productions and they include features, documentaries, newsreels, military training films, travelogs, and other short subjects. At the end of the fiscal year the total of vested film identified and inventoried amounted to approximately 37 million feet.

The Office licensed the use of vested motion pictures for distribution to commercial theatres, 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 tracts or titles to the foreign motion pictures and there has been a revival of interest in some of the silent pictures regarded as classics.

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.

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 re-

lating to trade-marks, commercial prints and labels, and residual and reversionary rights acquired by enemy nationals through contract or otherwise in trade-marks and trade-names of American enterprises.

Vesting Policy

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. 4/ Even during the period of the war a policy of 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. Most of these trade-marks and trade-mark rights were owned prior to vesting by nationals of Germany.

Description of Trade-Mark Vestings

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

1. Vested trade-marks:	
(a) Trade-marks proper:	
German	455
Japanese	26
Italian	27
Hungarian	9
French	12
Belgian	2
Dutch	2
Total	533
(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:	
German	22
Italian	1
Total	23
3. Contracts relating to trade-marks in which foreign interests have been vested:	
German	32
Italian	4
Hungarian	7
Total	43

ROYALTIES COLLECTED.---During the period March 11, 1942 to June 30, 1954, royalties amounting to $1,933,172.47 had been collected by the Office under trade-mark agreements outstanding at the time of vesting. Table 22 presents the nationality of the owners whose interests were vested together with the amounts collected in royalties.

Old Trade-Marks of Enemy and Former Enemy Nationals

In addition to the modification of the vesting policy of this Office, an increasing number of licenses have been issued to American attorneys representing German nationals

4/ See Annual Report, Office of Alien Property Custodian, fiscal year ended June 30, 1944, pp. 114-115.

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 re-register 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.

Table 22.---ROYALTIES COLLECTED UNDER VESTED TRADE-MARK CONTRACTS, MAR. 11, 1942 TO JUNE 30, 1954 1/

Nationality of former owners of contract interests	Total	Accrued prior to dates of vesting	Accrued subsequent to dates of vesting
Total	$1,933,172.47	$744,583.15	$1,188,589.32
German	363,624.85	162,209.67	201,415.18
Italian	180.65	180.65	.....
Japanese	1,248,807.93	467,778.40	781,029.53
Hungarian	320,559.04	114,414.43	206,144.61

1/ The figures on royalties collected are net of direct expenses such as taxes and agents' fees.

New Trade-Marks of Enemy and Former Enemy Nationals

Under existing regulations of the Office of Alien Property 5/ 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.

5/ 8 CFR 507.41.

V

REAL AND PERSONAL PROPERTY AND INTERESTS IN ESTATES AND TRUSTS

With the cessation of vesting during April 1953, the Office of Alien Property had expected to concentrate its efforts on the sale and liquidation of real and personal property during the 1954 fiscal year. However, the severe reduction in the authorization the Congress for administrative expenses for the 1954 fiscal year curtailed the operations of the Office to a marked degree. In addition, the liquidation of vested interests in estates and trusts present a more complex problem, since the Office must await completion of judicial administration in these matters before realizing on its vested interests.

REAL ESTATE

Description of Real Estate Holdings

The Office has vested directly or otherwise acquired real property valued at $8,601,000 during the period March 11, 1942 to June 30, 1954. Together with appreciation of real property of approximately $1,740,000 since dates of vesting, total value of vested real property amounted to $10,341,000. Table 23 gives the classification of the property according to the nationality of its former owners and the method of its acquisition and disposition by the Office.

In addition to the above real property, the Office has also vested or otherwise acquired from distribution of interests in estates and trusts such items as mineral and oil rights and ground rents and leaseholds.

Table23.---VALUE OF REAL ESTATE VESTED, MAR. 11, 1942, to JUNE 30, 1954, CLASSIFIED ACCORDING TO NATIONALITY OF FORMER OWNERSHIP, METHOD OF ACQUISITION, AND DISPOSITION THEREOF TO JUNE 30, 1954

[In thousands of dollars]

	Total	German	Japanese	Italian	Other
Real estate vested and acquired:					
Directly vested	$7,499	$4,924	$1,757	$668	$150
Acquired in lieu of payment of vested mortgages	35	23	.....	12	.....
Acquired from distribution of assets of estates and trusts in which the Attorney General had vested interests	1,047	865	124	57	1
Acquired from distribution of assets of vested business enterprises	20	20	.....	.....	
Total vested and acquired	8,601	5,832	1,881	737	151
Appreciation since dates of vesting	1,740	803	487	473	(23) 1/
Total value of real estate	10,341	6,635	2,368	1,210	128
Disposition:					
Liquidations and sales	7,000	4,948	1,548	384	120
Property returned to nonhostile persons	1,502	461	270	763	8
Total dispositions	8,502	5,409	1,818	1,147	128
Total held on June 30, 1954	1,839	1,226	550	63	.....

1/ Excess of assigned value at date of vesting over sales proceeds.

Administration and Sale of Real Estate

Net income received by the Office from vested real estate after the payment of taxes, insurance, and other direct expenses amounted to $1,862,000 as of June 30, 1954, of which $167,000 was received during the fiscal year 1954. Income from mineral and oil rights, ground rents, and leaseholds amounted to an additional $217,000 as of June 30, 1954, of which $44,000 was received during the fiscal year.

The Office has received $6,281,000 as the proceeds from the sale and liquidation of real estate as of June 30, 1954, of which $719,000 was received during the fiscal year. A total of $53,000 has been received from the sale and liquidation of mineral and oil rights, and ground rents and leaseholds, of which $10,000 was received during the fiscal year.

Status of Real Estate Holdings as of June 30, 1954

The Office continued to hold 372 parcels of real estate valued at $1,839,000 at the close of the fiscal year 1954, compared to 430 parcels held as of the close of the fiscal year 1953 which were valued at $2,450,000. Of the total of 372 parcels of real estate held at June 30, 1954, 242 are improved, 119 are unimproved, and 11 are farm properties. Table 24 classifies according to sales status all parcels of real estate held by the Office at the close of the fiscal year 1954.

Table 24.---SALES STATUS OF REAL ESTATE HELD BY THE OFFICE OF ALIEN PROPERTY, BY NUMBER OF PARCELS, AS OF JUNE 30, 1954

Sales status	Number of parcels			
	Total	Improved	Unimproved	Farm
Total	372	242	119	11
Salable properties:				
Advertised, insufficient offers received	48	19	28	1
In process, advertisements released to agents	10	8	2	.....
In process, advertisements not released to agents (except Hawaiian)	153	80	68	5
Hawaiian cases	4	.....	4	.....
Properties withheld from sale:				
Italian 1/	15	8	7	.....
Other nationalities 2/	13	9	3	1
Legal difficulties 3/	119	109	7	3
Properties sold but closing still pending	10	9	.....	1

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

Accelerated Sales Program

On June 24, 1954 an accelerated sales program was approved including a new technique designed to direct the favorable attention of prospective purchasers to all vacant non-income producing land. For example, For Sale signs are being placed on each parcel of land by a local representative, inviting offers directly or through the prospective purchaser's own broker. In addition, owners of adjoining land and all residents of the immediate neighborhood are being contacted in an effort to liquidate this slow-moving land. Sales

listings are also being distributed by this Office to members of the local real estate boards. This program has been enthusiastically accepted by the brokers throughout the country and is expected to show excellent results during the 1955 fiscal year. Under this procedure all offers must be submitted on standard Offer to Purchase forms and are processed strictly in accordance with approved sale procedure.

MORTGAGES

The Office of Alien Property has vested or otherwise acquired mortgages valued at $1,641,000 during the period March 11, 1942 to June 30, 1954, of which $1,174,000 of mortgages was directly vested and $467,000 was received as distributions of assets of estates and trusts in which the Attorney General had vested interests.

Income From Vested Mortgages

The net income from mortgages received by the Office during the fiscal year amounted to $5,000 bringing the total net income so received to $128,000 as of June 30, 1954.

Status of Mortgage Holdings as of June 30, 1954

The Office continued to hold 38 mortgages valued at approximately $293,000 as of June 30, 1954. Sold or liquidated during the fiscal year were mortgages in the amount of $16,000. 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, 1954:

Mortgages vested and acquired:		
Directly vested	$1,174,000	
Received from distributions of assets of estates and trusts in which the Attorney General had interests	467,000	
Total mortgages vested and acquired	1,641,000	
Depreciation (date of vesting value more than cash proceeds)	-29	
Total value of mortgages		$1,612,000
Dispositions:		
Real estate received in satisfaction of delinquent mortgage	-$35,000	
Mortgages sold and principal amounts collected	-1,223,000	
Returned to nonhostile persons	-61,000	
Total value of mortgages disposed of		-1,319,000
Total value of mortgages held as of June 30, 1954		293,000

MORTGAGE PARTICIPATIONS

Mortgage participations, or fractional interests in real estate mortgages, valued at $826,000 have been vested or otherwise acquired by the Office as of the end of the fiscal year. The following summary shows the net value of mortgage participations vested and acquired and the value of those disposed of during the period March 11, 1942 to June 30, 1954:

Mortgage participations vested and acquired:		
Directly vested	$488,000	
Received from distributions of assets of estates and trusts in which the Attorney General had interests	338,000	
Total value of participations		$826,000

Disposition:

Participations sold and principal amounts collected....	-580,000	
Returned to nonhostile persons.....	-25,000	
Total value of participations disposed of.....		-605,000
Total value of participations held as of June 30, 1954.....		221,000

STOCKS, BONDS, AND OTHER SECURITIES

Total Vestings and Acquisitions

The Office of Alien Property has vested or otherwise acquired stocks and bonds valued at $53,782,000 at dates of vesting during the period March 11, 1942 to June 30, 1954. This total consisted of $33,160,000 of stocks, $20,457,000 of bonds, and $165,000 of other securities. Together with appreciation of approximately $16,297,000 on stocks, $5,030,000 on bonds, and $200,000 on other securities since dates of vesting, total value of stocks amounted to $49,457,000, of bonds to $25,487,000, and of other securities to $365,000. The totals of these securities and the methods of acquisition and disposition are shown in table 25.

Table 25.---STOCKS, BONDS, AND OTHER SECURITIES VESTED AND ACQUIRED, MAR. 11, 1942, TO JUNE 30, 1954, AND DISPOSITION THEREOF TO JUNE 30, 1954

[In thousands of dollars]

	Stocks	Bonds	Other securities
Property vested and acquired:			
Directly vested.....	$23,150	$9,447	$152
Acquired from distributions of assets of estates and trusts in which the Attorney General had vested interests.....	4,882	7,132	13
Acquired from distribution of assets of vested business enterprises.....	1,729	3,878	.....
Transfer of minority interests in business enterprises to miscellaneous securities after the sale of the majority interest.....	3,399	.....	.....
Total value of securities vested and acquired.....	33,160	20,457	165
Net appreciation since dates of vesting.....	16,297	5,020	200
Total value of securities.....	49,457	25,487	365
Dispositions:			
Liquidations and sales.....	26,917	15,748	156
Property returned to nonhostile persons.....	4,988	1,118	.....
Total dispositions.....	31,905	16,866	156
Total value of securities held as of June 30, 1954.....	17,552	8,621	209

Sale and Liquidation of Stocks and Bonds

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.

The procedure above is not followed if total holdings of any issue represent control or a substantial ownership in the issuing corporation. In such a case, the holding is treated as an interest in a business enterprise. 1/

For the fiscal year ended June 30, 1954 the Office received a net total of $777,546 as proceeds from the sale and liquidation of stocks, $1,647,004 from bonds, and $7,230 from other securities. Total proceeds from the sale and liquidation of stocks, bonds and other securities for the period March 11, 1942 to June 30, 1954 were as follows: (a) $26,916,933 from stocks; (b) $15,748,462 from bonds; and (c) $156,181 from other securities.

Status of Security Holdings as of June 30, 1954

The Office continued to hold $17,552,000 of stocks, $8,621,000 of bonds, and $209,000 of other securities at the close of the fiscal year 1954. These values represent a very large increase over stated holdings as of the close of the fiscal year 1953 due to the physical inventory and revaluation of all security holdings in the possession of the Office of Alien Property at the end of the 1954 fiscal year, in line with current market values.

Many securities still being held by the Office are not being sold 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 general practice. 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.

1/ For a discussion of business enterprises, see Ch. III, "Business Enterprises," pp. 20-38.

OTHER PERSONAL PROPERTY

Various other types of personal property vested or acquired by the Office consist of notes, claims, 2/ and credits, bank balances, interests in life insurance and annuity contracts, and currency and coin.

Notes, Claims, and Credits

The following summary shows the value of notes, claims, and credits vested and acquired and their disposition for the period March 11, 1942 to June 30, 1954:

Notes, Claims, and Credits vested and Acquired:		
Directly vested	$26,536,000	
Received from distributions of assets of vested business enterprises in liquidation	15,892,000	
Received from distributions of assets of estates and trusts in which the Attorney General had vested interests	38,000	
Total vested and acquired	42,466,000	
Revaluation (worthless assets written off)	-17,710,000	
Total value of notes, claims, and credits		$24,756,000
Dispositions:		
Notes, claims, and credits collected	$23,225,000	
Returned to nonhostile persons	40,000	
Total value disposed of		23,265,000
Total value of notes, claims, and credits held as of June 30, 1954		1,491,000

Bank Balances

The following summary shows the value of bank balances vested and acquired and their disposition to June 30, 1954:

Bank balances vested and acquired:		
Directly vested	$34,891,000	
Received from distributions of assets of estates and trusts in which the Attorney General had vested interests	202,000	
Total vested and acquired	35,093,000	
Revaluation (inaccurate reports and values at dates of vesting)	-3,811,000	
Total value of bank balances		$31,282,000
Dispositions:		
Bank balances collected	$30,013,000	
Returned to nonhostile persons before collection	3,000	
Total value disposed of		30,016,000
Total value of bank balances still held as of June 30, 1954		1,266,000

2/ 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. VI, "Claims and Suits."

Currency and Coin

Of the total value of currency and coin of $10,128,000 at dates of vesting, the Office has accounted for $10,055,000. The difference of $73,000 is accounted for by reporting differences between what was discovered either in this country or in enemy countries and what was actually received and counted by the Federal Reserve Bank of New York for the account of the Attorney General.

Insurance and Annuity Contracts

The Office has vested and acquired interests in insurance policies and annuity contracts valued at $3,946,000, of which $10,000 was received in distribution of assets of vested interests in estates and trusts. During the fiscal year 1954 $211,000 was received as the proceeds of liquidation of the vested interests in insurance policies and annuity contracts making a total of $3,477,000 so received to June 30, 1954. As of June 30, 1954, there were 728 open cases of insurance collections on the books of the Office, a reduction of 263 cases from the pending total at the beginning af the fiscal year.

INTERESTS IN ESTATES AND TRUSTS

Administration

The Office, in vesting interests in estates and trusts, succeeds to the rights of the former owners of those interests. It is incumbent, therefore, 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 336 cases of estates and trusts. There are now pending a total of 862 cases representing interests in estates which have not been fully administered or with respect to which the Office has not yet received the distributive shares of the vested interests. In addition, there are pending 528 cases representing trusts in which the Office has a remainder interest or receives income periodically.

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 on a proper share basis, 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 interests 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 this Office.

Distribution of Principal

For the period March 11, 1942 to June 30, 1954 the Office has received a total of $53,460,000 representing distributions of principal from vested estates and trusts. Of this amount, more than $4,600,000 was received during the fiscal year 1954. The cumulative total is comprised of $36,941,000 in cash and $16,519,000 in other kinds of property, principally stocks and bonds. Of this noncash property, the Office had liquidated $12,304,000 by the close 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 26.

Table 26.---PROPERTY HELD AS OF JUNE 30, 1954, 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 nonhostile persons	Property held as of June 30, 1954
		Distribution of assets of estates and trusts	Liquidation of property received from distributions		
Total	87,795	.....	.....	(-9,900)	77,895
Interests in decedents' estates	37,110	(31,920)	.....	(1,339)	3,851
Interests in trusts under wills	33,083	(13,427)	.....	(3,236)	16,420
Interests in trusts inter vivos	15,891	(6,680)	.....	(732)	8,479
Interests in guardianship estates	1,711	(1,433)	.....	.....	278
Interests in business enterprises	.....	2,296	(1,112)	.....	1,184
Real estate	.....	1,047	(844)	(203)	.....
Mortgages	.....	467	(324)	(32)	111
Leaseholds, mineral and oil rights, and ground rents	.....	34	(17)	.....	17
Tangible personal property	.....	60	(50)	(10)	.....
Stocks	.....	4,882	(3,991)	(190)	701
Bonds	.....	7,132	(5,535)	(210)	1,387
Other securities	.....	13	(13)	.....	.....
Mortgage participations	.....	338	(183)	(5)	150
Notes, claims, and credits	.....	38	(26)	(12)	.....
Life insurance	.....	10	(7)	(3)	.....
Bank balances	.....	202	(202)	.....	.....
Cash	.....	36,941	12,304	(3,928)	45,317

The first column of table 26 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 (figures in parentheses), with the resultant increase 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 distributions (figures in parentheses), with the corresponding increase in cash ($12,304,000). The fourth column lists the amount of property (figures in parentheses) returned to nonhostile persons by the administrative action of the Office under section 32 of the Trading With the Enemy Act as amended, or pursuant to court decisions in actions brought under section 9(a) of the Act. The fifth column shows the property held as of June 30, 1954 including the remaining holdings of distributed noncash assets ($3,550,000) and the cash derived from both direct distributions and from the liquidation of distributed property ($45,317,000). The Office still had vested interests in unliquidated estates and trusts valued at $29,028,000 at the close of the fiscal year 1954. It is most difficult to appraise realistically this figure in terms of current value due to the indefiniteness of remainder interests.

Distribution of Income

The Office has received $6,055,000 as direct income from vested interests in estates and trusts and $1,334,000 as income from property distributed in kind from estates and trusts through June 30, 1954. Of these amounts, $721,000 and $201,000, respectively, were received during the fiscal year 1954.

324158

VI

CLAIMS AND SUITS

The claims program of the Office of Alien Property was materially contracted during the fiscal year 1954 by reason of the loss of personnel necessitated by a reduction in the authorization for administrative expenses of the Office. There was a decrease in the number of claims filed during the fiscal year as compared with those filed during the 1953 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 upon sections 9(a), 32 and 34 of the Trading With the Enemy Act, as amended. Sections 32 and 34 were added to the Act in 1946 by Public Laws 322 and 671, Seventy-ninth Congress, Second Session. 1/ 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 fulfille certain other stated conditions. 2/ 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, 1954 there had been filed with the Office of Alien Property on approved forms a total of 63,272 claims relative to World War II vestings of property, of which 15,747 were title claims and 47,525 were debt claims. At the beginning of the 1954 fiscal year, there were pending 49,292 claims, of which 7,632 were title claims, and 41,66 were debt claims. During the 1954 fiscal year there were filed 648 claims---597 title claims and 51 debt claims. For the fiscal year 1955 it is estimated that there will be filed an additional 350 title claims and no debt claims, or a total of 350 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 on file will seek the payment of between $450,000,000 and $500,000,000 from such property. 3/

TITLE CLAIMS

Section 32

Originally eligible for administrative return 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 regardles of their residence during the war, citizens of allied and neutral countries not voluntaril

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1/ 60 Stat. 50, U. S. C. App. sec. 32; 60 Stat. 925, 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.

2/ 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 independently of their citizenship.

3/ 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 claim will be disallowed for various reasons.

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, 4/ 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, 5/ 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, 6/ 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 "dual national" proviso of section 32 was amended by Public Law 378, Eighty-second Congress, Second Session, approved June 6, 1952, 7/ by increasing the aggregate value of returns permitted 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 at dates of vesting.

The most recent amendment affecting title claims is an amendment to section 33 by Public Law 292, Eighty-third Congress, Second Session, approved February 9, 1954, 8/ which extended the date for filing claims for the return of vested property to February 9, 1955, or two years after the date of vesting, whichever is later.

Prior to the making of a return, section 32 requires a claimant to establish: (1) that he was the owner of the vested property immediately prior to vesting; (2) that he did not use the property under any cloaking arrangement; and (3) that he has no actual or potential liability under either the Renegotiation Act or the Royalty Adjustment Act. It must also be determined that the return is "in the interest of the United States." In determining that 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

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4/ 60 Stat. 925, 50 U. S. C. App. sec. 32.
5/ 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.
6/ 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 F, pp. 107-108.
7/ 66 Stat. 129, 50 U. S. C. App. sec. 32. For the complete text of Public Law 378, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1952, Appendix, Exhibit F.
8/ 68 Stat. 7, 50 U. S. C. App. sec. 33. For the complete text of Public Law 292, see Appendix, Exhibit E, p. 106.

return of the vested property." 9/ The procedures 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. 58) 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 that they are not enemies as defined in section 2. In the recent decision of the Supreme Court in the case of Guessefeldt v. McGrath, 10/ it was held that the provisions of section 39 of the Act 11/ 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 vested property pursuant to sections 9(a) or 32(a) must be filed by February 9, 1955, or within two years of the date of vesting, whichever is later, as provided by section 33 of the Trading With the Enemy Act, as amended. 12/ 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 have their claims heard in the federal courts. 13/ 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 San Francisco, and Honolulu, T. H., its offices abroad in Munich, Germany, Manila, P. I., 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 Section of the Office, the Chief of which has the sole authority to recommend to the Director of the Office the allowance of such claim without the requirement of a hearing. In all cases in which there is a genuine issue the claimant is entitled to a hearing. 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. 14/

9/ Letter of May 16, 1946 from the President of the United States to James E. Markham, Alien Property Custodian.
10/ 342 U. S. 308 (1952).
11/ 50 U. S. C. App. sec. 39.
12/ 60 Stat. 925, 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. See also supra, p. 59.
13/ For a discussion of section 9(a) suits, see pp. 69-76, infra.
14/ 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.

All procedures involved in the disposition of claims are governed by the Rules of Procedure for Claims, as amended. 15/ A copy of these rules may be obtained upon application to the Chief, Administrative Section, Office of Alien Property, Department of Justice, Washington 25, D. C.

Disposition of Claims: Vested Property Returned

The Office processed a total of 993 title claims during the fiscal year 1954. 16/ Returned to former owners during the fiscal year were $6,638,000 of cash and appraisable property; 104 patents, 3 patent applications, 6 interests in patent contracts, and certain other industrial properties. The total amount of property returned has now reached $52,941,000 17/ and 2,174 patents, 91 part interests in patents, 134 patent applications, 97 interests in patent contracts, and 15 inventions.

Discussion of Particular Claims

JOHANN and PAULINE SCHERER, CLAIM NO. 38117.---This claim involved the question of "residence" under sections 2 and 9(a) of the Act. Johann and Pauline Scherer were married in New York City in 1929. At that time both were German nationals. Pauline became a naturalized United States citizen in 1930. Shortly after the outbreak of war with Germany, Johann was interned as an enemy alien. In July 1942 he was voluntarily repatriated to Germany and his wife Pauline accompanied him. Pauline returned to the United States in 1947 and her husband, in 1949. In postwar affidavits submitted to this Office both Johann and Pauline stated that they intended to return to the United States after the cessation of hostilities. The property for which return was sought was vested by this Office as property of Johann. The Hearing Examiner allowed the claim. He held that Johann Scherer was eligible under section 9(a) because when he was repatriated to Germany during the war, he did not intend to abandon his American residence and to establish a residence within Germany. He also held that since both Johann and Pauline were eligible claimants, it was unnecessary to decide whether the vested property belonged to either or both. Upon appeal by the Chief of the Claims Section, the Director ruled that Johann Scherer, having gone to enemy territory voluntarily with the intention of remaining there for the duration of hostilities, was "resident within" Germany and an "enemy" who may not recover under section 9(a) and therefore reversed the Hearing Examiner's decision. As to the claim of Pauline Scherer, the Hearing Examiner's decision was affirmed, the Director finding that she was the owner of the vested property immediately prior to its vesting and her eligibility under the Act having been conceded by the Claims Section because of the fact that she was a citizen of the United States.

SUSANNA EGANOFF, CLAIM NO. 36263.---This claim involved an interpretation of the word "enemy" and the "United States" as used in section 2 of the Act. Claimant was a stateless person of Armenian descent and formerly of Russian nationality. She was residing in Paris in 1940; in 1941 her son-in-law, a German officer and citizen, took her to Munich, Germany, where she lived until she came to the United States in 1950. Claimant's property was vested by this Office in 1948. Section 2 of the Act defines "enemy" to include an individual "resident within the territory..... of any nation with which the United States is at war." A later clause of section 2 defines "United States" to mean "all land and water, continental or insular, in any way within the jurisdiction of the United States or occupied by the military or naval forces thereof." The contention was made, that, since at the time the property was vested in 1948 the claimant was living in that portion of Germany which was within the United States Zone of Occupation, she was living in the "United States" as defined by section 2; therefore she was not residing

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15/ 8 C. F. R. Part 502.
16/ Of these, the number allowed was 447; the number disallowed or withdrawn was 546.
17/ 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.

within enemy territory, was not an enemy and was eligible for a return of vested property under section 9(a). The Director rejected this contention of the claimant. He held that the definition of the term "United States" in section 2 was related to the "Trading With the Enemy Act", section 3---which authorized censorship and prohibited trade and intercourse, and did not limit the "Seizure" provision of the 1917 Act, section 7(c). Accordingly, he held that the occupation of enemy territory did not terminate the authority of this Office to seize property and that the vesting action in the instant case was proper. However, the case was remanded to the Hearing Examiner to determine certain factual issues including whether claimant was voluntarily resident within Germany within the meaning of sections 2 and 9(a) and 32(a)(2)(C) of the Act.

ANNI HELEN JOHANNA EVA OEHMICHEN, CLAIM NOS. 41601, 41657 and 59121.---This was a claim for return of property under sections 9(a) and 32(a)(2)(D). The claimant and her husband, Erhard Oehmichen, were admitted to the United States from Germany in 1934 for permanent residence and until early 1942 were engaged in business here. Both claimant and her husband were German citizens. On March 2, 1942, Mr. Oehmichen was arrested as a potential dangerous enemy alien and subsequently interned. Claimant was not interned. In January 1945 the Oehmichens were voluntarily repatriated. They arrived at Bregenz, Austria, on January 30, 1945 where they remained. On April 25, 1945, Mr. Oehmichen was arrested and imprisoned at Bregenz. He was released five days later on the approach of the French forces. Late in 1945 the Oehmichens went to Hamburg, Germany, where they stayed for some months, and then moved to Wiesbaden, Germany, in the American Zone of Occupation. Mr. Oehmichen died in 1948; claimant returned to the United States in 1949. Among the issues raised was claimant's contention that under Section 9(a) she is entitled to recover the property covered by the 1950 and 1951 vesting orders, because she had returned to the United States in 1949 and was no longer "resident within" Germany at the time of vesting. The Director rejected claimant's contention and disallowed the claim. He held that claimant's return to the United States in 1949 did not divest her of enemy status at least insofar as the vesting power under the Act was concerned, and that claimant's residence in enemy territory from 1945 until 1949 barred a recovery by her under section 9(a) of property vested at any time "during the war." Claimant was also held to be ineligible under section 32(a)(2)(D) because she and her husband were present in Germany during the war and did not qualify as persecutees under the exculpatory proviso of that section.

KASHIRO MAEDA, CLAIM NO. 45628.---This claim involved the persecutee proviso of section 32(a)(2)(D). Claimant was born in Japan in 1890 and was present in Japan at all times during World War II. The allegation of persecution was based on the following facts: claimant was a representative in Japan of a British firm from 1917 to 1929 and of an American firm from 1929 to 1941; that at the outbreak of war claimant's business ceased and no opportunity existed for similar employment; that because of his long association with "enemy" firms he could not obtain defense employment work; that he was precluded from manual labor because of his age; that due to his unemployment and the fact that the major portion of scarce items such as food and clothing were allocated to the militarists, government workers and war production workers, claimant's family were forced to sell personal effects in order to live; and that although never arrested claimant was under surveillance and on two occasions was questioned by the police. The Hearing Examiner held that the facts alleged did not establish that, as a consequence of laws, decrees or regulations of Japan discriminating against political, racial or religious groups, the claimant at no time after December 7, 1941 failed to enjoy full rights of citizenship; accordingly he granted the motion to dismiss the claim. Upon claimant's appeal to the Director, the Hearing Examiner's decision was affirmed. The Director stated that not every inconvenience or discomfort will qualify an enemy national for return under the first proviso of section 32(a)(2)(D) but return is limited to the persecuted minorities who suffered grievously at the hands of the enemy governments. He held that for an enemy national to qualify under the proviso it must be clear that, at all times after December 7, 1941, the claimant was deprived of the rights of citizenship commonly enjoy-

ed by other inhabitants of the country, that the deprivation of rights was substantial and continuous, and that it resulted from a law, decree or regulation discriminating against a clearly defined political, racial or religious group of which claimant was a member. The Director concluded that claimant's allegations were but a complaint that he was not one of the favored few and was forced to share the rigors of war with the general population which fell far short of the statutory requirements.

HANS TIEDEMANN, CLAIM NO. 5553.---This claim involved the application of the proscriptive provisions of section 32 to a German national who was present in Japan during the war, and also involved the persecutee proviso of section 32(a)(2)(D). Claimant was a German citizen by birth in Germany in 1899. He resided continuously in Germany until 1936 when he went to Japan to work for a Japanese company for which he designed and supervised the construction of an aluminum plant in Formosa, then a part of Japan. Claimant lived in Japan thereafter until October 1946 when he and his family entered the United States as non-quota immigrants. On completion of his initial employment in Japan, claimant undertook from time to time similar employment in the course of which he designed other aluminum factories for Japanese companies or assisted others in the design and construction of such plants until 1944. In December 1939 claimant applied for visas for himself and his family to enter the United States as permanent residents. This application was denied by the United States in June 1941. Claimant asserts that during his stay in Japan he was known as an anti-Nazi. On May 19, 1945 he and his family were arrested by the Japanese and interned until the surrender of Japan approximately three months later. The Hearing Examiner allowed the claim. He held that since claimant, a German citizen, was not present in Germany after December 7, 1941, the provisions of subsection 32(a)(2)(D) were not applicable to him. He further held that the claimant was not a voluntary resident of Japan and was therefore eligible under subsection 32(a)(2)(C); and that moreover claimant was deprived of liberty under a law, decree or regulation discriminating against a political group within the meaning of the proviso of subsection 32(a)(2)(C). Upon appeal by the Chief of the Claims Section, the Director reversed the decision of the Hearing Examiner and disallowed the claim. The Director concluded that the proscriptive language of subsection 32(a)(2)(D) applies to enemy nationals and to enemy territory generally, and that the intent of Congress was to bar returns to enemy citizens present in enemy territory. Therefore he held that the provisions of subsection 32(a)(2)(D) are applicable to a citizen or subject of Germany, Japan, Bulgaria, Hungary or Rumania who was present in the territory of any of those countries after December 7, 1941, or who was engaged in business in the territory of any of such countries. In regard to the persecutee proviso of 32(a)(2)(D), the Director held that claimant was not eligible thereunder because the record in the proceedings shows that the claimant was not an individual who <u>at no time</u> after December 7, 1941 enjoyed full rights of citizenship. In addition the Director concluded that claimant was an enemy under section 9(a) because he was a resident of Japan during the war, having moved there voluntarily in 1936, and maintained his abode there until 1947 despite claimant's assertion that he did not intend to stay in Japan permanently.

ZOLTAN and ADA SZTANKAY, CLAIM NO. 4240.---This claim involved the eligibility requirements of subsection 32(a)(2)(C) and (D) of the Act. Claimant Zoltan Sztankay, a Hungarian citizen, was a foreign service employee of the Hungarian government from 1927 to 1944. By 1941 he had attained the rank of Consul and in June of that year he was placed in charge of the Hungarian Consulate in Brasov, Rumania. He remained at that post until October 1943 when he was transferred to Zurich, Switzerland. En route to Zurich he and claimant Ada Sztankay passed through Hungary, stayed overnight at Budapest and claimant Zoltan Sztankay visted the Hungarian foreign office. On a prior occasion during the war claimant had returned to Budapest to visit the foreign office on official business but did not stay overnight. Upon the invasion of Hungary by Germany in March 1944, claimant Zoltan Sztankay notified the Nazi puppet government that he did not recognize it. For this action he was tried <u>in absentia</u> and sentenced to deprivation of his citizenship and confiscation of his property. In December 1945 after cessation of the armed conflict he returned to Hungary and was reinstated in the Hungarian foreign service. The Hearing

Examiner allowed the claim. He held that Zoltan Sztankay although present in the enemy country of Hungary during the war was eligible under the persecutee proviso of section 32(a)(2)(D) because he did not receive the salary promotions in the civil service to which he was entitled under the law of Hungary. He also held that claimant although ineligible under section 9(a) was eligible under section 32(a)(2)(C) because his residence in Rumania was involuntary, since he was there under government orders in the Consul service. As to Ada Sztankay, the Hearing Examiner held that her presence in Hungary overnight was "de minimis" under section 32(a)(2)(D) and that she also was not voluntarily resident in Rumania, under section 32(a)(2)(C) because her husband was there under government orders and she merely fulfilled her marital obligations in following her husband. Upon appeal by the Chief of the Claims Section, the Director reversed the decision of the Hearing Examiner and disallowed the claim. The Director held that since Zoltan Sztankay was an enemy national his eligibility must be measured under section 32(a)(2)(D) and that claimant's failure to receive an automatic salary increase in the foreign service was not such a loss of citizenship rights as would qualify him under the persecutee proviso. The Director stated that the statute contemplates some substantial deprivation or disability which distinguished the citizen and his group from other citizens. As to the claimant Ada Sztankay, the Director held that her eligibility must also be measured by subsection 32(a)(2)(D) since she was a Hungarian citizen who was present in the enemy country of Rumania during the war. The Director also reversed the Hearing Examiner's findings on voluntary residence under section 32(a)(2)(C) and held that both Mr. and Mrs. Sztankay were voluntarily resident in Rumania within the meaning of that subsection because Mr. Sztankay's employment in the Hungarian foreign service and his acceptance of an assignment in Rumania were completely voluntary. He also pointed out that there is no exemption in subsection 32(a)(2)(C) in favor of enemy government officials such as Consuls who were on official duty in enemy territory during the war.

DEBT CLAIMS

Section 34, which was added to the Trading With the Enemy Act, as amended, on August 8, 1946, by Public Law 671, Seventy-ninth Congress, Second Session, 18/ established the basis on which the Office is authorized to pay claims of certain creditors out of property vested from their debtors.

Provisions of Section 34

ELIGIBILITY.---Section 34 permits payment to the following debt claimants: (a) citizens of the United States or the Philippine Islands, prior to December 7, 1941; (b) corporations organized under the laws of the United States or any state, territory, or possession thereof, or the District of Columbia or the Philippine Islands; (c) other natural persons, who are or have been, since the beginning of the war, residents of the United States and who have not during the war been interned or paroled under the Alien Enemy Act; and (d) the Attorney General. Legal representatives and successors in interest by operation of law, if they are persons who would not themselves be disqualified, are eligible to receive payment to the same extent as their principals or predecessors would have been.

Certain conditions must be satisfied before a debt claim can be allowed. Thus, a debt (1) must have been due and owing at the time of vesting of the debtor's property, (2) must not have arisen from any action prohibited by the Trading With the Enemy Act, as amended, and (3) must not have been owing to any person convicted of violation of certain statutes.

18/ 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. 153-157.

BAR DATE.---The Attorney General is required by the Act to set a final date for the filing of debt claims, with the provision that this date cannot extend beyond the expiration of two years after the date of the last vesting of property of a particular debtor, or August 8, 1948, whichever is later. A debt claim, if allowed, cannot be paid within 120 days from the date of publication of the first bar date, nor may it be paid out of property with respect to which a suit or proceeding for a return pursuant to the Trading With the Enemy Act, as amended, is pending, provided that such suit or proceeding was instituted prior to the expiration of the 120-day period. 19/

MONEY AVAILABLE FOR PAYMENT OF DEBT CLAIMS.---The payment of debt claims is to be made out of the net proceeds realized from the vested property of the debtor after deduction of (a) expenses of the Office in connection with the debtor's property, (b) taxes paid by the Office (as later defined), 20/ and (c) a cash reserve for the future payment of expenses and taxes.

PRIORITY OF PAYMENT OF DEBT CLAIMS.---Eligible creditors who have filed valid claims have the available money of a debtor distributed to them in an equitable manner according to the procedure provided for by section 34. In the event the available money of a debtor does not permit the full payment of all allowed claims, the statute provides for a system of priorities. The order of payment established is as follows: (1) wage and salary claims, not in excess of $600; (2) claims of the United States entitled to priority under sections 191 and 193 of Title 31 of the United States Code; (3) all other claims for services rendered or expenses incurred in connection with such services, as for example, rent, goods and material delivered to the debtor, and for payments made to the debtor for goods or services not received by the claimant; and (4) all other debt claims.

DEBTS VESTED BY UNITED STATES NOT ENTITLED TO SPECIAL PRIORITY.---Debts transferred to the United States as a result of vesting are not entitled to the priority otherwise accorded claims of the United States.

JUDICIAL REVIEW.---The remedies provided by section 34 are exclusive. Although an initial administrative determination is required by law, the right of judicial review is preserved. If the aggregate of debt claims filed against a particular debtor does not exceed the money from which payment may be made, a claimant whose claim has been disallowed, in whole or in part, may file a complaint within 60 days after mailing of the determination, in the District Court of the United States for the District of Columbia for review of the disallowance of his claim, naming the Attorney General as defendant.

A claimant may also obtain judicial review of the schedule of payment of debts issued by the Office in insolvency cases, that is, cases in which the aggregate of debt claims filed exceeds the money from which payment thereof may be made.

Administration of Section 34

Procedures have been established by the Office, under Rules of Procedure of Claims, whereby the initial consideration of debt claims is delegated to the Claims Section of the Office. 21/ The Chief of the Claims Section may submit to the Director a recommendation for allowance of any claim which he deems entitled to allowance without hearing. In all cases where summary allowance is not made, in which there is a genuine issue, claimants are entitled to a hearing.

19/ In this connection, however, it should be noted that section 9(a) provides that during the pendency of a suit under that section the property shall be retained in the custody of the Office.
20/ See p. 68, infra.
21/ Form APC-1C was used by persons filing debt claims with the Office.

Bar Dates for Filing Debt Claims

By Bar Order Nos. 1 to 14, inclusive, issued in previous fiscal years, final dates were fixed for filing debt claims in respect of all persons and corporations whose property was first vested between December 18, 1941 and December 31, 1951. Bar Order No. 15, executed July 23, 1953 fixed January 4, 1954 as the bar date for filing debt claims in respect of debtors whose property was first vested between January 1, 1952 and April 17, 1953 inclusive, the termination date of the vesting program. Thus, with the expiration of the January 4, 1954 bar date, no new debt claims could be timely filed with this Office.

Procedures in Processing Debt Claims

The procedures instituted under section 34(a) of the Trading With the Enemy Act, as amended, for determining the eligibility of debt claimants and the validity of their claims may be summarized as follows: a routine check with the Internal Revenue Service is made by the Office after a debt claim has been filed to determine whether or not the alleged debtor is liable to the United States for unpaid taxes. The Office also makes similar inquiries of the General Accounting Office to determine whether the United States has any claims against each claimant. Within the Office itself certain inquiries are necessary to ascertain the value of the vested property against which each claim is asserted. Additional inquiries are also made within the Department of Justice to determine whether the claimant has been convicted of a violation of any of the statutes listed in section 34(a).

Discussion of Particular Claims

YONEO WATANABE, ADMINISTRATOR OF THE ESTATE OF MRS. MARY ANN WATANABE, DECEASED, CLAIM NO. 961.---This claim involved the eligibility requirements of the debt claims statute. Mary Ann Watanabe was a British subject by birth and also acquired Japanese citizenship by marriage. From June 29, 1939 until May 29, 1945 she resided in the United States. Thereafter she resided in England until she died intestate on November 24, 1951, survived by two sons, Yoneo and Hideo Watanabe. The Hearing Examiner allowed the claim, ruling that Mary Ann Watanabe was an eligible debt claimant under section 34 which authorized the payment of debt claims of "natural persons who are and have been since the beginning of the war residents of the United States." He held that the verb "are" in the above quoted statute was used in a "general sense" and did not mean "at the present time" or "on the date of enactment of this section," which was August 8, 1946. Upon appeal by the Chief of the Claims Section, the Director reversed the Hearing Examiner's decision and disallowed the claim. He held that the statutory language of eligibility of "natural persons who are and have been since the beginning of the war, residents of the United States" referred to those natural persons who were residents of the United States at the time Congress was speaking, i.e., August 8, 1946. Thus, since on the date of the statutory enactment Mary Ann Watanabe was not a resident of the United States, she was ineligible as a debt claimant. Her successors in interest were likewise held to be ineligible since their eligibility depended upon the decedent.

MARTIN and ILSE BERNHARDT, CLAIM NO. 15467.---This was a claim based upon pension rights and benefits enuring to claimant, Martin and Ilse Bernhardt, under a 1934 employment agreement with Schering A. G. of Berlin, Germany. The employment contract contained a pension clause which provided that the amount thereof was to be determined in accordance with the principles which apply to certain civil servants of the Reich. Claimant Martin Bernhardt left Germany in 1937 due to racial persecution with the understanding that he was to be employed upon his arrival in the United States by the Schering Corporation of New Jersey. Before his departure from Germany Schering A. G. confirmed his pension rights under the 1934 agreement but suspended any benefits during the period of his employment with Schering of New Jersey. Claimant was employed by Schering of New Jersey from February 1, 1938 to January 31, 1942 when his employment was terminated. The

pension rates were payable in Reichsmark in Germany. The claim presented two issues: (1) whether claimant was entitled to claim as a debt due and owing on April 20, 1942 (date of vesting) the capitalization of the pension or in the alternative payment of the pension as it accrued during his life or that of his wife Ilse Bernhardt if she survived him; and (2) what was the applicable rate of exchange for converting the Reichsmark obligation into dollars. The Hearing Examiner in allowing the claim, held that as there was no provision in the contract agreement nor under German law for the capitalization of the pension, claimants were entitled only to the monthly installments as they accrued, but that the post-vesting installments were allowable. In regard to the rate of exchange the Hearing Examiner found that under the German monetary reform law of 1948 all pension installments due prior to June 20, 1948 were to be converted into Deutsche Mark at the rate of DM 1 for every RM 10 and that all pension installments accruing thereafter were to be paid at the rate of DM 1 for every Reichsmark due thereunder. The total amount of Deutsche Mark computed in the above matter should be converted into dollars at the post war rate of exchange of 4.205 DM per United States dollar. He also held that future installment benefits would be determined in the same manner subject to any amendments in the German civil service regulations as provided for in the pension agreement.

INSOLVENT ACCOUNT OF W. C. HERAENS, G.m.b.H., RECHA SALOMON and CILLY HERRMANN, CLAIMANTS, CLAIM NOS. 20763/4.---These debt claims involved the effect of a compromise and settlement which the claimants made after the war with the alleged debtor. The claims are based upon an alleged forced sale of certain property by a Jew living in Germany to the alleged debtors in 1939 for much less than its value. In June 1950 after the filing of the Notice of Claim the claimants concluded a settlement in restitution proceedings instituted in Germany under Military Law No. 59 against the same debtors based upon the same obligation. The settlement agreement provided that all claims of the petitioners growing out of the restitution law and out of all other legal grounds were settled, insofar as they were directed against the debtors, excepting therefrom the above claims pending with the Office of Alien Property under section 34 of the Trading With the Enemy Act, as amended. The Chief of the Claims Section moved to dismiss the claims on the ground that by reason of the above settlement and compromise there was no debt due from the debtors to the claimants; and that the attempted reservation in the settlement agreement of the claim filed with this Office was ineffective and void under the Act which requires this Office to assert "any defense to the payment of such claims which would have been available to the debtor." The Hearing Examiner granted the motion to dismiss the claims. He held that the compromise and settlement agreement did not simply restrict the claimants' remedies on the obligations but destroyed the obligations themselves. The claimants appealed this decision to the Director and the appeal is now pending.

INSOLVENT ACCOUNT OF BANK OF TAIWAN, LTD., MANUFACTURERS TRADING COMPANY, CLAIMANT, ET AL, CLAIM NOS. 4266, et al.---These claims involved transactions which took place in the Philippines during the Japanese occupation, and required application of the rules of international law. Approximately 50 claims were consolidated for hearing before a Hearing Examiner. Some of them were based upon pre-war bank deposits, with Philippine and so-called "enemy" banks (American, British, and Chinese), transferred to the Bank of Taiwan during the Japanese occupation pursuant to orders of the Japanese Military Administration. Other claims were based upon pre-war bank drafts covering the shipment of merchandise from the United States to the Philippines which drafts were sent for collection either to the Philippine banks or the so-called "enemy" banks (two American, two British, one Dutch, and two Chinese). In some cases the drafts were collected by the Philippine banks and thereafter the proceeds were transmitted to the Bank of Taiwan during the Japanese occupation pursuant to orders of the Japanese Military Administration. Other drafts sent to the "enemy" banks were collected by the Bank of Taiwan as liquidator of "enemy" banks appointed by the Japanese Military Administration. These claims were heard only insofar as they were asserted against the Bank of Taiwan as debtor. The Hearing Examiner disallowed all of these claims <u>in toto</u>. His decision was based primarily upon

the Director's decision In the Matter of Max Blouse, et al, 22/ which concerned pre-war bank deposits of American and Filipinos with Philippine banks or so-called "enemy" banks which were transferred to the Bank of Taiwan during the Japanese occupation. The Director in the Max Blouse decision ruled that this transfer of funds was not an ordinary banking transaction which could be considered to have created general deposits in favor of the claimant with the Bank of Taiwan, but that it was a sequestration under the rules of the international law which did not give rise to a debtor-creditor relationship between the Bank of Taiwan and the pre-war depositors with the Philippine banks. In some of these claims a priority under section 34 was asserted based either upon a claim for goods and materials delivered (in the case of draft claims) or wage and salary claims or services rendered (in the case of the bank deposit claims which represented salary of claimants). The Hearing Examiner disallowed all these claimed priorities for the reason that the goods and materials or services were not delivered or rendered to the alleged debtor. In 4 of the 50 claims the claimants have appealed the Hearing Examiner's decision to the Director and these appeals were pending at the end of the fiscal year.

Disposition of Claims: Payments Made

During the fiscal year, 1,639 debt claims were disposed of with 94 claims being allowed in the aggregate amount of $341,537.58 23/ and 1,545 claims disallowed, withdrawn, or disposed of through consolidation. In addition, 23 debt claims totaling $61,591.10, asserted against insolvent debtors, were tentatively allowed.

The debt claims allowed and tentatively allowed during the fiscal year related to a wide range of transactions: 33 of the claims, totaling $35,472.08 were based upon legal services and 31 of the claims totaling $263,526.42 were founded upon loans and advances of money, including bank loans under the German-American Standstill Agreements and advances for the payment of insurance premiums and for the sending of food and clothing packages to Germany. Policies in German insurance companies formed the basis of 9 of the claims totaling $5,884.44. The remaining claims allowed involved such diverse matters as retirement allowances, pensions, bank fees, shipping contract losses, deposits in German and Japanese banks, medical fees, patent and copyright royalties, property management services, dividends, rent, and investment bonds and coupons.

PAYMENT OF TAXES INCIDENT TO VESTED PROPERTY

Section 36 of the Trading With the Enemy Act, as amended, which was added to the Act by Public Law 671, Seventy-ninth Congress, Second Session, approved August 8, 1946, specifically authorized the Office to pay any tax assessed on vested property by the Federal Government or any State, territorial or local government for any period prior or subsequent to the date of vesting. 24/ The Office is obligated to pay tax liabilities on vested property notwithstanding any claim or suit filed or instituted against the property.

Procedures have been developed by both the Office of Alien Property and the Internal Revenue Service regarding the payment of taxes on vested property. In addi-

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22/ For a discussion of the Max Blouse decision, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1953, p. 92.
23/ Because of the insolvency of 13 of the debtors' accounts, payments totaling only $243,367.04 were made on these allowed claims during the 1954 fiscal year.
24/ 60 Stat. 925, 50 U. S. C. App. sec. 36. For a more detailed discussion of these provisions and the text of the law, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1947, pp. 87 and 156.

tion, the Director of Internal Revenue has promulgated rules relating to the application of the Internal Revenue aspects of section 36 of the Act. These rules were published in the Federal Register on April 16, 1948. 25/

SUITS AND OTHER JUDICIAL PROCEEDINGS

The Office of Alien Property was involved in a total of 3,130 active suits and other litigation proceedings during the fiscal year 1954. There were pending as of July 1, 1953, 1,006 cases; 2,124 new cases were received 26/ and 711 cases were closed. There were 2,456 cases 27/ pending as of June 30, 1954. The different types of litigation involved are presented in table 27.

Table 27.--SUITS AND OTHER JUDICIAL PROCEEDINGS IN WHICH THE OFFICE OF ALIEN PROPERTY WAS INVOLVED, FISCAL YEARS 1954 AND 1953

Type of litigation	Cases pending as of June 30, 1954	Cases active during year	Cases pending as of July 1, 1953
Total	2,456	3,130	1,006
1. Actions for return of property or payment of debts, brought under sec. 9(a) of the Trading With the Enemy Act, as amended	1/ 94	127	115
2. Matters involving estates and trusts	1,474	1,796	704
3. Insurance collections	728	991	.....
4. Miscellaneous 2/	3/ 160	216	187

1/ Includes 10 9(a) cases involving Philippine property.
2/ This item includes actions brought to collect vested property or otherwise enforce vesting orders, actions relating to banks and insurance companies in liquidation, matters relating to corporate or individual insolvencies, customs, taxes, assessments, patents, trade-marks, copyrights, actions relating to real property, causes in admiralty, criminal actions, and matters involving property vested during World War I.
3/ Includes 35 cases involving Philippine property.

Section 9(a) Suits

Among the more important of the 127 cases under section 9(a) of the Trading With the Enemy Act, as amended, 28/ to recover vested property were the following:

ALBERT v. BROWNELL (United States District Court, Southern District of California).---This is a suit for the recovery of common and preferred stock of Rohm & Haas Company, Philadelphia, and accumulated dividends. The value of the property in suit fluctuates with changes in market values. As of June 30, 1954 this property had a value of approximately $17,000,000. The vested property originally stood in the name of a

25/ 13 F. R. 2039.
26/ On Sept. 1, 1953 there were transferred to the Litigation Section 2,053 matters pending in the Estates, Trust and Insurance Unit of the Collection and Custody Section.
27/ This figure includes 37 estates, trusts and insurance matters added to correct in error in a prior inventory.
28/ 40 Stat. 419 (1917), 50 U. S. C. App. sec. 9.

Luxembourg holding company which, the Government contends, was beneficially owned by Dr. Kurt Albert, a German industrialist. The plaintiff, Irene Albert, is a United States citizen and a daughter of Dr. Albert. She claims the property was given to her by her father before World War II. The District Court granted summary judgment in favor of the Attorney General. 29/ The plaintiff appealed to the United States Court of Appeals for the Ninth Circuit which reversed the District Court and directed a remand of the case for trial upon the merits in an opinion dated June 30, 1954. In its opinion, the Ninth Circuit reasoned that an action for the return of vested property may be maintained only by a person who is not an enemy, that unless the plaintiff is found to be a nonenemy the courts have no jurisdiction of a suit for return, and that the Attorney General's concession that plaintiff was not an enemy, for the purpose of his motion for summary judgment, was not sufficient, because jurisdiction cannot be established by consent, stipulation or concession. The Attorney General has filed a petition for rehearing.

BANK WAEDENSWIL v. BROWNELL (United States District Court, District of Columbia).---This is an action to recover over 99% of the shares of stock of Kalio, Inc. and certain assets of Kalio which were vested. Among the most important of these assets is a majority block of stock of Karl Richard Lieberknecht, Inc. of Reading, Pa., a manufacturer of knitting machines. The value of the vested property has increased greatly since the end of World War II. As of the close of the fiscal year its total value was approximately $6,500,000. The plaintiff is a Swiss bank which claims that in 1940 it purchased from Karl Richard Lieberknecht, a German, the shares of a Swiss holding company whose alleged principal asset was the Kalio shares. It is the position of the Office of Alien Property that no bona fide sale was intended or effected by the parties to the alleged 1940 transaction. Issue has been joined and extensive discovery proceedings have been had. During the year, the Court heard arguments and issued supplemental orders relative to the discovery proceedings and a settlement proposal put forward by the plaintiff was rejected. The Court is likely to reach the case for pre-trial in the fall of 1954.

I. G. CHEMIE v. BROWNELL (United States District Court, District of Columbia).- In October 1948 I. G. Chemie, a Swiss holding corporation, sued the Attorney General, in his capacity as successor to the Alien Property Custodian, for the return of vested property allegedly worth over $100,000,000 (about 97% of the capital stock of General Aniline & Film Corporation of New York) and some $1,800,000 in vested cash. The Government's answer included a defense that I. G. Chemie had been a party to a world-wide conspiracy with I. G. Farbenindustrie of Germany to cloak ownership of the property. 30/

In February 1953 the District Court granted a Government motion to dismiss the plaintiff's complaint with prejudice for failure on the part of plaintiff to comply with a court order for the production of documents under Rule 34 of the Federal Rules of Civil Procedure. In granting the Government's motion to dismiss, the Court denied a motion by the plaintiff that it also dismiss a counterclaim by the Government for over $21,000,000. 31/ In December 1953 the District Court signed its final order and the plaintiff has now appealed to the Court of Appeals for the District of Columbia Circuit.

The case is also still pending at this time in the District Court on the intervention of some 2,500 minority stockholders in I. G. Chemie, who allege that they are nonenemies and who were permitted to intervene in the action to assert their proportionate share in the vested assets pursuant to the decision of the United States Supreme Court in Kaufman v. Societe Internationale, 32/ in the event that the plaintiff's suit should

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29/ 104 Fed. Supp. 891.
30/ For a description of the operations of General Aniline & Film Corporation, see Ch. III. III, "Business Enterprises", pp. 35-38.
31/ 111 Fed. Supp. 435.
32/ 343 U. S. 156.

fail. Since these stockholders never had possession, custody or control of the papers involved in the Court's production order, the Court held that these intervenors were not affected by the dismissal of plaintiff's suit for failure to produce such documents.

CISATLANTIC CORPORATION AND EDGAR AUSNIT v. BROWNELL (United States District Court, Southern District of New York).---This action was instituted in the United States District Court for the Southern District of New York in November 1952 to recover equipment for a bomb manufacturing plant or just compensation based on the reasonable value of the equipment, said to be $800,000. The equipment had been vested under the Trading With the Enemy Act and sold by the Custodian. Plaintiffs claimed that the plant had been transferred to them in 1941 by a Rumanian corporation without a license under Executive Order 8389. The Attorney General moved for summary judgment on the grounds that: (1) the limitations period prescribed in section 33 of the Act barred the suit; and (2) freezing controls made null and void the purported transfer of the property from its former Rumanian owners to the plaintiffs. The District Court granted the Attorney General's motion for summary judgment on the ground that the action was barred by the Statute of limitations. Plaintiffs have appealed.

CORDERO, ADMINISTRATOR OF THE ESTATE OF BATZOUROFF v. BROWNELL (United States District Court, Southern District of New York).---This is an action for the return of property vested as belonging to Dragoi Batzouroff, a Bulgarian citizen residing in the United States during the war. Batzouroff was eligible for the return of his property, but died in 1945 before his claim was decided. The Attorney General as successor to the Alien Property Custodian, allowed claims by the executor for returns sufficient to pay American creditors of the estate. The administrator sued under section 9(a) to recover the balance of the estate valued at $500,000. In April 1953 the District Court sustained the defendants' motion to dismiss the complaint on the ground that all of Batzouroff's heirs were residents and nationals of Bulgaria and were not eligible for return, and that the nonenemy status of the administrator was irrelevant. 33/ The United States Court of Appeals for the Second Circuit affirmed in March 1954. Plaintiff did not petition the Supreme Court for a writ of certiorari.

D'ESCURY v. BROWNELL (United States District Court, District of Columbia).---This suit was brought by two individuals claiming a remainder interest to the extent of 75% in property held under a contract of deposit and valued at about $900,000. The plaintiffs were born in Estonia, lived in Germany and Poland during the war, and now reside in South America. The main issues in the case were (1) whether the plaintiffs were nonenemies eligible to maintain a suit for return of vested property and (2) whether the contract of deposit was valid. These issues, in turn, involved complex questions of residence and the interpretation of applicable laws of Estonia, Germany, The Netherlands, Brazil, Uruguay and New York. Discovery proceedings were had by both parties, but when the case was reached on the Court's pre-trial calendar, offers of settlement were made by the plaintiffs. On May 26, 1954 a settlement was approved whereunder the Attorney General will retain approximately 72% of the vested funds and the plaintiffs will receive 28%.

F. A. R. LIQUIDATING COMPANY v. BROWNELL (United States District Court, Delaware).---This action brought by the successor company to Farnsworth Television & Radio Corporation, is for the return of 111 television patents vested as the property of Fernseh, G. m. b. H., a German radio and television manufacturer. The plaintiff claims ownership of the patents by virtue of an assignment agreement made by cable on June 14, 1941, the day when freezing controls were applied to German property. As consideration for the assignment, plaintiff claims Farnsworth transferred European patents to Fernseh. The Attorney General contends that there was no assignment prior to the time when freezing controls became effective on June 14, 1941. In 1953 cross motions for summary

33/ 111 Fed. Supp. 556.

judgment were made, and the District Court granted summary judgment in plaintiff's favor (110 Fed. Supp. 580). In January 1954, the Court of Appeals for the Third Circuit reversed and remanded, on the ground that an issue of fact was raised as to the time the acceptance cable was sent, and whether an assignment was completed before the freezing of German property in the United States (209 F. 2d 375). The case will probably be reached for pre-trial during the 1954 fall term.

FELLER v. BROWNELL (Court of Appeals, Third Circuit).---This is an action for the return of shares of Schloemann Engineering Corporation, estimated to be worth $700,000. They were vested under the Trading With the Enemy Act as German-owned property. Although the shares were registered in the name of the plaintiff, it was the contention of the Attorney General that he held title for the benefit of Schloemann, A. G., of Germany. Both the District Court and the Court of Appeals held for the defendant. On October 12, 1953, the Supreme Court denied plaintiff's petition for a writ of certiorari.

GUESSEFELDT v. BROWNELL (United States District Court, District of Columbia).---This is an action for the return of an interest in a trust valued at approximately $50,000. The action was begun by Richard Guessefeldt, a German national who lived in Hawaii for 40 years but who returned to Germany with his family in 1938. Although he remained in Germany until 1950, he claimed his stay was temporary and involuntary and that he was not "resident within" enemy territory. The Government moved to dismiss the complaint on the ground that recovery was barred by section 39 of the Trading With the Enemy Act, as amended, because of plaintiff's German citizenship. The District Court granted this motion in March 1950. The Court of Appeals for the District of Columbia Circuit affirmed. In January 1952 the Supreme Court reversed and remanded the case for trial on the issue of whether plaintiff was "resident within" Germany during the war. 34/ In April 1953 the District Court found after trial that plaintiff had voluntarily resided in Germany and had had no desire to return to the United States. The court, therefore, concluded that plaintiff was an enemy ineligible to recover property under the Trading With the Enemy Act, as amended. On appeal taken by plaintiff to the Court of Appeals for the District of Columbia Circuit, the judgment in favor of the Attorney General was affirmed, per curiam, in May 1954. Plaintiff is expected to petition the United States Supreme Court for a writ of certiorari.

HALBACH v. MARKHAM (United States District Court, District of New Jersey).---Plaintiff in this action sought return of vested shares of General Dyestuff Corporation estimated to be worth $5,000,000. The action was compromised in 1945. In 1951 the plaintiff attempted to revive the action in the District Court by moving to set aside the compromise on the ground that it was ultra vires the Attorney General's authority and was entered into by the plaintiff as a result of coercion and duress exerted by the Government. The District Court denied plaintiff's motion to reopen the settlement and held the compromise legal and binding. 35/ The Court of Appeals for the Third Circuit affirmed. 36/ Plaintiff's petition for a writ of certiorari was denied in April 1954.

HAWLEY, EXECUTOR OF THE ESTATE OF ALIX SCHMIDT v. BROWNELL (United States District Court, District of Columbia).---Alix Schmidt was a native-born citizen and resident of Germany. After the end of the war she filed an administrative claim under section 32 of the Trading With the Enemy Act, as amended, for a return of property vested by the Alien Property Custodian in 1943 and worth approximately $180,000 on the ground that she was eligible for return as a person who had been subject to persecution on political, racial or religious grounds. An Office of Alien Property Hearing Examiner denied her claim and the Director affirmed his decision. She then brought an action in the District Court, contending that the action of the Office was arbitrary and capricious. The Court granted

34/ 342 U. S. 308.
35/ 106 Fed. Supp. 475.
36/ 207 F. (2d) 503.

the Attorney General's motion for summary judgment. In April 1954, the Court of Appeals for the District of Columbia Circuit affirmed, holding that the action was barred by the statute of limitations, and that the denial of her claim was not arbitrary and capricious.

KETCHAM WIRE & MANUFACTURING COMPANY v. BROWNELL (United States District Court, Western District of Washington).---This was an action brought pursuant to section 9(a) of the Trading With the Enemy Act to establish that plaintiff is the exclusive licensee under certain patents relating to wire tying and a wire strapping machine vested by the Alien Property Custodian as property of a national of Germany. The license agreement provided that the plaintiff would not sell or export the articles covered by the patents to any foreign country, and that the licensor would not import said articles into the United States. The Attorney General sought to cancel the license agreement for non-payment of minimum royalties, and also on the ground that the import-export restrictions amounted to a division of territories in violation of the antitrust laws. The District Court for the Western District of Washington held that the plaintiff was entitled to an exclusive license since the agreement had not been violated by the plaintiff's non-payment of royalties, and the import-export restriction did not violate the antitrust laws. The Court of Appeals for the Ninth Circuit affirmed.

KROLL v. BROWNELL (United States District Court, District of Columbia).---Kroll, a citizen of Luxembourg and a resident of the United States since 1940, sought in this action to recover all rights and interests in a patent involving a method for the production of titanium. The Government contended that Kroll's interest in the patent was subject to an exclusive license and other important rights which he had granted to Siemens & Halske, a German firm, prior to the war and which had been vested by the Alien Property Custodian. The District Court entered a decree confirming an exclusive license in the Government but directing the sub-licensing should be subject to Kroll's consent or further order of the court. This decree was affirmed by the Court of Appeals for the District of Columbia Circuit. 37/ During the fiscal year the Government applied to the District Court for an order fixing royalty rates for sub-licensing and such an order was entered. Negotiations with prospective sub-licensees are now being conducted pursuant to that order.

NAGANO v. BROWNELL (United States District Court, Northern District of Illinois).---This is an action for return of a minority block of vested shares of the Fuji Trading Company, an Illinois corporation, valued at approximately $50,000. The plaintiff is a woman of Japanese nationality who lived in Japan with her three children continously from 1923 to 1951, although her husband was a resident of Chicago, Illinois, during this period. She claims that she had a permanent residence in the United States before her return to Japan and that her stay there was temporary for the purpose of educating her children and arranging marriages for her two daughters. The District Court initially dismissed the complaint on the motion of the Government. On an appeal from that order the Court of Appeals for the Seventh Circuit held that on the allegations of the complaint plaintiff was not "resident within" Japan and thus was not an "enemy," and reversed and remanded for trial. 38/ On certiorari, the Supreme Court affirmed without opinion by an equally divided court. After trial on remand, the District Court found the facts substantially as alleged and gave judgment for the plaintiff. In April 1954 the Court of Appeals for the Seventh Circuit affirmed this decision on the merits, holding that plaintiff was not an enemy because she was not "resident within" Japan, and also that its prior decision was "the law of the case." 39/ After the close of the fiscal year the Solicitor General determined not to petition for a writ of certiorari.

37/ 199 F. (2d) 187.
38/ 187 F. (2d) 759.
39/ 212 F. (2d) 262.

PUBLIC ADMINISTRATOR OF NEW YORK COUNTY (ESTATE OF FREIMANIS) v. BROWNELL (United States District Court, Southern District of New York).---This is a suit to recover approximately $625,000 constituting a portion of the proceeds of insurance on three ships sunk during the war. The heirs of the estate which the plaintiff represents were, since 1939, physically present either in Latvia, German-occupied Poland, or Germany. The main issue is whether persons who claim to be displaced persons, resident nowhere, but who were physically present in enemy territory at all material times during the war are eligible for a return of vested property under the Trading With the Enemy Act, as amended. Other issues involve the fact and validity of the German naturalization of the heirs and whether their conduct in Germany constituted "doing business within enemy territory."

A motion to dismiss the suit on grounds that the plaintiff represented enemies was granted but the plaintiff was given leave to amend his complaint. Cross motions for summary judgment were filed upon the amended complaint and answer. Both motions for summary judgment were denied on the ground that a material issue of fact concerning residence was raised by the pleadings. The case is now awaiting trial.

ROYAL EXCHANGE ASSURANCE v. BROWNELL (United States District Court, Southern District of New York).---This is a suit by the British trustees of a £15,000,000 25-year Sinking Fund Gold Loan of the German Potash Syndicate, to recover approximately $6,000,000 deposited in various banks in the United States to the credit of Continentale Handelsbank, N. V. of Amsterdam. The funds were vested under the Trading With the Enemy Act. The trustees claim to have title to such funds under the terms of trust indentures executed by the German Potash Syndicate. The issues involve construction of the trust instrument under English law, and the effect of the outbreak of war and the English Trading With the Enemy Act on the trust agreement. Issue has been joined and the case is now awaiting trial.

RUSCHE v. BROWNELL (United States District Court, District of Columbia).---This is a suit to recover vested securities and cash of an approximate value of $1,100,000. The plaintiff is a German citizen who claims that he resided in Switzerland during the war and that he did no business in Germany. The plaintiff has, however, acknowledged that he was in Germany from time to time, that he was a director of one of the largest German electrical companies, and that he received large salaries from the company during the war. The Attorney General has denied plaintiff's allegations that he was not a resident of Germany and that he was not doing business in Germany during the war. Twenty-three depositions were taken in Germany preparatory to trial prior to the close of the fiscal year. Shortly after the close of the fiscal year, the depositions of an additional five witnesses were taken by the plaintiff. The Court has set the case for trial in October 1954.

STACH v. BROWNELL (United States District Court, District of Columbia).---In this suit the plaintiff, a Dutch citizen, sought to recover approximately $270,000 in cash and securities vested by the Attorney General, alleging that the property was donated to him by the then German Ambassador to Holland on May 8, 1940, two days prior to the German invasion of Holland. After the case was at issue and discovery proceedings had been utilized by both parties, the plaintiff submitted an offer in compromise. During the fiscal year the offer was accepted and the suit dismissed. Pursuant to the compromise settlement, the Attorney General retained approximately $170,000 and the plaintiff received approximately $100,000.

UEBERSEE FINANZ-KORPORATION, A. G. v. BROWNELL (United States District Court, District of Columbia).---This is an action to recover shares of stock in various American corporations, including majority stock interests in Spur Distributing Company of Nashville, Tennessee, and Harvard Brewing Company of Lowell, Massachusetts. The total vested property is valued at approximately $4,000,000. The United States Supreme Court, in April 1952

affirmed 40/ a judgment in favor of the Attorney General holding that plaintiff corporation was "enemy tainted" and could not recover. It remanded the case, however, to permit Fritz von Opel, as a stockholder of Uebersee, to intervene to assert whatever rights he might have to a proportionate share of the vested assets of the corporation in accordance with the Court's decision in Kaufman v. Societe Internationale. 41/ The issue now pending is whether Fritz von Opel is a nonenemy stockholder who is eligible to recover any part of the vested assets. Depositions were taken in Germany during the summer of 1953. In May 1954, the District Court held that the principle of res judicata is applicable to Fritz von Opel and that certain issues in the case, previously determined, may not be further litigated. It further held that on certain other issues, evidence supplementing the findings may be offered. On such issues, the Court permitted the taking of further depositions provided the transcripts thereof were filed by October 15, 1954. The depositions were thereupon scheduled to be taken in August.

VORT v. BROWNELL, NAUEN v. BROWNELL and VORT & BASCH v. BROWNELL (United States District Court, District of Columbia).---These three cases were consolidated for trial in the United States District Court for the District of Columbia. The plaintiffs sought to recover a total of 810 shares of capital stock of Herman Basch & Co., Inc., a corporation engaged in the dyeing of furs, which had been vested under the Trading With the Enemy Act. The issue was whether the plaintiffs were bona fide owners of the shares, or had held them as "cloaks" for German nationals. Of the disputed shares, which had a value of approximately $1,000,000, the District Court awarded the plaintiffs 402 shares, with dividends, and the defendants 408 shares, with dividends, and also allowed a counterclaim by defendants for approximately $40,000 dividends held by the plaintiffs. The District Court decision 42/ was affirmed by the Court of Appeals 43/ and certiorari was denied by the United States Supreme Court. 44/

Similar actions for the recovery of 560 additional shares of capital stock of Herman Basch & Co., Inc., valued at over $600,000, had been pending in the United States District Court for the Southern District of New York, and were consolidated for trial sub nomine, Mahler v. Brownell. In November 1953, these actions were compromised. The United States received a total of $1,100,000 from all of these actions.

WAGENKNECHT v. BROWNELL, WAGENKNECHT, ET AL v. BROWNELL, ET AL (United States District Court, District of Columbia).---These are two suits brought by a Mexican national as the sole heir and executrix of her deceased husband, Don Edmundo Wagenknecht. In the second action there are joined as plaintiffs Swiss and Swedish corporations as owners of a Dutch corporation, Tragij. The Swiss and Swedish corporations are allegedly wholly-owned by plaintiff executrix. The two cases involve approximately $1,200,000, including over half a million dollars worth of bonds and notes of Hugo Stinnes Corporation and Hugo Stinnes Industries, Inc., and 1,100 shares of the capital stock of Hugo Stinnes Corporation vested by the Attorney General. In addition, the second suit presents several important issues of law. Two such issues are: (a) the right of the Attorney General to enter into intercustodial agreements with the appropriate officials of other countries who have seized or otherwise control portions of the Hugo Stinnes enterprises; and (b) the right of allegedly innocent neutral shareholders to recover a proportionate share of the assets of enemy corporations vested by the Attorney General. The Government has counterclaimed for $3,000,000 based upon the fraudulent return of seized property to Don Edmundo Wagenknecht after World War I. Several depositions were taken abroad and other discovery procedures were carried out and pre-trial conferences

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40/ 343 U. S. 205.
41/ 343 U. S. 156.
42/ 99 F. Supp. 57 and 108 F. Supp. 263.
43/ 199 F. (2d) 782.
44/ 345 U. S. 911.

held during the fiscal year. After the cases were scheduled for trial in the fall of 1954, the plaintiffs submitted an offer in compromise. Consideration of the offer was postponed and the trial date continued, pending the taking of further depositions abroad which were scheduled for early September.

TIEDEMANN v. BROWNELL (United States District Court, District of Columbia).--- The plaintiff in this action was a German citizen who lived and worked in Japan during the war. A bank account of $30,000 belonging to him was vested by the Alien Property Custodian. The plaintiff's administrative claim for the return of his property was allowed by an Office of Alien Property Hearing Examiner but this decision was reversed by the Director. The plaintiff then brought this action for return in the District Court, alleging that he was not an enemy, and in addition that the handling of his claim in the Office of Alien Property violated provisions of the Administrative Procedure Act. The District Court denied plaintiff's motion for summary judgment, holding that hearings on administrative claims in the Office of Alien Property are not subject to the Administrative Procedure Act.

At a later hearing the Court dismissed the count of the complaint based on section 32 of the Trading With the Enemy Act, as amended, pointing out that it has no jurisdiction to review action under that section, and entered summary judgment for the defendant on the ground that plaintiff was an enemy who was not eligible for a return of his property.

Matters Involving Estates and Trusts

As in prior year, the litigation conducted by the Office of Alien Property in connection with the 1,796 cases involving interests in estates and trusts covered a broad range of legal problems. It involved, inter alia, objections to the accounts of fiduciaries, proof of heirship, resisting invalid and exhorbitant claims against estates, and construction of will and trust instruments.

Special aspects of this litigation involve the interpretation and application of State statutes. Such statutes in two fields, namely (a) reciprocal rights of inheritance and (b) escheats, continued to figure prominently in the cases involving interests in estates and trusts.

Statutes of the States of California, Oregon and Montana, among others, condition an alien's right to inherit property upon the existence, in the alien's own country, of reciprocal rights of inheritance by United States citizens. In the absence of such reciprocal rights, the alien's share passes to American heirs or, if none, escheats to the state. When the Custodian has vested the share of an enemy in an estate pending in a state which has a reciprocal inheritance statute, he must prove that a United States citizen could inherit in the alien's country. This requires the testimony of foreign law experts, and raises complex questions of law.

During the fiscal year, various decisions were reached in cases to which the Government was a party. In California, reciprocity was held to exist between the United States and Germany despite Nazi discriminatory laws, and the vested shares of German beneficiaries were awarded to the Attorney General, in Estate of Louise Schneider (Superior Court, Los Angeles County), Estate of Martha Zimmerman (Superior Court, Los Angeles County), and Estate of Louise Full (Superior Court, Los Angeles County). A contrary result was reached in Estate of Richard Leefers (Superior Court, San Diego County). In the latter case, the Attorney General has appealed, and the case remained pending on appeal at the close of the fiscal year. In the Estate of Max Garschagen (Superior Court, Los Angeles County), and Estate of Paul Zwerschke (Superior Court, Los Angeles County), where the decedent died after the occupation of Germany, when the Nazi discriminatory laws were no longer in effect, the Superior Court of Los Angeles County held that reciprocity existed, and awarded the enemy

beneficiary's share to the Attorney General. In the former case, opposing parties have taken an appeal.

In the Estate of William Gaspar, involving the question of reciprocity under Rumanian law, the District Court of Meagher County, Montana, held that reciprocity existed between Rumania and the United States, and awarded the estate, valued at $110,000, to the Attorney General. 45/ An appeal in this case has been taken by both the State of Montana and an American claimant to the estate, and has been argued before the Montana Supreme Court. The Circuit Court for Multnomah County, Oregon held in the Estate of John Krachler that reciprocity existed between Germany and the United States under the laws of Oregon. The Supreme Court of Oregon reversed, holding that the Oregon statute requires that German laws give to Americans in Germany the same inheritance rights possessed by Germans in Oregon. 46/ The Court found such rights lacking because of discriminatory laws of Germany denying inheritance rights to certain classes of persons which had no parallel in Oregon.

In a number of cases, the effect of a vesting order on a state statute providing for the recovery by the heirs, legatees or creditors of the deceased owner of estate property held by a State is questioned. In the Estate of John Zimmerman, the Superior Court for San Diego County, California, held that the proceeds of an estate distributed to the State because of the absence of known heirs were not recoverable by the Attorney General who had succeeded to the interest of the enemy heirs of the decedent, under a vesting order. The Court held that the statute required the Attorney General to show that such property, if recovered by him, would actually be received by the heirs, legatees or creditors of the decedent. An appeal from an order entered herein 47/ has been taken by the Attorney General and is now pending.

ESTATE OF PHILLIPP WIRTH (Surrogate's Court, N. Y. County, N. Y.).---In this case the Custodian vested a bequest of 5,000 German gold marks made in a will drawn shortly before World War II. The executor claimed that there was no unit of currency in Germany known as a "gold mark" and that the Attorney General was only entitled to be paid the dollar equivalent of 5,000 Reichsmark, which are now almost worthless. The Court held, 48/ in accordance with the position of the Attorney General, that "gold mark," although not a unit of currency in circulation in Germany, was commonly used to express a value of 40¢ per mark which would not vary with currency fluctuations, and entered judgment for the Attorney General for $2,000.

ESTATE OF KATHERINE GOSWEIN (Probate Court, Franklin County, Ohio).---This estate has a total value of approximately $200,000. The Attorney General claims to be entitled to 6/7 interest by reason of his vesting of the interests of certain German nationals. The other parties contested the Attorney General's proof of heirship and the matter was tried during the fiscal year. After the end of the fiscal year the Court filed a memorandum opinion in favor of the Attorney General.

ESTATE OF HEINRICH SANDHAGEN (Surrogate's Court, New York County, N. Y.).---The decedent left property in trust to nationals of Germany with the Central Hanover Bank as trustee. The Attorney General vested the interests of the beneficiaries and, after a contested proceeding against the trustee, obtained an order directing termination of the trust and delivery of the corpus to the Attorney General. During the fiscal year the Surrogate entered a final judgment settling the trust account and directing the delivery of $354,920.18 to the Attorney General. The trustee has appealed.

45/ Decree entered January 27, 1953.
46/ 199 Ore. 448, 263 P. (2d) 769.
47/ Decree entered September 16, 1952.
48/ N. Y. L. J., June 21, 1954.

BROWNELL v. HERMANN (United States District Court, District of Idaho).---The defendant in this action is the trustee of an intervivos trust, all of the beneficiaries of which are German nationals. The Attorney General vested their interests and, upon the trustee's refusal to comply with the vesting order, the above action was commenced. After the end of the fiscal year the District Court entered judgment for the Attorney General, directing the trustee to turn over all trust assets, valued at $60,000.

MCGRATH v. AMERICAN NATIONAL BANK OF DENVER (United States District Court, District of Colorado).---In this case the Attorney General vested property valued at $12,000 held in trust for enemy nationals and, on the refusal of the trustee to pay, brought suit in Federal District Court for summary possession of the trust property. The enemy nationals sought to intervene in the case contesting the Attorney General's right to seize their property. The trustee then voluntarily paid to the Attorney General and leave to intervene was denied. The enemy nationals appealed to the 10th Circuit Court of Appeals and, by opinion filed August 18, 1954, the District Court's decision was affirmed.

MATTER OF TITLE GUARANTEE & TRUST CO. (RICHARD HELLMAN) (Supreme Court, New York County, N. Y.).---In a proceeding instituted by the trustee to settle its account and to distribute remaining income in its possession and trust corpus, valued at $10,000, to the Attorney General pursuant to his vesting order vesting the interests of the life beneficiary and remaindermen, objection was made by the settlor who urged that the trust fund should revert to him. His position was based on the theory that the imposition of freezing controls, the advent of war or the vesting of the interests of the life beneficiary and remaindermen caused the trust to fail, thereby creating a resulting trust in the settlor's favor. He also contended that the issuance of the vesting order constituted the equivalent of the death of the life beneficiary without heirs, thus bringing a reversionary clause in his favor into operation. Both arguments were rejected by the Court. 49/ An appeal from an order entered June 29, 1954, has been taken by the settlor.

IN RE GARRETT'S ESTATE (Supreme Court, Pa.).---The Orphan's Court of Philadelphia County held that the Attorney General was entitled to a 1/3 interest in this estate which has a gross value of approximately $21,000,000. Fourteen appeals were taken to the Supreme Court of Pennsylvania which affirmed the decision of the Orphan's Court. Seven petitions for writ of certiorari were filed with the Supreme Court of the United States. All of these were denied and during the fiscal year distribution was effected to the persons, including the Attorney General, who had been held entitled to the proceeds of the estate. The Attorney General received the sum of $4,427,582.90.

ORME v. THE NORTHERN TRUST COMPANY (Circuit Court, Cook County, Ill.).---This case involves a will in which a decedent left her property in trust for three granddaughters for life with the remainder to their children. The trust estate is now valued at $2,000,000. The Attorney General vested the interest of persons entitled to 4/9 of the trust corpus. One of the granddaughters, before her death, executed a will attempting to leave an interest in the corpus of the trust to Orme. He has brought the instant action against the trustee alleging that under the rule in Shelley's case the entire estate merged in the life tenants, and that they could dispose of it by will. The court has held that the interests of enemy beneficiaries were validly seized by the Attorney General 50/ and the matter is now awaiting trial on the merits.

BROWNELL v. EDMUNDS (United States District Court, Western District of Virginia) ---In this case a decedent made a bequest of $20,000 to "my husband's family in Bremen.... (should they survive this war)." The bequest was vested by the Custodian, and on the

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49/ N. Y. L. J., June 18, 1954.
50/ 410 Ill. 354, 102 N. E. (2d) 335, cert. den., 343 U. S. 921.

executor's refusal to pay, this action was commenced in the Federal District Court to compel payment. The District Court held that the gift violated the Virginia rule against perpetuities 51/ and, on the Attorney General's appeal, the Court of Appeals for the Fourth Circuit affirmed. 52/

SECURITY-FIRST NATIONAL BANK OF LOS ANGELES v. BROWNELL (Superior Court, Los Angeles County, Cal.).---The settlor conveyed interests in real property having a value of $7,500,000 to the plaintiff bank to be held in trust, the income therefrom to be paid to named nieces, nephews and widows of nephews during their respective lives and upon their deaths to the issue of said nieces and nephews. Upon the death of the last surviving niece or nephew the trust is to terminate and the corpus is distributable to the persons then entitled to income. The Attorney General vested the interests of enemies who are entitled to approximately 1/5 of the income and corpus interests created under the trusts. Suit was instituted in the Superior Court for Los Angeles County by the trustee for a construction of the trust agreement. Various parties contended that the Attorney General's vesting order was ineffective because the trust was a "spendthrift trust" and because the gifts to the enemy were subject to a condition precedent of personal receipt, and that the enemies whose interests were vested are entitled to appear by their own counsel and participate in the conduct of the litigation. Questions have also been raised as to the appropriateness of certain charges made against the trust by the trustee; and the right of counsel, including representative of the Attorney General, to payment of fees and expenses out of trust property. Trial of this case was held on November 9 and 10, 1953 and briefs have been submitted to the Court.

HALLE v. CONTINENTAL ILLINOIS NATIONAL BANK & TRUST CO. OF CHICAGO (Circuit Court, Cook County, Ill.).---The Attorney General vested the interests of a German national who, at the time of vesting, was entitled to 1/2 the income of a trust and, upon the death of the co-beneficiary in May 1953, became entitled to the entire income until termination of the trust upon her death. The trust corpus is valued at $300,000. Objection to payment of the income to this Office was predicated upon a contention that language in the decedent's will providing for use of the income for the "sole use and benefit" of the beneficiaries created a "spendthrift trust" not subject to seizure under the Trading With the Enemy Act, as amended. By decree dated July 19, 1954 the Court determined that the Attorney General was entitled to income held by the trustee for the benefit of the enemy national whose interests were vested and to all further income which has or will accrue in her favor.

VON FRANCKEN-SIERSTORPFF v. BROWNELL (United States District Court, Southern District of New York) and ESTATE OF EDWIN F. KNOWLTON (Surrogate's Court, Kings County, N.Y.). Edwin F. Knowlton died in Brooklyn in 1898 leaving property now valued at $2,700,000 in trust. The trust provided for payment of income for life to his daughter, Mary Countess von Francken-Sierstorpff, and, upon her death, for life to his grandson, Hans Clemens Count von Francken-Sierstorpff, and upon his death, the corpus of the trust to be payable to the "lawful issue" of his grandson. Both life tenants are now dead. Count von Francken-Sierstorpff had two children by his first wife, Elizabeth Princess Hohenlohe, Edwin Adalbert von Francken-Sierstorpff and Constance Ida von Francken-Sierstorpff, both nationals of Germany. Their interests in the trust were vested by the Alien Property Custodian. Thereafter, Count von Francken-Sierstorpff divorced his wife in a default proceeding in Idaho, remarried and had a third child, Michael Maximillian Drake von Francken-Sierstorpff, a United States citizen. The Surrogate's Court of Kings County, New York, held the divorce proceeding to be valid and held Michael to be "lawful issue" of Count von Francken-Sierstorpff and to be entitled to 1/3 of the corpus of the trust and the Attorney General entitled to 2/3 thereof. Upon motions by

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51/ 110 Fed. Supp. 828.
52/ 209 Fed. (2d) 349.

Edwin, Constance and the Attorney General, the trial was reopened in order to permit the introduction of further evidence with respect to the legality of the divorce. The two German nationals, Edwin and Constance von Francken-Sierstorpff, also commenced an action in the United States District Court for the Southern District of New York against the Attorney General to obtain a return of their interest in the trust. In 1953 all of these actions were compromised by an agreement pursuant to which the Attorney General will receive the 1/3 interests of Edwin and Constance, having a total value of $1,800,000 and an additional $150,000 from the share of Michael. The action for return brought by the two German beneficiaries was dismissed with prejudice.

CHASE NATIONAL BANK v. REINICKE ET AL. (Supreme Court, New York County, N.Y.).---The corpus and accumulated income of an intervivos trust, valued at $700,000 was res vested by the Attorney General on the ground that all beneficiaries were enemies. The trustee refused to deliver to the Attorney General any part of the vested property on the ground that there were in existence contingent beneficiaries who were not enemies. The trustee instituted an accounting and construction proceeding in the Supreme Court of the State of New York. Special guardians for contingent infant beneficiaries and the enemy beneficiaries themselves, who were permitted to participate in the court proceeding, argued first that the amended vesting order was invalid because it was issued after the enactment of Joint Resolution 289 on October 19, 1951 and because of the existance of contingent nonenemy interests. The State Court (by decree entered June 15, 1954) held that so long as any contingent nonenemy beneficiaries were in existence, or might conceivably be in existence, no direction to the trustee would be made to deliver the corpus or income to the Attorney General. An appeal has been taken to the Appelate Division of the Supreme Court, First Division.

BROWNELL v. NATIONAL SAVINGS AND TRUST CO. ET AL. (United States District Court, District of Columbia).---The National Savings and Trust Co. and another, were trustee of three trusts, created by Baron Alfred Palm, Irene Baronin St. Andre and Blanca Baronin Cotta. The Custodian vested the corpus of all three trusts, valued at $250,000, on the ground that all of the beneficiaries were enemy nationals. On refusal of the trustees to turn over the vested property, the above action was commenced and on January 28, 1954 the District Court entered an order directing the trustees to comply with the vesting order. The trustees have appealed.

BROWNELL v. MERCANTILE TRUST COMPANY, TRUSTEE UNDER THE INDENTURE OF ROBERT W. POMMER (United States District Court, Eastern District of Missouri).---The defendent is trustee of a trust fund valued at approximately $2,000,000. The Attorney General claims to be entitled to approximately $600,000 of the corpus, and to a portion of the income of the trust, as the successor in interest to certain German beneficiaries. The trustee has refused to make any payment to the Custodian, contending that it has discretion to withhold payments to any beneficiary until 21 years after the death of the last life tenant. The above action, to compel payment of the Attorney General's share, was commenced during the fiscal year. The trustee since has remitted to the Attorney General accumulated income of approximately $206,000 but still refused to remit the Attorney General's share of the corpus of the trust.

FIRST NATIONAL BANK OF CHICAGO, TRUSTEE UNDER THE WILL OF HENRY LANGHORST v. BARTHOLOMEY, ET AL. (Superior Court, Cook County, Illinois).---The plaintiff is trustee of a testamentary trust with assets of approximately $2,500,000. The Attorney General, as successor to certain German beneficiaries, claims to be entitled to 3/5 of the income and corpus The trustee has commenced the above action for construction naming both the Attorney General and the German beneficiaries as defendants. The matter is awaiting trial on the merits.

Miscellaneous Litigation

Among the more important of the 216 miscellaneous cases in which the Office of Alien Property was interested during the fiscal year 1954 were the following:

BANK OF AMERICA NATIONAL TRUST & SAVINGS ASSOCIATION v. BROWNELL (United States District Court, District of Columbia).---This case presents an important question affecting the administration of the debt claims program, namely: Is the Attorney General, when allowing a debt claim, required to pay interest thereon which has accrued after the date of vesting the enemy debtor's property? It has been the policy of the Department to deny postvesting interest, on the ground debt claims are claims against the United States and there is no statutory provision for the payment of such interest by the Government. The District Court for the District of Columbia held that the Attorney General is required to pay interest and the Court of Appeals for the District of Columbia affirmed in June 1954.

BROWNELL v. CITY AND COUNTY OF SAN FRANCISCO (Superior Court, San Francisco County, Cal.).---This was an action by the Attorney General to recover approximately $30,000 paid as municipal taxes on the German Consulate in San Francisco. At the outbreak of World War II, the Consulate had been closed and taken into protective custody by the Swiss Government, and in 1948 the property was vested by the Attorney General. The City and County of San Francisco levied municipal taxes on the property for the years 1941-1948, and these taxes were paid by the Attorney General under protest. The Superior Court held that the Attorney General was entitled to a refund of the taxes, and that the Treaty of 1923 between the United States and Germany providing for immunity of diplomatic property of each nation was not abrogated or suspended by World War II. The defendant appealed on the ground that the Consulate was not used for government purposes during the war years when the taxes were levied. The District Court of Appeals affirmed the judgment for the Attorney General, and the Supreme Court of California denied the defendant's petition for a further appeal.

CODRAY v. BROWNELL (United States District Court, District of Columbia).---Plaintiff had sued a Hungarian corporation in the Supreme Court of New York, had attached assets of the defendant located in New York and had obtained judgment by default for $62,000. The attached assets were blocked under Executive Order 8389 and plaintiff's attachment was thus invalid unless he could secure a license from the Attorney General releasing the assets from blocking controls. The Attorney General refused to issue such a license in view of the policy of this Government to continue freezing controls over the United States assets of Communist-dominated countries. Plaintiff then brought the instant action in the District Court for the District of Columbia against the Attorney General to require the Attorney General to release the New York assets from blocking control or, in the alternative, to vest the assets under the Trading With the Enemy Act and pay claimant as a creditor of the Hungarian corporation under section 34 of the Act. The District Court entered summary judgment for the Attorney General. On October 15, 1953 the Court of Appeals affirmed. The Court of Appeals held that the President's action with respect to satellite property in this country is discretionary. The Court further held that the Treaty of Peace of 1947 between the United States and Hungary by which Hungary authorized the United States to seize Hungarian assets in the United States for payment of the claims of the United States and its nationals against Hungary requires implementing legislation and is not within the Attorney General's powers under the Trading With the Enemy Act. This was an important decision as it was a test case to determine the effectiveness of the United States' blocking of Communist assets in the United States.

INTERNATIONAL SILK GUILD, INC. v. BROWNELL (United States District Court, District of Columbia).---In this case a complaint was filed under section 34 of the Act for a District Court review of the determination of the Deputy Director of the Office of Alien Property reversing a Hearing Examiner and disallowing plaintiff's debt claim of $68,362.08 against the vested assets of Asahi Silk Co., Ltd. Plaintiff claimed a contract had been

entered into in 1936 among New York importers of silk from Japan, Japanese exporters, and the plaintiff whereby the importers agreed to pay a self-imposed assessment on each bale of silk imported, the exporters agreed to collect each assessment and forward it to the plaintiff which agreed to use the funds to promote silk in the United States. The District Court entered judgment affirming the Deputy Director's determination, disallowing the claim. Plaintiff moved to set aside the jugment and reopen the case to receive newly discovered evidence. This motion was granted but the Court proceedings have been continued indefinitely by stipulation, and the claim has been resubmitted to the Director for further consideration administratively.

Plaintiff has pending before this Office seven claims totaling $508,491.91 against vested assets of the other Japanese exporters, parties to the alleged agreement.

BROWNELL v. SCHERING (United States District Court, New Jersey).---This is an action by the Attorney General to compel Schering Corporation to comply with an agreement made in January 1952, obligating Schering to open up 281 of its patents and patent applications for free licensing or licensing on a non-discriminatory and reasonable royalty basis. The Attorney General had vested the shares of capital stock of Schering as property of a German national, and in 1952 had sold the shares in the corporation for $29,131,000. Before the sale, the Attorney General required the corporation to enter into this contract, in furtherance of the patent policy of the United States in favor of the opening of enemy patents for licensing to the public. The Attorney General's motion to dismiss the defendant's counterclaim praying for the rescission of the contract on the ground that it was beyond the authority of the Attorney General, has been argued and briefed and is now awaiting decision.

IN THE MATTER OF SILESIAN-AMERICAN CORPORATION (United States District Court, Southern District of New York).---This is a reorganization proceeding under Chapter 10 of the Bankruptcy Act. The debtor corporation was the pre-war owner of valuable coal and zinc properties valued at 40 to 80 million dollars located in Silesia, which have now been nationalized by the Government of Poland. The Attorney General has vested 49% of the common stock, $700,000 of the outstanding bonds, and about 42% of the preferred stock with a par value of $5,000,000. The Attorney General's right to vest and obtain possession of these securities was contested by the trustee and was sustained by the Supreme Court. 53/ In subsequent litigation the Attorney General successfully opposed a plan of reorganization which had been submitted to the trustee and approved by the District Court, which would have turned over the corporation to a syndicate of Swiss banks. 54/

The trustee has now filed a petition for an order levying an assessment against all stockholders on the ground that the stock, when originally issued by the debtor corporation, was not fully paid for. In addition, the trustee has attempted to obtain jurisdiction in the reorganization court over certain Swiss banks for purposes of asserting claims against the banks. The order of the District Court denying such jurisdiction was affirmed on appeal by the United States Court of Appeals for the Second Circuit. 55/ The Attorney General has petitioned for certiorari. These issues may be settled by a new plan of reorganization which is now being formulated.

BROWNELL v. KERMATH MANUFACTURING COMPANY (United States District Court, Eastern District of Michigan).---This was an action brought by the Attorney General to collect a debt of $61,000 owing by the defendant corporation to a Japanese national. The defendant denied the existence of the debt and also alleged that, if it existed, it was based upon an

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53/ Silesian-American Corporation v. Clark, 332 U. S. 469.
54/ Conway v. Silesian-American Corporation, et al., 186 F. (2d) 201.
55/ Conway v. Union Bank of Switzerland, et al., 204 F. (2d) 603.

illegal transaction. On March 31, 1954 the District Court entered judgment for the Attorney General in the sum of $61,000. The defendant has appealed and the decision had not been rendered on the appeal at the close of the fiscal year.

BROWNELL v. SINGER (Supreme Court, New York County, New York).
---In April, 1954 the United States Supreme Court reversed a judgment of the New York Court of Appeals which had denied the authority of the New York Superintendent of Banks to comply with a vesting order and turnover directive issued by the Attorney General under the Trading With the Enemy Act. The decision represents the latest stage in litigation which arose in 1943.

The matter arose from an application filed in the Supreme Court, New York County, by the New York Superintendent of Banks, for permission to comply with the Attorney General's order directing the Superintendent to turn over a sum of approximately $557,000 from the assets of Yokohama Specie Bank, Ltd., New York Agency, in Liquidation, an enemy-owned property. Singer, as assignee of Standard Vacuum Oil Co., also claimed the fund by virtue of a judgment obtained under New York State law declaring that he was entitled to be paid out of the assets in the hands of the Superintendent, if he ever secured a Treasury license. The New York Supreme Court denied the Superintendent's application to turn over the money to the Attorney General on the ground that such a turnover would nullify the outstanding judgment. The New York Court of Appeals affirmed without opinion. The United States Supreme Court granted certiorari, and reversed 56/ citing Zittman v. McGrath, 57/ in which the Supreme Court had held that a similar turnover directive was a valid exercise by the Attorney General of his authority under the Trading With the Enemy Act to seize and administer enemy property.

SWISS BANK CORPORATION v. UNITED STATES (Court of Claims).
---At the beginning of World War II the United States requisitioned title to the Odenwald, a vessel of the Hamburg-American Line. The Alien Property Custodian vested the right of the Hamburg-American Line to just compensation and the Swiss Bank Corporation asserted a mortgage on the vessel. This action was commenced in the Court of Claims by the Swiss Bank Corporation to recover the value of the mortgage on the vessel, and the Attorney General intervened as a party plaintiff. In November, 1953 the parties compromised the action, the Swiss Bank Corporation receiving $50,000 and the Attorney General $150,000.

Insurance Matters

At the beginning of the fiscal year 1954 there were 991 vestings of the interests of enemies in insurance policies outstanding. In most of these, the insurer will pay over to the Attorney General the cash surrender value, or face amount, promptly upon proof of the existence or death of the insured. In several of these matters, however, litigation has been necessary.

A case of this type was recently decided in favor of the Attorney General by the Supreme Court of the Philippines---Brownell v. Sun Life Assurance Company of Canada (June 22, 1954). The Philippine Property Act of 1946 provided for the continued operation of the Trading With the Enemy Act in the Philippines after independence of the commonwealth on July 4, 1946 but no act of the Philippine Congress expressly authorized the continued effectiveness of this statute. The predecessor in interest of the Attorney General vested the proceeds of an endowment policy issued by the defendent company in favor of a Japanese national. The insurance company had doubts as to whether compliance with the vesting order would afford it exculpation pursuant to sections 5(b) and 7(c) of the Trading With the Enemy Act, or whether, after compliance, a second payment under the policy could be exacted in litigation by the insured. Accordingly, it refused to pay, and the above action to compel payment was instituted.

56/ 346 U. S. 895.
57/ 341 U. S. 471.

The lower court ordered compliance with the vesting order. In affirming unanimously, the Supreme Court held that although it is an unquestioned principle of international law that the jurisdiction of a nation within its territory is exclusive and absolute a nation may consent to the operation of a foreign law within its territory and that the Republic of the Philippines had impliedly consented to the extraterritorial operation of the Trading With the Enemy Act. Accordingly, compliance with the vesting order would exculpate the insurance company from any further liability for the amount ordered to be paid to the Attorney General. Eighteen other cases in the Philippine courts against insurance companies will be concluded on the basis of this decision.

In Maske v. Sun Life Assurance Co., Brownell, et al., now pending in the United States District Court for the District of Columbia, plaintiff seeks a declaration that the Attorney General's predecessor in office had no authority to issue vesting orders in the Republic of the Philippines after July 4, 1946, that an insurance contract written in Manila by a Canadian insurance company was not "property" in the Philippines which could be reached by a vesting order, and that a vesting of enemy interests in such contracts was an act in excess of authority, and void.

An action was commenced in the spring of 1954 in a Venezuelan court against the Pan-American Life Insurance Company, incorporated in Louisiana and licensed to do business in Venezuela, to recover the proceeds of two endowment policies purchased in Venezuela in 1932 by a husband and wife residing there. The policies provided for payment in American dollars at the home office of the company in New Orleans. The Attorney General vested the proceeds of the policies upon a finding that the insured were residents of Germany during the war. Thereafter the company paid the proceeds due under the policies to the Attorney General. The insured, who had gone to Germany in 1938 and returned to Venezuela in 1947, commenced their action after the Pan-American Life Insurance Company had refused to pay them the proceeds. Counsel for the plaintiffs have agreed to defer action in Venesuela until the insured file claims for the return of the vested property and this Office processes such claims. In the event the claims are denied, the action in Venezuela will be prosecuted, thus raising the issue whether the seizure of enemy property by one country will be recognized by the courts of another. If the plaintiffs prevail in their action, the question of compensating the Pan-American Life Insurance Company for their double payment in light of the Supreme Court's decision in Cities Service Company v. McGrath, will be raised. 58/

58/ 342 U. S. 330.

VII

ORGANIZATION, FINANCES AND ACCOUNTING

The Office of Alien Property sustained a reduction of approximately 34% in the amount authorized for administrative expenses by the Congress for the fiscal year 1954 as compared to the amount authorized for the 1953 fiscal year. As a result of this reduction in the authorization necessitating a reduction in personnel of approximately 34%, the operations of the Office were severely curtailed.

ORGANIZATION

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 1954, are listed below:

Administrative Unit	Number of employees as of June 30, 1954 1/
Office of Assistant Attorney General	20
Liquidation Section	35
Legal and Legislative Section	25
Claims Section	49
Litigation Section	61
Administrative Section	51
Comptroller's Section	56
Overseas Office	6
Office of Manager, San Francisco	8
Office of Manager, Honolulu	6
Office of Manager, Tokyo	2
Total	319

1/ Excluding one part-time employee.

Geographical Distribution of Personnel

The main office of the Office of Alien Property is in Washington with field offices located in San Francisco, Honolulu, Manila and Tokyo. The headquarters of the Overseas Office is in Munich, Germany.

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 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

324186

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 1954 was in the amount of $2,500,000 (Public Law 195, 83rd Cong., 1st sess., approved August 5, 1953). 1/

Administrative expenses for the fiscal year 1954 totaled $2,460,674.52. A statement of these expenses and the means by which the expenses were financed are shown in table 28. Comparative data for previous years are also shown in the table.

Accounting

A report of Peat, Marwick, Mitchell & Co., certified public accountants, on its audit of the books of the Office of Alien Property for the fiscal year ended June 30, 1954 is presented at the end of this chapter.

1/ 67 Stat. 367.

Table 28.--ADMINISTRATIVE EXPENSES AND MEANS OF FINANCING, FISCAL PERIODS 1943 THROUGH 1950, AND FOR THE FISCAL PERIODS ENDED JUNE 30, 1951, 1952, 1953, AND 1954

NOTE.-The statements shown on this table are not identical with those shown in table 33 of the Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1953, owing to adjustments made subsequent to June 30, 1953. Amounts previously shown as reimbursements to other agencies are now included under the object classification in which the funds were expended.

	April 21, 1942 to June 30, 1950	July 1, 1950 to June 30, 1951	July 1, 1951 to June 30, 1952	July 1, 1952 to June 30, 1953	July 1, 1953 to June 30, 1954	Total
ADMINISTRATIVE EXPENSES						
Personal services	$26,420,087.40	$3,260,880.05	$3,217,695.80	$2,985,258.03	$2,097,178.25	$37,981,099.53
Travel	802,614.53	86,766.52	36,814.67	49,744.32	25,461.80	1,001,401.84
Transportation of things	112,187.58	3,326.33	7,039.76	6,447.01	3,764.66	132,765.34
Communication services	460,990.47	43,580.16	35,493.70	43,309.28	18,929.20	602,302.81
Rents and utilities	2,300,823.41	212,702.16	198,304.84	169,459.69	121,741.88	3,003,031.98
Printing and binding	541,857.77	23,020.50	20,061.80	17,890.47	5,212.95	608,043.49
Other contractual services	1,370,757.90	229,590.52	208,215.85	294,244.08	172,069.22	2,274,877.57
Supplies and materials	403,366.61	44,316.32	28,250.89	57,662.35	9,391.96	542,988.13
Equipment	437,585.01	46,520.81	8,157.70	26,497.15	5,676.37	524,437.04
F. I. C. A. contributions	.....	1,057.54	3,063.01	2,936.24	1,248.23	8,305.02
Total	32,850,270.68	3,951,760.91	3,763,098.02	3,653,448.62	2,460,674.52	46,679,252.75
MEANS OF FINANCING						
1. World War I Administrative Expense Fund	4,063,088.71	.....	.....	.....	.....	4,063,088.71
2. World War II Vested Property Funds:						
(a) Recoveries of expenses from vested enterprises and other properties.	172,129.46	61,791.60	47,516.25	31,432.92	34,815.68	347,685.91
(b) General transfer of cash from vested property funds 1/	25,001,305.24	1,826,667.14	3,362,094.65	(2,975,780.48)	828,764.10	28,043,050.65
3. Reimbursement received for expenses incurred in representing persons residing behind enemy lines in court or administrative actions or proceedings	347,248.14	(332.95)	(1,490.83)	(30.00)	(193.00)	345,201.36
4. Conservatory and administrative expenses recovered upon return of World War II vested property and the payment of debt claims	2,304,549.51	2,047,050.24	259,849.01	6,593,781.40	1,563,567.31	12,768,797.47
5. Recoveries of expenses from Philippine Alien Property Administration to Oct. 13, 1946, and from Philippine vested property subsequent to June 29, 1951	124,214.14	.....	30,955.96	.....	30,646.02	185,816.12
6. Miscellaneous receipts:						
(a) License fees, receipts from sale of patent catalogs and other receipts	598,505.67	16,584.88	64,172.98	4,044.78	3,074.41	686,382.72
(b) Receipts from sale of republished periodicals	239,229.81	.....	.....	.....	.....	239,229.81
Total	32,850,270.68	3,951,760.91	3,763,098.02	3,653,448.62	2,460,674.52	46,679,252.75

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

( ) Denotes minus figure.

ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.
American Security Building
Washington 5, D. C.

Colonel Dallas S. Townsend
Assistant Attorney General
Director, Office of Alien Property
Department of Justice
Washington 25, D. C.

We have examined the general accounts maintained by the Comptroller's Section of the Office of Alien Property for the purpose of controlling vested assets and recording accountability therefor for the fiscal year ended June 30, 1954, but we did not review the financial and statistical information and statements 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 count of securities and personal property in the custody of employees in offices of the Office of Alien Property in the United States; test-confirmation of vested assets in the custody of others at June 30, 1954; test-check and confirmation of recorded cash receipts; test-examination of vouchers covering administrative expenses and other disbursements; check of reconciliations and confirmation of bank balances; and review of procedures followed in the sale, return or other disposition of vested assets during the fiscal year as to compliance with the policies set forth in regulations governing such disposals. Examination of the accounts maintained in the Manila office of the Office of Alien Property has been made by other independent accountants and their report on such examination has been submitted to us.

The accounting records of many of the vested enterprises in process of liquidation and of some operating vested enterprises of minor importance, were maintained in offices of the Office of Alien Property. We reviewed the available accounting records of enterprises so maintained, except for those in Hawaii. Our review included check of the reconciliations and confirmation of bank balances in the United States, count or confirmation of securities held in the United States, and review of disposals of assets (other than sales made in the regular course of business) during the fiscal year; but we did not audit the accounts of such enterprises. With the exception of a few enterprises either not under the exclusive control of the Office of Alien Property or of minor importance, the accounts of the operating enterprises whose accounting records are maintained by their own personnel have been examined by public accountants at various dates during the fiscal year. Reports of such public accountants, submitted for our inspection, contain unqualified opinions as to the financial position at the close of 1953 of the principal operating enterprises in the United States; but similar reports in the case of the remaining enterprises, 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 stocktaking or inability to confirm accounts with foreign interests.

In our opinion, subject to the comments in the preceding paragraph, the individual exceptions disclosed as a result of our examination for the year ended June 30, 1954 are not regarded as relatively significant.

Peat, Marwick, Mitchell & Co.

Washington, D. C.
January 24, 1955

EXHIBIT A

SUPPLEMENT TO LISTS OF VESTING ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY, MARCH 11, 1942, TO JUNE 30, 1954

NOTE.--The lists to which these additions are made were published each year as Exhibit A, Annual Report of the Office of Alien Property, fiscal years ended June 30, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, and 1953. The additions consist of published amendments signed during the fiscal year ended June 30, 1954 but relating to vesting orders signed prior to July 1, 1953.

Vesting order No.	Description	Date published in Federal Register
4118	Amendment	Nov. 28, 1953
6253	...do	May 19, 1954
14654	...do	Jan. 23, 1954
14735	...do	May 19, 1954
15107	...do	May 19, 1954
15249	...do	Jan. 9, 1954
15847	...do	May 5, 1954
15898	...do	Feb. 2, 1954
16986	...do	Aug. 4, 1953
17074	...do	Feb. 11, 1954
	Amendment, as amended	Feb. 17, 1954
17784	Amendment	May 15, 1954
18520	...do	Aug. 22, 1953
18521	...do	Aug. 22, 1953
18606	...do	Sept. 24, 1953
18620	...do	Aug. 15, 1953
19122	...do	Apr. 8, 1954
19272	...do	Nov. 11, 1953
19281	...do	Feb. 13, 1954
19298	...do	July 16, 1953

EXHIBIT B

RULES AND REGULATIONS OF THE OFFICE OF ALIEN PROPERTY IN EFFECT AS OF JUNE 30, 1954

NOTE.--The rules and regulations of the Office of Alien Property were formerly designated as General Orders Nos. 1-36. (See Annual Report, fiscal year ended June 30, 1948, Exhibit C, p. 147). On Dec. 31, 1948, the rules and regulations of the Office were amended and recodified and published in the Federal Register (12. F. R. 9497-9547) and are now designated as Parts 501-512 of Title 8, Chapter II, Code of Federal Regulations (1949 edition). The rules and regulations of the Office were further amended and published in the Federal Register (17 F. R. 11781-11843). Regulations pertaining to the control of foreign funds were adopted in their entirety from the Treasury Department on Oct.1, 1948 and were incorporated in the rules and regulations of the Office.

Part No.	Subject matter	Federal Register citation
501	General rules of procedure	13-9498
	Amended	17-2483
	...do	17-11779
	...do	19-1211
502	Rules of procedure for claims	13-9503
	Amended	16-5105
	...do	16-11137
	...do	17-5211
	...do	17-11836
	...do	18-6237
	...do	18-8476
503	Availability of records	13-9507
	Amended	17-11781
	...do	19-1211
504	Vesting orders	13-9508
505	Specific prohibitions	13-9508
	Amended	17-11781
506	Property in process of judicially supervised administration, or in court or administrative proceeding	13-9510
	Amended	17-11782
	...do	19-1212
507	Patents, trade-marks and copyrights	13-9511
	Amended	14-4788
	...do	17-11782
	...do	17-11842
508	Administration of alien property seized during World War I	13-9512
509	Foreign exchange rates	13-9513
	Amended	17-11784
510	Reports	13-9513
	Amended	17-11784
	...do	19-1212
511	Blocked assets: regulations originally issued by the Treasury Department 1/	13-9518
	Amended	15-1029

1/ For the text of Executive Order No. 9989 of Aug. 20, 1948, which transferred jurisdiction over assets blocked as of Sept. 30, 1948 to the Attorney General, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1949 pp. 135-136.

Exhibit B - concluded

Part No.	Subject matter	Federal Register citation
	Amended	16-7310
	...do	16-10715
	...do	17-800
	...do	17-11785
	...do	18-3687
512	Blocked assets: regulations issued by the Office of Alien Property	13-9549

324192

EXHIBIT C

LIST OF DISSOLUTION ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY, JULY 1, 1953, TO JUNE 30, 1954

Dissolution order No.	Related vesting order No.	Name of corporation ordered dissolved	Date executed	Federal Register citation
103	4	Sherka Chemical Co., Inc.....	8-6-53	18-4765
104	115	J. M. Voith Co., Inc.....	8-11-53	18-4921
105	14696	United States Imports & Exports, Inc.....	5-18-54	19-3101
106	116	Voith-Schneider Propeller Co., Inc.....	5-20-54	19-3102

324193

EXHIBIT D

LIST OF RETURN ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY
JULY 1, 1953 TO JUNE 30, 1954

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1746	1501	Masami Furukawa.....	$100.43.....	July 2, 1953
1749	293	Louis Henri Herkert.....	Patents.....	.....do.....
1750	450	Florence A. Minners.....	$104.67.....	July 29, 1953
1751	4010	Norsk Komponistforenings.... Internasjonale Musikkbyra (TONO).	$10,949.04; and an interest in a copyright.....	July 2, 1953
1752	1501	Hawaii Nihonjin Kyosaikai...	$7,369.39.....	.....do.....
1753	7849	William Maltz, Adm. with the Will Annexed of Estate of Eugene Maltz, dec.	$2,500.00.....	.....do.....
1754	17087	National City Bank of N. Y..	$17.84.....	July 15, 1953
1755	830	Vincenzo Cataldi; Concelia Scamale, a/k/a Consiglia Cataldi; Salvatore Russo; and Agatha Russo.	$392.28; one-fourth to each.....	.....do.....
1756	1501	Onko Kai.....	$100.00.....	.....do.....
1757	1926	Caroline, Victor, and George Stangohr.	$736.60; one-third to each	.....do.....
1758	68	North American Rayon Corp...	Patents.....	.....do.....
1759	1501	Hawaii Kyoiku Kai.....	$3,126.58.....	.....do.....
1760	2423	Dallas Loder, Adm. of Est. of Raymond Loder, dec.	$3,581.63.....	.....do.....
1761	68, 112, 201	American Bemberg Corp.....	Patents.....	.....do.....
1762	1094, 13583	Erna K. Schoch, nee Koester.	$88,230.44.....	.....do.....
1763	3101	Karl Schimek.....	$386.35; and interests in real property and securities.....	.....do.....
1764	8594, 11863	Eiji Tsumura, Harue and Eiji Tsumura.	$1,031.22; and securities.	July 24, 1953
1765	15363	Anna Mayer.....	$548.63; and interest in a debt.....	Aug. 3, 1953
1766	1501	Fuji Furniture Co., Ltd.....	$558.99.....	July 30, 1953
1767	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Shohachi Matsuda, dec.	$38.11.....	July 24, 1953
1768	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Miyoko Santoki, dec.	$95.04.....	July 24, 1953
1769	6872	St. Ursula Church, Allison Park, Pa.	$1,350.00.....	July 30, 1953
1770	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Kanzo Kato, dec.	$504.72.....	.....do.....
1771	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Heishiro Kageno, dec.	$611.48.....	.....do.....

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1772	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Zenmatsu Matsumiya, dec.	$412.34.....	July 30, 1953
1773	473, 3430, 500A-12, 500A-14, 500A-18	Alphonse Leduc & Cie.....	$5,009.90; interests in copyrights.....	Aug. 14, 1954
1774	4476	Mrs. Margarete Mandel.....	$2,104.22.....	....do.....
1775	2211	Mary, Filippo, Piero, Gian Andrea, Maria Vittoria and Leone Senni; and Maria Giulia Vitelli.	$22,679.64; and interests in a trust.....	Aug. 3, 1953
1776	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Fusakichi Kodama, dec.	$403.36.....	July 23, 1953
1777	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Mitsu Sakata, dec.	$575.81.....	July 30, 1953
1778	3552	Ivan Bunin.....	$527.00; and interests in a copyright.....	Aug. 3, 1953
1779	201	Armin Drechsel.....	Patent.....	.....do.....
1780	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Ichitoku Fujii, dec.	$1,378.19.....	July 30, 1953
1781	1031	Ivan Penry Troëdsson.....	Patent.....	Aug. 3, 1953
1782	1351	Societe Auxiliaire Pour Le Development d'Industries Mecaniques.	Patent.....	.....do.....
1783	9617	Margaret Leis.....	$92.62.....	July 29, 1953
1784	3436	Georges Mahoux.....	Patent.....	Aug. 3, 1953
1785	672	A/S Per Kure, Norsk Motor-Og Dynamofabrik.	Patents.....	Aug. 11, 1953
1786	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Saisuke Nakagami, dec.	$427.85.....	July 30, 1953
1787	666	Irene Lagache and Gabrielle Pouldjian.	Interest in a patent.....	Nov. 5, 1953
1788	933, 1047, 3554, 500A-1	Else Haimann.....	$5,000.00; motion picture film.....	Sept. 22, 1953
1789	5167	Maria Giorgioni and Silvano Sebastiani.	$1,757.36.....	July 30, 1953
1790	12738	Regina Kerngast.....	$1,514.03.....	July 29, 1953
1791	294	Carl Dybberg.....	Patent.....	Aug. 3, 1953
1792	8653	Mrs. Evelyn Bernhardt, nee Tecklenberg.	$751.00.....	Sept. 2, 1953
1794	9553	Rosa Dobrzynski, Helene Schneiter, and Louis Broder.	$7,210.31.....	July 29, 1953

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1795	1/	Mary Miklic-Koscic, Klara Gasparovic and Ivan Miklic	$550.50.....	July 29, 1953
1796	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Satoshi Kaya, dec.	$545.12.....	July 30, 1953
1797	666	Paul Louis Chelle.....	Patent.....	Aug. 3, 1953
1798	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Jiro Yogi, dec.	$333.49.....	July 30, 1953
1799	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Yone Orikasa, dec.	$1,005.25.....	.....do.....
1800	9211	Samuel H. Weisman, Trustee under the Will of Becky Klein, dec.	$1,516.66; and interests in a trust under will...	Aug. 11, 1953
1801	1501	Hawaii Suisan Kaisha, Ltd..	$130.19.....	.....do.....
1802	2318	Mary Samuel, Admx. with Will Annexed of Est. of Annie Federmann, dec.	$2,782.43.....	Aug. 14, 1953
1803	672	Olaf Kristian Stangebye....	Patent.....	.....do.....
1804	971	Clara Gaertner, Lena Levy Bertha Kahn and Rosa Baer	$561.90.....	Aug. 31, 1953
1805	5775, 9520, 18899	Bertha E. Kauffmann.....	$91,217.95; and securities.....	Sept. 22, 1953
1806	2440	Hans Braun.....	$810.00.....	.....do.....
1807	201, 4001	Anna Richter and Marine National Exchange Bank as Adm. with Will Annexed of Est. of Gedeon Richter, dec.	$265,042.97; and patents and an interest in a patent contract.....	Aug. 11, 1953
1808	672, 4456	Aasulv Loddesol..... Aasu	$27.30; a patent and interest in a patent contract.....	.....do.....
1809	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Tora Abe, dec.	$243.12.....	Aug. 14, 1953
1810	15337	Margaret Popp.....	$540.86.....	Aug. 31, 1953
1811	672	A/S Ostfold Skofabrik.....	Patent.....	Aug. 11, 1953
1812	1547	Maria Camplese,.....	$1,802.73; interest in a debt.....	.....do.....
1813	11469	Ida Nordon, Gerda Hammer, Ilse Helen Cooper and Ruth Hirschfield.	Securities.....	Nov. 5, 1953
1814	68, 722	Linde Air Products Co.....	Patents.....	Aug. 31, 1953
1815	672	Emil Edwin.....	Patent.....	Aug. 14, 1953
1816	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Hajime Otaguro, dec.	$11.25.....	.....do.....

See footnote at end of exhibit.

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1817	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Shige Tsugawa, dec.	$540.99	Aug. 24, 195
1818	672	John Pande	Patent	do
1819	1799	Paula Rothenberg	$888.22	Aug. 31, 195
1820	1501	H. K. Fujimoto	$11.86	do
1821	15069	Mrs. Dora Lange	$223.75	Aug. 14, 1953
1822	2605	Giovanni Lagomarsino	$2,354.56	Aug. 14, 1953
1823	293, 666, 2032	Les Usines De Melle	Patents, patent applications and interests in patent contract	Aug. 31, 1953
1824	1501	Mitsue Ozaki, formerly Mitsue Kinoshita and Mataichi Kinoshita.	$77.82	do
1825	4480	Gerd Steiner and Mrs. Lilli Heymann.	$2,334.84	do
1826	580	Dina, Ines, Elsa and Antonietta Scaramella.	$919.65	do
1827	1/	Danica Dragojlovic nee Nikolcic.	$135.00	do
1828	1501	G. Kenneth Griffin, Stat. Adm. of Est. of Shotaro Kugukuta, dec.	$50.38	do
1829	4237	Julie Waglechner, Sofie Stengl, and Marie Dworak.	$1,021.50	do
1830	3843	Franz and Karl Holubar	$375.36	do
1831	732	Societe' Francaise des Charbonnages du Tonkin.	$6,699.88	do
1832	672	Thorleif Berger	Patent	do
1833	1630	Aduanas Pujol-Rubio S.A	$18,024.52	do
1834	2712	Nunzia Garro	$876.86	Sept. 2, 1953
1835	1098	Luigia, Adele, Angela, Anna Luigia, and Eva Becco Achille and Maria Valente, Luigi and Secondo Cignolo, Margherita Camia Dragotti, and Umberto Bardelli.	$4,612.94	do
1836	201	Luigi Achille	Patent	do
1837	672	Morten Hansen	Patent	Aug. 31, 1953
1838	2423	Francesca Loder Morini	$100.00	Sept. 2, 1953
1839	672	Gustav Otto Karl Rusch and Christian Christiansen.	Patents	do
1840	664	Henry Olai Skanes	Patent	do
1841	4578	Chiyoko Takara	$4,474.60	do
1842	1/	Giovanna Tutolo, Theodora Porzio, Antonio and Ettore Fanzilli.	$1,856.04	Aug. 31, 1953
1843	146	Margarete Kaplan	$291,216.05; patent and interest in a patent contract	do

See footnote at end of exhibit.

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1844	666	Andre Maxime Ducret and Jean Robert Rideau.	patents.....	Sept. 2, 1953
1845	672	Christian Marius Thon....	Patent.....	Sept. 22, 1953
1846	294	Holger Brudal.....	Patent.....	.....do.....
1847	1157	Antonio, Giuseppe, Riccardo, Giuseppina Guerra, and Albina Guerra Maggini, Celesta Guerra Poncini and Carolina Guerra Maggini.	$16,491.36.....	Sept. 2, 1953
1848	12597	Ukiko Yukiko Fujinaka....	$157.00.....	.....do.....
1849	8458	Yuriko Ogawa.....	$277.49.....	Sept. 22, 1953
1850	1501	Chokashi Nakayama.....	$4.93.....	.....do.....
1851	1501	Jijiu Wakasugi.....	$32.28.....	.....do.....
1852	290	Torben Mohl.....	Patent.....	.....do.....
1853	1501	Tsunezo Umeda, Trustee for Kikuno Umeda.	$100.08.....	.....do.....
1854	672	Knare Omsted.....	Patents.....	.....do.....
1855	672	Nyegaard & Co. A/S.....	Patent.....	.....do.....
1856	1501	Board of Trustees, Hawaiian Div., C.E. Association of Hawaii.	$27.58.....	.....do.....
1857	672	Johan Fredrik Selmer.....	Patent.....	.....do.....
1858	1501	Seichi Kuwasaki.....	$29.76.....	.....do.....
1859	649	Giovanna Licari Luzi.....	$297.67; and an interest in a trust under will.	.....do.....
1860	1501	Shoichi Kuwasaki.....	$15.34.....	.....do.....
1861	2226	Alfred G. Hartmann.....	$1,000.00.....	.....do.....
1862	1282	Nelly Hartmann.....	$7,756.51.....	.....do.....
1863	5099	Floriane Schwaiger, nee Pöcher, Floriane Gasser, nee Schwaiger and Adolf Fritz Schwaiger.	$500.00.....	Sept. 24, 1953
1864	1042	Bertha Becker, Salli Baum, Joachim and Manfred Hess.	$4,845.62.....	.....do.....
1865	1187	Societe Industrielle Generale De Mecanique Appliquee (S.I.G.M.A.)	Patents.....	.....do.....
1866	1501	Yujiro Nada.....	$52.52.....	Sept. 22, 1953
1867	941	Franz and Theresia Bohm..	$2,554.67.....	Sept. 24, 1953
1868	4881	Thomas Slaby, Josef Slaby, Adele Marschik, Bartholomaeus Slaby and Rosalie Jurik, nee Slaby.	$11,000.22.....	.....do.....
1869	666, 1028, 2541	Compagnie Generale D'Electro Ceramique.	Patents.....	.....do.....
1870	666, 667	Compagnie Generale D'Electricite.	Patents.....	.....do.....
1871	9122	Howard Savings Institution Adm. of Est. of Mary Louise Blau, dec.	$2,800.79.....	.....do.....

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1872	1501	Young Buddhist Assoc.....	$99.41.....	Sept. 24, 1953
1873	1501	Tatsuro Matsuo.....	$23.97.....	.....do.....
1874	5179	Thekla Gunther.....	$1,943.27.....	.....do.....
1875	1501	Nissui Kai.....	$42.85.....	.....do.....
1876	15773	Charles J. Duppen.....	$178.60.....	Oct. 6, 1953
1877	1459, 1843	Orville H. Bullitt and Safe Deposit and Trust Co. of Baltimore, Executors of Est. of Alice Andreozzi Bernini, dec.	$14,901.07; and bonds...	Sept. 29, 1953
1878	1686	Attilio, Mario and Mrs. Elvira Riccio Pasca.	$856.47.....	Oct. 6, 1953
1879	1501	Momohara Gojo Kai.....	$106.46.....	.....do.....
1880	1286	Fiuggina and Gina Serafini	$3,440.06; and securities	.....do.....
1881	4927	Helen M. von Brockdorff.....	$34,485.51; interest in a trust under will.....	Oct. 14, 1953
1882	13716	H. Matsuno,.....	$1,784.38.....	Oct. 9, 1953
1883	16375	William B. Graf.....	Interest in an insurance policy.....	Oct. 8, 1953
1884	294	Tor Bjorn Loftheim.....	Patent.....	Oct. 9, 1953
1885	1501	Lawrence R. Holt, Stat. Adm. of Est. of Toyoshi Tamura, dec.	$112.73.....	.....do.....
1886	294	Jan Kielland.....	Patent.....	Oct. 20, 1953
1887	1501	Lawrence R. Holt, Stat. Adm. of Est. of Rie Inage, dec.	$9.32.....	.....do.....
1888	666	Eugene Germain Paul Mopin...	Patents.....	.....do.....
1889	667	Societe Savoisienne de Constructions Electriques..	Patent.....	Nov. 2, 1953
1890	6490	Anna Dammel.....	$2,697.09.....	Oct. 28, 1953
1891	666	Societe Des Accumulateurs Fixes et de Traction.	Patent.....	Nov. 2, 1953
1892	94	Carlo Pomilio.....	Patent.....	.....do.....
1893	15638, 15965	Martha Elbs.....	$913.50.....	Nov. 20, 1953
1894	290	Jorgen Hertz, sole prop. of A. Jorgenson & Co.	Patents.....	Nov. 2, 1953
1895	5419	Dr. Isadore Kahn.....	$75.00.....	Nov. 5, 1953
1896	1501	Shigetoku Kobayashi.....	$201.97.....	Nov. 2, 1953
1897	201, 2618	Dr. Mario Mazzucchi.....	$21,900.00; Patent and interest in a patent contract.....	Nov. 18, 1953
1898	2607	Angelina D'Addio.....	$345.20.....	Nov. 5, 1953
1899	1220	Curt Pulvermann.....	$124,939.69.....	Nov. 20, 1953
1900	666	Marie Celine Sarazin, born Mure, Gilles Francois Sarazin, and Francoise Anne Allix.	Interest in a patent....	Nov. 5, 1953
1901	672	Svend Older Jakobsen.....	Patent.....	Nov. 20, 1953

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	date executed
1902	5166	Imre Gergely, nee Agnes Fried.	$960.00.....	Nov. 10, 1953
1903	294	Martin August Hansen Aamodt.	Patent.....	Nov. 20, 1953
1904	294	Rolf Hjorth Johansen.....	Patent.....	Nov. 20, 1953
1905	1601	Societe Anonyme Vitex Anciens Etablissements J. Canouet.	Invention.....	.....do.....
1906	672	Francis Sonnichsen.....	Patent.....	.....do.....
1907	12248	Dr. Grete Laube.....	$504.71.....	Nov. 10, 1953
1908	1501	Kin Sonjin Seinen Kai.....	$36.80.....	.....do.....
1909	664	Frederik Vilhelm Belstrup	Patent.....	Nov. 20, 1953
1910	664	Arne Zachariassen and Louise Andrea Petersen.	Patent.....	.....do.....
1911	205	George Bakos.....	Patent.....	.....do.....
1912	1501	Umajiro or Matsu Yukimura.	$155.09.....	.....do.....
1913	7350	Justin A. Rollman, Trust under Will of Benj. Meyerfeld, dec.	$12,500.00.....	.....do.....
1914	2618	Istituto Sieroterapico Milanese Serafino Belfanti	$13,397.65; and an interest in a patent contract.....	.....do.....
1915	1500	Shinuye Tanaka, Admx. of Est. of Tamaichi Tanaka, dec.	$2,750.00; and securities..	.....do.....
1916	3712	Franz Fuchs and Leopoldine Muller.	$5,666.03.....	Nov. 25, 1953
1917	235, 2785	Giuseppe, Enrico and Elsie Borgarello.	$57.11; and securities.....	Dec. 16, 1953
1918	1501	Hakudo Nembutso Ko.....	$130.53.....	.....do.....
1919	235	Guido Racah.....	$14.73; and securities.....	.....do.....
1920	27, 68, 112, 201, 661, 1903, 2429, 4732	Alex. Friedmann, K. G.....	$385,000; Patents, patent contracts.....	Nov. 25, 1953
1921	501	Adelina Corpolongo in Martin.	$7,687.12.....	Dec. 16, 1953
1922	1501	Japanese Restaurant and Dispensers Assoc.	$328.74.....	.....do.....
1923	1021	Franz, Katharina, Josef, and Alois Zimmermann, Anna Zimmermann Kieweg, Maria Zimmermann Janda, and Theresia Zimmermann Koenig.	$2,324.77; and securities..	.....do.....
1924	1/	Antonion, Paolina, Arcangelo, Francesca, Mattea and Antonio Dovi.	$300.00.....	.....do.....
1925	1501	Shichiski-Kai.....	$103.26.....	.....do.....

See footnote at end of exhibit.

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1926	1501	Herbert Fumio Kurihara, Adm. of Est. of Taminosuke Kurihara, dec.	$132.65	Dec. 16, 1953
1927	1501	Tsugimi Uono	$21.70	do
1928	1501	Lawrence R. Holt, Stat. Adm. of Est. of Motosuke Nakamoto, dec.	$23.29	do
1929	62, 3231, 3635, 5303	Tamotsu Hata	$303,232.29; interest in a vested business enterprise and securities	do
1930	4324	Irma Wertheimer, nee Oppenheimer and Kurt G. Opper.	$622.33; interest in a trust under will	June 7, 1953
1931	4555, 6615	Walter J. and Ben Bruno Edelfsen and Ellen Edelfsen Fischer.	$805.86	Dec. 16, 1953
1932	1501	Ernest C. Gonsalves, Trust for Creditors of Honolulu Fire Ins. Co., Ltd., in Dissolution.	$5,442.32	June 7, 1953
1933	290	Jorgen Helge Jacobsen	Patent	Dec. 16, 1953
1934	15242	Kimi Matsuo	$233.76	do
1935	235	Maria De Scalzi ved. DaPozzo, Moretti Piera ved. DeScalzi DaPozzo, Antonio DeScalzi DaPozzo and Maria Terese DeScalzi DaPozzo.	$57.49; and securities	do
1936	235	Giorgio Lattes and Edilia Verga ved. Lattes.	$196.77; and securities	Jan. 5, 1954
1937	8771	Paul Tyrode	Interest in an estate	Dec. 16, 1953
1938	4604	Anna Fasching and Theresia Mayer, nee Fasching.	$605.59	Dec. 21, 1953
1939	11155	Charlotte M. E. Stadelmann	$23,653.21	do
1940	2561	Irene Dammann	Interest in a trust under will	Dec. 16, 1953
1941	17211	Hilde Mills	$11,353.52; bonds and securities	Dec. 29, 1953
1942	666	Mrs. Marie Clement	Patent	do
1943	15615	Adolf Haug	$474.80	Dec. 21, 1953
1944	12490	Tola Mutzenmacher	$178.55	do
1945	2419	Fortunato, Antonio, and Francesca Brunato.	$3,401.93	do
1946	17062	Dora Mayer	$508.80	do
1947	3811	Emil Beckmann and Pauline Roubitschek.	$246.25	do
1948	1501	Rino Mato	$657.68	do
1949	862	Ida Schweyer	$212.88	do
1950	795	Michelina Di Michaele Iacchetta, Olanda, Vincenzo and Faustino Iacchetta.	$439.22	Jan. 5, 1954

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1951	16213, 17459, 18259	Rudolf Kempf.....	$858.64.....	Feb. 4, 1954
1952	5941	Elisabeth Haas, Dr. Lothar Weil and Dr. Konrad Weil.	$4,869.98.....	Jan. 5, 1954
1953	787	Gertrud and Karin Rudnai..	$502.16.....	Apr. 1, 1954
1954	3430	Andre Obey.....	$576.00; and copyright....	Jan. 5, 1954
1955	2035	Rosario Marzullo and Rosaria Prisinzano Marzullo.	$14,580.30; and real estate	.....do.....
1956	117, 174	Cantieri Reuniti Dell' Adriatico.	$3,358.42.....	Feb. 3, 1954
1957	666, 293	Jean Alexandre Lobstein...	Patents.....	Mar. 10, 1954
1958	1501	Kakaako Alapai Kyoritsu Nippongo Gakko.	$2,443.62.....	Jan. 11, 1954
1959	1501	American Red Cross, Hawaii Chapter.	$14.87.....	.....do.....
1960	3075	Ella Frankel, Fred F. and Alex S. Franklin.	$823.73.....	.....do.....
1961	290	Henry Marinus Christensen	Patent.....	.....do.....
1962	672	Kristoffer Johannes Stenvik.	Patent.....	.....do.....
1963	672	Olaf Qviller.....	Patent.....	Jan. 27, 1954
1964	2889	Christina Marlies Dobler and Reingold Dobler, Individually and as Guard. of Herdith Anna Dobler	$134.12.....	.....do.....
1965	17885	Luis Conrad Roever.....	$1,386.55.....	Feb. 23, 1954
1966	1501	Hilo Hongwanji Kyodan.....	$775.93.....	Feb. 4, 1954
1967	104, 8711	Ludwig Walther, Walter Augustus, Rudolf Alexander and Hermann Wilhelm Brandt.	$19,564.03.....	Jan. 27,1954
1968	666	Swiss "Borvick" Company..	Patent.....	Feb. 4, 1954
1969	1950, 18155	Irene Johanna Hohne Forster.	$82,022.43; mortgage participation certificates..	.....do.....
1970	1501	Kameji Kakazu, sole owner of Hawaiiya Hotel.	$85.68.....	.....do.....
1971	836	Hermine Hermance Zeitlberger a/k/a Matzner.	$2,988.39; interest in a trust estate.....	Jan. 27, 1954
1972	17077	Kaneko A. Murakawa.....	$888.77; real estate.....	Feb. 18, 1954
1973	14514	Adele Louise Stanton, Gen. Guard. of Vera Luise Stanton.	$3,720.00.....	Feb. 8, 1954
1974	1501	Honolulu Shibibune Senin Kumiai.	$413.35.....	Jan. 11, 1954
1975	2785	Clemente and Ferdinando Aldobrandini.	$247.77.....	Feb. 4, 1954

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
1976	235, 2785	Elisa Viale Oliva, Bice Viale Carisio, Giorgio Viale, Alfonso Bandettini di Poggio and Adolfo Bandettini di Poggio.	$629.16; and securities....	Feb. 4, 1954
1977	3918	Mrs. William Aspenwall Bradley.	$121.76; interest in a publication contract.....	Feb. 3, 1954
1978	672	Anfinn Refsdal.....	Patent.....	Feb. 4, 1954
1979	3552	Jacob Kompanerzeff.....	$1,455.98; copyright.....	.....do.....
1980	3430	John Montagu Grezy-Barstow	$3,038.65; copyright.....	.....do.....
1981	4950	Jane Henley Zander.....	Interest in a trust under will.....	Feb. 18, 1954
1982	2707	V. Papini, Adm. of the Estates of Euginio and Eva Marraccini.	$2,184.62.....	Feb. 3, 1954
1983	500A-1	Lucien Psichari.....	Copyright.....	Feb. 4, 1954
1984	16401	Dora Samer.....	$381.27.....	Feb. 15, 1954
1985	996, 41964	Hilde Dahler.....	$12,665.80.....	Feb. 8, 1954
1986	7201	Arthur Greenewald.....	$211.44.....	.....do.....
1987	19268	George H. Bussmann.....	Bond.....	Feb. 4, 1954
1988	19268	Helen Murray.....	Bond.....	Feb. 15, 1954
1989	18941, 19268	Julius Franklin Hart and Erna Hart.	Bonds.....	Feb. 11, 1954
1990	19268	Dora Frankenbush.....	Bond.....	Feb. 15, 1954
1991	672	Olav Trygve Theodorsen....	Patent.....	.....do.....
1992	18941, 19268	Ernst Wolfsohn.....	Bond.....	.....do.....
1993	445	Lueder Ficken.....	$900.57.....	Feb. 23, 1954
1994	18053	Rene Michel.....	$6,659.00.....	Feb. 18, 1954
1995	18941, 19268	Leo and Eva Weiser.....	Bonds.....	.....do.....
1996	18941, 19268	Carl Marks & Co., Inc.....	Bonds.....	Feb. 16, 1954
1997	4416	Angela Fischer.....	$5,593.16.....	Mar. 1, 1954
1998	3918	Mrs. Wm. Aspenwall Bradley	$99.14; interest in a publication contract.....	Feb. 23, 1954
1999	12620	Anna Elisabeth Haupt.....	$7,217.51; interest in an annuity contract.....	Mar. 8, 1954
2000	19268	Jeanette Paleg.....	Bond.....	Feb. 23, 1954
2001	18941	Esther N. Burley.....	Bond.....	.....do.....
2002	19268	Anthony H. Collins.....	Bond.....	Feb. 25, 1954
2003	18941, 19268	Michael Poluhoff.....	Bonds.....	Mar. 1, 1954
2004	18941, 19268	Allen & Co.....	Bonds.....	Mar. 8, 1954
2005	104	Sylvia Calderon Zebadua...	$25,941.09.....	.....do.....
2006	19268	Sutro Bros. & Co.....	Bonds.....	.....do.....
2007	8240, 131	Wm. Kohler, Albert Arent, and Fidelity-Philadelphia Trust Co., sub. trustees of Trust of Dr. Otto Rohm	$4,713,044.22.....	June 30, 1954

Exhibit D - continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
2008	672	Ivar Loken Haadem.....	Patent.....	Mar. 8, 1954
2009	18941, 19268	Central National Corp.....	Bonds.....	.....do.....
2010	1501	Horace Sakoda, Trust. for cred. and stock. of K. Nakano, Ltd.	$3,187.30.....	Mar. 17, 1954
2011	1655	Maria Scorpione, Maria Distefano, Giuseppe Sacco and Luigina Sacco Torrelli	$1,772.83.....	.....do.....
2012	1028	Eugene Adrian Chapuis.....	Patent.....	.....do.....
2013	15980	Paula Hill Schaefer.....	$449.40.....	Mar. 23, 1954
2014	857	Irma and Angela Sebben.....	$864.07.....	Mar. 17, 1954
2015	666	Jean Henri Labourdette.....	Patents.....	.....do.....
2016	511	Assunta Boldrini, Agata and Rosa Minichelli.	$3,318.79.....	Apr. 1, 1954
2017	1501	Shoso Nii.....	$1,262.81.....	.....do.....
2018	27, 296, 666, 670, 4043	Societe D'Exploitation Des Brevets Moineau	$296,521.73; patents and patent contract interests	.....do.....
2019	14965, 14759, 17010, 17075, 18762	Frederick Klaeber.....	$43,055.91; Bonds, interests in debts, interests in insurance policies, and mortgages.....	Mar. 16, 1954
2020	293	Jean E. F. Gobin-Daude.....	Patent.....	Apr. 1, 1954
2021	10833	Hans H. Renner and John F. Condon, Executors of last will and test. of Ilse A. M. Renner, dec.	$3,053.00.....	May 14, 1954
2022	1501	Musashiya, Ltd.....	$16,283.90.....	Apr. 1, 1954
2023	17911	D. Oostinga.....	$516.02.....	.....do.....
2024	293, 666, 667, 1028, 2265	Compagnie Generale D'Electricite	Patents.....	Mar. 29, 1954
2025	137	Joseph and Else Schoebel....	$6,866.73; real estate...	Mar. 29, 1954
2026	2428	Gaetano, Ugo, Dina, Anna and Hila Simi	$455.90.....	Apr. 1, 1954
2027	18941	James B. Whitley.....	Bond.....	Mar. 24, 1954
2028	18521	Jacques deKadt.....	Bonds.....	Mar. 29, 1954
2029	3715	Rudy His, Sy Visko, Dorothea Viskoper and Sophie Van Tijn-His	Interests in a trust under will.....	Apr. 1, 1954
2030	5394	Henry Eils.....	$266.30.....	Apr. 7, 1954
2031	10287	Josef Bernhard Franz Lutzny and Isabella Marianne Baum	$8,093.97.....	Apr. 1, 1954
2032	1/	Mrs. Antenija Vodeb.....	$617.02.....	.....do.....

See footnote at end of exhibit.

Exhibit D - continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
2033	739	Milton Allen, guard, for Sara Atlee Fritze, nee Carpenter	$2,179.60; securities....	Apr. 1, 1954
2034	18941	Pierce Archer, Jr.....	Bond.....	.....do.....
2035	18516	Toepfer-Pleschner-Stiftung	$14,913.67.....	Apr. 9, 1954
2036	3430	Rachel Lequet and Colette Michele DeVauchelle	$126.34; copyright.....	Apr. 12, 1954
2037	10370	Pauline Scherer.....	$161.00.....	Apr. 27, 1954
2038	19268	George A. Goodwin.....	Bond.....	.....do.....
2039	1/	Nicholas P. Caparell.....	$271.14.....	May 3, 1954
2040	1500	Fujimoto Trading Co., Ltd.	$1,000.00; securities....	Apr. 27, 1954
2041	1887	Wilhelmina Stohandl.....	$43,703.83.....	.....do.....
2042	870	Giuseppe Buffato.....	$117.88.....	.....do.....
2043	672	Johan Henrik L'Abee-Lund...	Patents.....	.....do.....
2044	3950	Johanna Alma Elkan.....	$271.92.....	May 14, 1954
2045	4599	Lido and Vittorio Nomellini, Marina Nomellini Micheli, John Buscaglia and Rose Buscaglia Sapnaro	$7,837.73.....	Apr. 27, 1954
2046	4236, 5664	David Krigler.....	$448.15.....	.....do.....
2047	3430, 3552	Vve. Gaston and Magdeleine Jeanne and Gaston Alfred Joseph Leroux	$850.00; copyrights.....	.....do.....
2048	19268	Dorothy D. Houx.....	Bond.....	Apr. 26, 1954
2049	2947	Eugenia Cipriani.....	Interest in an estate....	Apr. 27, 1954
2050	6427, 9100	Ernst Wagner.....	$5,623.57.....	June 7, 1954
2051	4933	Karoline Muchitsch.....	$3,562.27.....	May 3, 1954
2052	19252	Emigrant Industrial Savings Bank	Bonds.....	.....do.....
2053	666	Philippe Alexis Jean and Jacques Alexis Maurice Carre	Patent.....	May 14, 1954
2054	666	Albert Gaston Jarry.....	Patent.....	.....do.....
2055	293, 666	Henry Charles Alexandre Potez	Patents.....	.....do.....
2056	18941	Carl M. Loeb, Rhoades & Co.	Bond.....	May 10, 1954
2057	666	Christian Kiener.....	Patent.....	May 14, 1954
2058	666	Francois Marie Michel Bernhard Salomon	Patent.....	.....do.....
2059	666	Marcel Adam and Felix Terrier	Patent.....	.....do.....
2060	6223	David Tatsuo Onizuka.....	$751.02; real estate.....	.....do.....
2061	1/	Vassiliki P. Pandikakos, Nikolas and Basilios Vasilakos	$375.00.....	.....do.....
2062	293	Charles Emile Korytko.....	Patent.....	.....do.....
2063	201	Anton J. Zaruba.....	Patent.....	May 21, 1954

See footnote at end of exhibit.

Exhibit D - continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
2064	667	Georges Lambert.....	Patent.....	May 21, 1954
2065	8395	Vera Siloti.....	Interest in a trust under will.....	June 7, 1954
2066	666	Xavier Francois Castelli..	Patent.....	May 21, 1954
2067	1284	Richard and Clara Sachse..	Interest in a trust under will.....	.....do.....
2068	666	Robert Joseph Lacau.....	Patent.....	May 24, 1954
2069	293	Louis Parnet.....	Patent.....	.....do.....
2070	1028	Societe Civile D'Etudes Techniques	Patent application.....	.....do.....
2071	675	Paul Van den Stock.....	Patent.....	.....do.....
2072	16825	Michitaro Yasumichi.....	$1,415.96.....	June 7, 1954
2073	12948, 13257, 18196	Sidonie Mittwoch de Striener Ilse Niedermann and Manfred Hamburger, Adms. of Est. of Kaethe Mittwoch	$127,872.53.....	.....do.....
2075	341	Frances Cinelli, Giovanna Bowers, Federica and Ferdinanda Cinelli	$1,342.06.....	June 21, 1954
2076	16554	Shoshichiro Sasamura.....	$3,042.39.....	June 7, 1954
2077	7590	Mary Schmarje.....	$16.80.....	June 21, 1954
2078	18941	Monte M. Lemann.....	Bond.....	June 2, 1954
2079	1626	Theresa Sophia Schwarz....	$1,128.94.....	June 21, 1954
2080	1758	Hermine, August, Jr., and Walter Aichborn.....	$2,059.26; copyright.....	June 8, 1954
2081	3011	Rosa Kroboth.....	$1,263.29.....	June 21, 1954
2082	18219	Eleanore B. Brown.....	$1,067.56.....	.....do.....
2083	3430	Antoine Sapin.....	$191.90; copyright.....	.....do.....
2084	5082	Felician Rauch Verlag.....	$8,782.40; copyright.....	.....do.....
2085	1655	Genovina Pietrosante.....	$223.38.....	.....do.....
2086	1501	Yoshio Ichikawa.....	$91.73.....	.....do.....
2087	3430	Suzanne and Jean Pierre Giraudoux	$3,974.83; copyright.....	.....do.....
2088	4939	Clotilde Fioretti.....	Interest in an estate.....	June 10, 1954
2089	2555	Antonio and Andrea Pisani, Clementina, Lucia, Andrea, Luigi, Maria, Ernestina, and Rosina Belli, Eleanora Pisani Tacchetti, and Gina Ida Pisani Governatori.	$440.18; Interest in a trust under will.....	June 21, 1954
2090	2751	Wm. Baumgart, Adm. of Ests. of Helene and Jenny Baumgart, dec., and Paula Baumgart Dessauer, dec. and Elsa Baumgart Marcus	$6,433.96; and bonds.....	.....do.....
2091	17673	Western European Operating Corp.	$6,625.00.....	.....do.....
2092	18941	Corinne Grampp, Admx. of Est. of Wm. E. Grampp. dec.	Bond.....	June 17, 1954

[N p.#]

Exhibit D - concluded

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
2093	235	Carlo Del Frate, Sussana and Amelia Del Frate	$231.59; securities.....	June 17, 1954
2095	11986	Karoline Muck.....	$347.73.....	June 23, 1954
2096	672, 294	Norsk Hydro-Elektrisk Kvaelstofaktieselskab	Patents.....	.....do.....
2099	3430	Genevieve Andre Caplet.....	$789.47; copyright.....	.....do.....

1/ Property returned under this order was voluntarily turned over to the Office of Alien Property but no vesting order was executed.

EXHIBIT E

LEGISLATION RELATING TO THE OFFICE OF ALIEN PROPERTY, JULY 1, 1953, TO JUNE 30, 1954

(Public Law 292-83d Congress)

(Chapter 4-2d session)

(S.373)

AN ACT

To extend the time for filing claims for the return of property under the Trading With the Enemy Act.

(68 Stat. 7) Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 33 of the Trading With the Enemy Act of October 6, 1917, as amended (50 U. S. C. App. Supp. s 33) * is amended by striking (68 Stat. 8) out the last portion of the first sentence of such section beginning with the words "by April 30, 1949" and inserting in lieu thereof the following: "not later than one year from the enactment of this amendment, or two years from the vesting of the property or interest in respect of which the claim is made, whichever is later".

APPROVED February 9, 1954.

* 62 Stat. 1218.

EXHIBIT F

INFORMATION REQUIRED BY PUBLIC LAW 859 1/

Claims Filed as of June 30, 1954 2/

Claim No.	Date of filing	Claimant's name	Enemy nationality	Book valuation
5872	10-26-46	Jane Muriel Henley Zander.....	German.....	$20,500.00
37246	7-13-48	Mrs. Fusae Takino.....	Japanese.....	7.59
37861	7-30-48	Hans H. Renner and John F. Condon, Executors under last will of Ilse A. M. Renner, dec.	German.....	2,500.00
40316/7	10-4-48	Namiko Tanaka.....	Japanese.....	3,913.76
45053	6-2-49	Yaeko Motoshige.....	...do.....	1,625.36
48088	11-16-49	Frieda C. Zimmermann.....	German.....	6,767.00
57146	3-13-50	Auguste Henriette Pulfrich.....	...do.....	5,000.00
57640	4-27-50	Katsuyuki Matsumoto.....	Japanese.....	406.80
57884	6-8-50	Kazuyuki Yamamoto.....	...do.....	150.00
57951	6-20-50	Satoru Noda.....	...do.....	1,084.91
58100	7-19-50	Alice Keyoko Murakami.....	...do.....	
58101	7-19-50	Robert Eiichi Murakami.....	...do.....	15,126.00
58888	2-23-51	Mary Yayoko Murakami.....	...do.....	
58361	9-19-50	Dorothea S. Brock.....	German.....	6,765.00
59186	5-8-51	Ada M. Brogle.....	...do.....	238,87
60084	6-4-52	Harue Hamada.....	Japanese.....	100.00
60739	6-2-52	Kazuko Imagawa.....	...do.....	115.00
61400	12-27-52	Hichiro Kobayashi.....	...do.....	23,446.00
61911	5-18-53	Gertrude K. M. Bork Ilfrich.....	German.....	746.00
62339	9-14-53	Hisataro Terada.....	Japanese.....	15,097.00
62390	10-19-53	Shizue Onomoto.....	...do.....	268.19
			Subtotal.....	103,857.48
		Total as of June 30, 1953.....		7,628,926.28
		Total as of June 30, 1954.....		7,732,604.18

1/ 81st Cong., 2d sess., approved Sept. 29, 1950; 64 Stat. 1080, U. S. C. App. sec. 32. Public Law 378, 82d Cong., 2d sess., approved June 6, 1952 (66 Stat. 129, 50 U. S. C. App. sec. 32), amended Public Law 859 by raising the value of returnable property in total under Public Law 859 from $5,000,000 to $9,000,000 and by defining the term "value" as the value, at the time of vesting, of the property entered on the books of the Office of Alien Property.

2/ Claims filed as of June 30, 1954, as listed above, are in addition to those listed in the Annual Reports, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1951, Appendix Exhibit G, 164-166, fiscal year ended June 30, 1952, Appendix, Exhibit G, p. 119, and fiscal year ended June 30, 1953, Appendix, Exhibit F, p. 148.

Exhibit F - concluded

Claims Allowed as of June 30, 1954 3/

Claim No.	Return order	Date executed	Claimant's Name	Enemy nationality	Book valuation
26061	1881	10-14-53	Helen M. von Brockdorff	German.....	$93,070.00
41062	1929	12-16-53	Tamotsu Hata.....	Japanese.....	294,384.19
57760	1939	12-21-53	Charlotte Stadelmann...	German.....	34,298.21
5872	1981	2-18-54	Jane Henley Zander.....	...do.....	20,500.00
33888/9	2017	4-1-54	Shoso Nii.....	Japanese.....	1,262.81
37861	2021	5-14-54	Hans H. Renner and John F. Condon, Executors under will of Ilse A. M. Renner, dec.	German.....	2,500.00
44619	2033	4-1-54	Milton Allen, Guard. of Sara Atlee Fritz, nee Carpenter	...do.....	2,600.00
35326	2079	6-21-54	Theresa Sophia Schwarz	...do.....	1,108.94
				Subtotal.....	449,724.15
			Total as of June 30, 1953.....		3,005,784.21
			Total as of June 30, 1954.....		3,455,508.36

3/ The claims allowed listed above are those in which return orders were executed on or prior to June 30, 1953, although in some instances the property was not actually returned to the claimant until after that date. Claims paid, as listed above, are in addition to those listed in the Annual Reports, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1951, Appendix, Exhibit G, p. 107, fiscal year ended June 30, 1952, Appendix, Exhibit G, pp. 119-120, and fiscal year ended June 30, 1953, Appendix, Exhibit F, pp. 149-150.

NOTE ON LIST OF EMPLOYEES

In the interest of economy, approved by the Joint Commitee on Printing of the Congress, the list of employees of the Office of Alien Property is omitted from this printed report. The list has been prepared and forwarded to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives. It may be inspected at the Administrative Section of the Office of Alien Property, Department of Justice, Washington, D. C.

INDEX

Accounting, 85-88.
Administrative expenses, 10, 12, 15, 16, 17, 86-87.
Administrative, units of Office, 85.
Albert v. Brownell, 69-70.
Ansco, 36.
Antitrust matters, 42, 59.
Audit report on Office, 88.
Austria, property of nationals of, 14, 18-19.
Bank balances, 2, 11, 16, 17, 54.
Bank of America National Trust & Savings Association v. Brownell, 81.
Bank Waedenswil v. Brownell, 70.
Banks and insurance companies, 32-35.
Bar orders, 66.
Basch, Herman & Co., 27.
Bernhardt, Martin and Ilse, 66-67.
Blocked property (see Foreign funds control).
Blouse, Max, In the Matter of, 68.
Bonds (see Stocks, bonds, and other securities).
Books (see Copyrights).
Brownell v. City and County of San Francisco, 81.
Brownell v. Edmunds, 78-79.
Brownell v. Hermann, 78.
Brownell v. Kermath Manufacturing Co., 82-83.
Brownell v. Mercantile Trust Co., Trustee under Indenture of Robert W. Pommer, 80.
Brownell v. National Savings and Trust et al., 80.
Brownell v. Schering, 82.
Brownell v. Singer, 34, 83.
Brownell v. Sun Life Assurance Company of Canada, 83.
Brussels Intercustodial Agreement, 7.
Bulgaria, property of nationals of, 4, 13, 14-15, 44 (see also Nationals of former enemy countries).
Business enterprises, 20-38.
  accounting, 88.
  active concerns, 22-28, 35-38.
  appreciation, 12, 15, 21-22.
  assets, 20, 22-23, 28-29, 32-33, 37.
  Attorney General's net equity in, 21-22, 29, 33.
  capital adjustments 24, 30, 35.
  claims against, 30-32.
  general description, 20.
  General Aniline & Film Corp., 35-38.
  income from, 24.
Business enterprises--Continued
  kind of vested interest, 21.
  liabilities of, 23, 29, 33, 37.
  liquidation of, 28-35.
  nationality of former owners, 14-15, 20.
  nature of control exercised over, 24.
  net worth, 23-24, 29-30, 33-35, 37.
  operating profits and losses, 24, 30, 38.
  patents of (see Corporate-owned patents).
  return of interests, 13, 20, 22.
  sale of, 20-22, 24-28.
  status of, 20.
Cash, 11, 14 (see also Currency and coin; Income; Liquidation; Sales).
Chase National Bank v. Reinicke et al., 80.
Cisatlantic Corp., and Edgar Ausnit v. Brownell, 71.
Cities Service Company v. Brownell, 84.
Claims, debt, 3-4, 12, 14-15, 60-64:
  bar date, 66.
  bar orders, 66.
  disposition of, 60.
  eligibility, 3, 64.
  judicial review, 65.
  number of, 58.
  payment of, 60.
  priority of payment of, 65.
  procedure 65-66.
Claims, miscellaneous:
  United States, nationals of, 3.
  World War I assets, 18-19.
Claims, title, 3-4, 58-64:
  certification, 58-60.
  disposition, 61.
  eligibility, 58-60.
  number, 58.
  United States, nationals of, 3, 59 (see also Return orders; Suits and other judicial proceeding, section 9 (a) suits).
Controlled property, general description, 9-19.
Copyrights, 44-46.
Codray v. Brownell, 81.
Cordero v. Brownell, 71.
Corporate-owned patents, 43-44.
Currency and coin, 2, 11, 17, 55.
Deposits (see Bank balances).
D'Escury v. Brownell, 71.
Disposition of vested property, 3-5 (see also Liquidation; Sales).
Dissolution orders, 31: list of, 92.
Divesting (see Vested property, returns to nonhostile persons).
Dual nationals (see Public Law 859).
Dyestuffs, 36.
Dyestuff & Chemical Division, 35-36.

324211

INDEX

Eganoff, Susanna, 61-62.
Employees, number of, 85.
Enemy and formerly enemy-occupied territory, assets in (see Business enterprises, assets).
Equity:
in vested enterprises, 20-22.
in vested property, 1-2, 9-12, 13-15.
Estates and trusts, 55-57:
administration, 55.
income from, 16, 57.
litigation, 76-80.
return of, 13, 56.
value, 55-57.
vesting of, 2, 11, 14-15, 56.
Executive Orders:
No. 10244, 7.
Expenditures (see Administrative expenses).
F. A. R. Liquidating Co., v. Brownell, 71-72.
Farnsworth Radio & Television Corp., 71-72.
Federal Reserve Bank of New York, 8.
Feller v. Brownell, 72.
Fernseh, G.m.b.H., 71-72.
Films (see Copyrights).
Finances of Office, 85-88.
First National Bank of Chicago, Trustee under will of Henry Langhorst v. Bartholomey, et al., 80.
Foreign funds control, 8.
Fujimoto Trading Co., Ltd., 26.
Full, Louise, Estate of, 76.
Garrett's Estate, In Re, 78.
Garschagen, Max, Estate of, 76.
Gaspar, William, Estate of, 77.
General Accounting Office, 66.
General Aniline & Film Corporation 26, 35-38, 70-71.
General Dyestuff Corporation, 25-26, 35-36, 72.
General Licenses:
No. 101, 8.
General Orders (see Rules and regulations of the Office).
General Rulings:
No. 5, 8.
No. 5B, 8.
No. 6, 8.
No. 17, 8.
German Special Deposit Account, 18-19.
Germany, property of nationals of (see Nationals of former enemy countries).
Goswein, Katherine, Estate of, 77.
Gouger, M. M., 35.
Guessefeldt v. Brownell, 72.
Guessefeldt v. McGrath, 60.
Halbach v. Brownell, 72.
Halle v. Continental Illinois National Bank & Trust Co. of Chicago, 79.
Harvard Brewing Company, 74-75.
Hawley, Exec. of Est. of Alix Schmidt v. Brownell, 72-73.
Hearing examiners (see Claims, procedure).
Hensel, W. A., 35.
Heraens, G.m.b.H., Insolvent Account of, 67.
Herrmann, Cilly, 67.
Hildring, John H., 35.
Hungary, property of nationals of, 4, 13-15, 43-44, 47-48 (See also Nationals of former enemy countries)
I. G. Chemie v. Brownell, 70-71.
I. G. Farbenindustrie, A.G., 70-71.
Income from vested property, 1, 10, 12, 15-16, 22, 43, 44, 48, 50, 51, 57.
Insurance, 55.
Insurance companies (see Banks and insurance companies).
Inter-Allied Reparation Agency (IARA), 7.
Intercustodial problems, 6-8.
Intermediates, 36.
Internal Revenue, Bureau of, 66.
International Silk Guild, Inc. v. Brownell, 81-82.
Italy, property of nationals of, 4, 13-15, 20, 43, 44, 47-49 (see also Nationals of former enemy countries).
Iwasaki, Mrs. Chieko, 26.
Japan, property of nationals of (see Nationals of former enemy countries).
Judicial proceedings (see Suits).
Kade, Max, 25.
Kalio, Inc., 70.
Kaufman v. Societe Internationale, 70-71.
Ketcham Wire & Manufacturing Co. v. Brownell, 73.
Krachler, John, Estate of, 77.
Kroll v. Brownell, 73.
Leefers, Richard, Estate of, 76.
Lieberknecht, Karl, Inc., 70.
Life insurance, 55.
Liquidating dividends, 22, 30, 34-35.
Liquidation, 2-3, 17, 28-35, 49-56:
banks and insurance companies, 32-35.
bank balances, 54.
business enterprises, 28-32.
currency and coin, 55.
estates and trusts, 55-56.

324212

INDEX

Liquidation--Continued
mortgages, 51.
mortgage participations, 51-52.
notes, claims, and credits, 54.
proceeds of, 17, 30, 35.
status, 2-3.
stocks and bonds, 52-53.
Litigation (see Suits and other judicial proceedings).
Maeda, Kashiro, 62-63.
Manufacturers Trading Co., 67-68.
Maske v. Sun Life Assurance Co., Brownell, et al., 84.
McGrath v. American National Bank of Denver, 78.
Mortgage participations, 51-52.
Mortgages, 51.
Motion pictures (see Copyrights).
Musical compositions (see Copyrights).
Nagano v. Brownell, 73.
Nationals, nonhostile, treatment of property of (see Claims, title: Vested property, returns to nonhostile persons).
Nationals of former enemy countries:
treatment of property of, 1-5 (see also various types of property, e. g., Business enterprises; Copyrights, Patents, etc.).
value of property vested from, 2, 11-12, 14-15 (see also Bulgaria, Hungary, Italy, Rumania).
Nationals of former enemy-occupied countries:
treatment of property of, 3-4.
value of property vested from, 13-15.
Nauen v. Brownell, 75.
Nauen, Ernest, 27.
Net equity vested, 1-2, 10-12, 14-15, 22 (see also Equity).
Netherlands Government, 8.
Notes, claims and credits, 2, 11, 16-17, 54.
Oehmichen, Anni Helen Johanna Eva, 62.
Organization of Office, 85.
Orme v. The Northern Trust Co., 78.
Ozalid, 36, 38.
Patent contracts, 41-44.
Patent Office, U. S., 39-40.
Patents, 39-44:
applications, 39-40.
contracts, 41-43.
corporate owned, 43-44.
expirations, 39-40.
licensing, 40-41.
litigation concerning, 82.
Patents--Continued
promotion of use, 41.
prosecution, 39.
return of, 40.
royalties, 43.
vesting, 39.
Peace treaties, 1, 4.
Peat, Marwick, Mitchell & Co., 86, 88.
Periodicals (see Copyrights).
Persecutees, 59.
Personal property:
intangible, 39-48.
Personnel, 85.
Philippine Alien Property Administration, 5.
Philippine Property Act of 1946, 5.
Philippine vested property, 5-6.
Photographic supplies, 36.
Public Administrator of New York County (Estate of Freimanis) v. Brownell, 74.
Public Law:
No. 292, 59, 106.
No. 370, 59.
No. 375, 18.
No. 378, 59.
No. 671, 59, 64.
No. 859, 59, 107-108.
Real estate, 49-51:
administration, 50.
description of, 49-50.
income from, 16, 50.
sale of, 18, 50-51.
value of, 49.
vestings and acquisitions, 49.
Renegotiation Act, 59.
Republication program, 45-56.
Return of vested property, 12-13, 15. (see also Claims, title Suits and other judicial proceedings, section 9(a)).
Return orders, 93-105.
Rohm & Haas Co., 69-70.
Royal Exchange Assurance v. Brownell, 74.
Royalties payable to this Office (see Copyrights; Patents; Trade-marks).
Royalty Adjustment Act, 59.
Rules and regulations of the Office, 90-91.
Rules of Procedure for Claims, 65.
Rumania, property of nationals of, 4, 13-15, 43-44. (see also Nationals of former enemy countries).
Rusche v. Brownell, 74.
Safekeeping accounts, 18.
Sales, 2-3:
Business enterprises, 24-38.
mortgages, 51.
proceeds of, 17.

324213

INDEX

Sales--Continued
real estate, 49-51.
securities, 52-53.
Salomon, Recha, 67.
Sandhagen, Heinrich, Estate of, 77.
Scheduled Securities Program, 8.
Scherer, Johann and Pauline, 61.
Schneider, Louise, Estate of, 76.
Securities, 52-54:
income from, 16.
sales procedure, 52-53.
status of holdings, 52.
Securities and Exchange Commission, 27.
Security-First National Bank of Los Angeles v. Brownell, 79.
Seeck & Kade, Inc., 25.
Seeck, Walter, 25.
Settlement of War Claims Act of 1928, 18.
Shelley's case, 78.
Silesian-American Corp., In the Matter of, 82.
Spur Distributing Company, 74-75.
Stach v. Brownell, 74.
Stinnes, Hugo, Corp., 75-76.
Stinnes, Hugo, Industries, Inc., 75-76.
Stocks, bonds, and other securities, 52-54.
Suits and other judicial proceedings, 69-84:
estates and trusts, 76-80.
miscellaneous, 81-83.
section 9(a), 69-76.
Sumitomo Marine & Fire Insurance Co., Ltd., 34.
Superintendent of Banks, California, 34.
Superintendent of Banks, New York, 34.
Swiss Bank Corp. v. United States, 83.
Sztankay, Zoltan and Ada, 63-64.
Taiwan, Ltd., Insolvent Account of Bank of, 67-68.
Taxes, payment of, 68-69.
Tiedemann, Hans, 63.
Tiedemann v. Brownell, 76.
Title Guarantee & Trust Co., Matter of, (Richard Hellman), 78.
Trade-marks, 46-48:
contracts, 48.
description, 46-47.
disposition, 48.
royalties, 48.
vesting, 47.
Trading With the Enemy Act, as amended:
section 2, 58, footnote 2/.
section 9 (see Suits and other judicial proceedings).
Trading With the Enemy Act--Continued
section 32, 3-4, 34, 41, 58-64.
section 33, 60.
section 34, 3, 34, 54-60.
section 36, 68-69.
section 39, 5.
Treasury, Department of the, 53.
Trusts (see Estates and trusts).
Uebersee Finanz-Korporation A.G. v. Brownell, 74-75.
United States, Nationals of, 3, 58-59, 64.
Unliquidated property:
bank balances, 11, 54.
business enterprises, 11, 21-22.
estates and trusts, 11, 56.
insurance, 11, 55.
mortgages, 11, 51.
mortgage participation certificates, 11, 51-52.
notes, claims, and credits, 11, 54.
real estate, 11, 49-51.
stocks, bonds, and other securities, 11, 52-53.
Value of vested property (see Equity).
Vested property, 9-84:
administration, 1-5.
claims for, 58-69.
disposition, 2-5.
income from, 1, 10, 12, 15-16.
liquidation of, 2-4, 17, 28-35, 49-57.
litigation, 69-84.
nationality of former owners, 14-15.
net equity in, 2, 14-15.
returns to nonhostile persons, 13, 61.
sale of, 2-3, 17, 24-28, 49-55.
taxes incident to, 68-69.
types of, 2, 11.
Von Francken-Sierstorpff v. Brownell, 79-80.
Vort v. Brownell, 75.
Vort & Basch v. Brownell, 75.
Vort, Paul Wm., 27.
Wagenknecht, et al v. Brownell, et al, 75-76.
War Claims Act of 1948, 4-5.
Watanabe, Yoneo, Adm. of Est. of Mrs. Mary Ann Watanabe, dec., 66.
Williams, S. H., 35.
Wirth, Phillipp, Estate of, 77.
World War I assets, 18-19.
Yokohama Specie Bank, Ltd., New York Agency, 34.
Yokohama Specie Bank, Ltd., San Francisco, 34.
Young, A. J., 35.
Zimmerman, John, Estate of, 77.
Zimmerman, Martha, Estate of, 76.
Zittman v. McGrath, 83.
Zwerschke, Paul, Estate of, 76.

324214