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*Annual Report*

U.S. OFFICE OF

**ALIEN PROPERTY**

**DEPARTMENT OF JUSTICE**

FISCAL YEAR ENDED JUNE 30, 1956

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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, 1956. This report is made pursuant to section 6, of the Trading With the Enemy Act, as amended.

Respectfully,

Herbert Brownell, Jr.  
Attorney General.

324342

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, 1956. This is the fourteenth 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.

3243.13

The Annual Report of the Office of Alien Property is prepared by the Reports & Statistics Unit, Administrative Section. All inquiries concerning the report should be addressed to:

Reports & Statistics Unit  
Administrative Section  
Office of Alien Property  
Department of Justice  
Washington 25, D. C.

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BASIC POLICIES AND PROGRAMS

The Office of Alien Property in the Department of Justice is charged mainly 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 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 involving German-owned property came to an end on April 16, 1953, although the vesting of Japanese-owned property had ended when the Treaty of Peace with Japan came into effect on April 28, 1952. <sup>1/</sup> All vested property, with the exception of a few specified categories, is reduced to cash by sale or liquidation at the earliest practicable time. The disposition of the proceeds of the sale and 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 after the payment of all valid claims and deductions for administrative expenses to the War Claims Fund.

In addition to the above duties and responsibilities, by Public Law 285, 84th Congress, First Session, approved August 9, 1955, <sup>2/</sup> which amended Title II of the International Claims Settlement Act of 1949, and by Executive Order 10644, dated November 7, 1955, <sup>3/</sup> the Attorney General was given the power to vest all blocked property in the United States owned directly or indirectly by the Governments of Bulgaria, Hungary and Rumania, or their nationals, except blocked property owned directly by natural persons. The Office also continues its jurisdiction 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, 1956 the Office had vested property with an estimated net value at dates of vesting of \$390,808,000. <sup>4/</sup> Together with appreciation of vested property since dates of vesting while under the administration of the Office of \$167,868,000, net income from vested property of \$67,956,000, and cash and other property received through inter-custodial agreements with foreign countries, the total estimated value of all property considered to be vested at June 30, 1956 amounted to \$629,701,000. After deductions both administrative and by law, <sup>5/</sup> the estimated net value of the Attorney General's interest at June 30, 1956 amounted to \$271,879,000.

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<sup>1/</sup> Executive A. 82d Cong., 2d sess.

<sup>2/</sup> 69 Stat. 562.

<sup>3/</sup> 20 F.R. 8363.

<sup>4/</sup> The value of vested property in the Philippines and the value of property vested under Public Law 285 has not been included in this total, as both categories of property are being administered separately by the Office pursuant to the provisions of the Philippine Property Act of 1946 (60 Stat. 418) and the provisions of Public Law 285. See pp. 5-6 for details of the former and pp. 8-9 for details of the latter.

<sup>5/</sup> For details of the deductions, see Ch. II, table 4, p. 13.

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

### Liquidation and Sale

The Office collected a total of \$40,956,000 during the fiscal year 1956 as gross proceeds from the sale and liquidation of vested property. Included in this total was the sum of \$35,628,000, the largest amount of money received by the Office during a fiscal year for the sale of miscellaneous stock. As of June 30, 1956 the Office had received \$357,884,000 as the proceeds of the sale and liquidation of vested property.

The general policy of the Office is not to sell or liquidate the following classes of vested property: (1) patents, copyrights and trade-marks; and (2) property of nationals of countries other than Germany and Japan. Under the injunctive provisions of section 9(a) of the Trading With the Enemy Act, as amended, <sup>7/</sup> the Office may not sell or liquidate vested 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 proceed to sell the property, in order to fulfill its main objective of liquidating vested property as expeditiously as possible.

### Income

Income received during the fiscal year from vested property still under the administration of the Office amounted to \$4,013,000. The grand total so received through June 30, 1956 reached \$67,956,000. The Office receives income from a variety of vested property, such as its interests in active business enterprises (dividends), real estate (rents), mineral and oil rights (royalties), patents, copyrights, and trade-marks (royalties from licensing), bonds (interest), stock (dividends), annuities, and interests in estates and trusts.

## DISPOSITION OF VESTED PROPERTY

The disposition of vested property has been determined by the Congress through enactment of various amendments to the Trading With the Enemy Act.

### 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 cred-

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<sup>6/</sup> 50 U. S. C. App. sec. 32.  
<sup>7/</sup> 50 U. S. C. App. sec. 9(a).

itors must be citizens of the United States or Philippine Islands or residents of this country since December 7, 1941. January 4, 1954 was the last date for filing debt claims in respect of World War II property.

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 by the courts.

During the fiscal year the Office disposed of 3,918 debt claims with 161 claims being allowed in the aggregate amount of \$203,280.59, 8/ and 3,757 being disallowed, withdrawn or disposed of through consolidation. In addition, 78 claims tentatively allowed in previous years, were reclassified as allowed during the current fiscal year. Of the 19,993 pending debt claims as of June 30, 1956, approximately 17,000 involve Japanese yen certificates of deposit. A test group of approximately 3,000 of these claims is now before a Hearing Examiner of the Office for adjudication, and the decision in this case will determine the processing of the balance of these particular claims.

#### 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. 9/ Generally speaking, vested property can be returned to the following groups: nonenemy governments; citizens of allied and neutral countries not voluntarily resident in enemy countries during the war period; corporations of nonhostile countries 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 7, 1941, and who were not engaged in business in such territory; victims of enemy persecution who would otherwise have been ineligible because of enemy citizenship or residence in an enemy country; and the Government, nationals, and residents of Italy who were previously ineligible because of their earlier enemy status.

The bar date for the filing of claims for the return of vested property was February 9, 1955, or two years after the date of vesting, whichever is later. As the last vesting order became effective on April 16, 1953 (V.O. 19312, 18 F.R. 1007), the final date for filing title claims against World War II vested property was two years after, or April 15, 1955.

By Public Law 626, 83rd Congress, Second Session, approved August 23, 1954, 10/ a new amendment was added to the Trading With the Enemy Act authorizing the President to designate one or more organizations as successors in interest to deceased persons who if alive would be eligible under the persecutee provisos of section 32(a)(2)(C) or (D) of the Act. The President designated the Jewish Restitution Successor Organization as successor in interest to deceased persons for purposes of this law, and delegated to the Attorney General the powers to determine claims thereunder. The Office of Alien Property was designated by the Attorney General to administer the program. Although a total of 11,000 claims had been filed with the Office when the expiration date for filing had been reached (August 24, 1955), about 4,000 claims were withdrawn during the fiscal year by the J.R.S.O., leaving a pending balance at June 30, 1956 of 7,000 claims.

8/ Because of the insolvency of 14 of the debtor's accounts, payments totaling only \$148,957.65 were made on these allowed claims during the 1956 fiscal year.

9/ 60 Stat. 50, 60 Stat. 784; 64 Stat. 1080; 66 Stat. 129; 50 U.S.C. App. sec. 32.

10/ 68 Stat. 767, 50 U.S.C. App. sec. 32(h).

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The Office has also been processing during the fiscal year claims filed under the "looted securities" program. <sup>11/</sup> A total of 850 claims have been filed under this program and work was begun by the Office toward the end of the fiscal year on their processing. It is anticipated that this program will terminate during the 1957 fiscal year.

The Office processed a total of 1,890 title claims during the fiscal year 1956. Returned to former owners of vested property were \$9,346,000 of cash and appraisable property, 52 patents, 4 part interests in 4 patents, 1 patent application, 1 interest in 1 patent contract, and certain other industrial property. The Office has now returned a grand total of \$70,473,000 of cash and appraisable property under sections 9(a) and 32 of the Trading With the Enemy Act, as amended.

The provisions of section 9(a) of the Act offer a judicial remedy to nonenemy claimants of vested property by permitting them to bring actions under this section in a Federal 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. <sup>12/</sup> The procedure involved requires the Italian Government to issue certificates to the Office of Alien Property in respect of citizenship, residence, ownership, and non-collaboration with Germany after September 8, 1943, of Italian claimants under this section 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.---By Public Law 285, 84th Congress, First Session, approved August 9, 1955, <sup>13/</sup> the International Claims Settlement Act of 1949, as amended, was further amended by adding section 202(b) to Title II of the Act which provides that the net proceeds of property vested after December 17, 1941 pursuant to the Trading With the Enemy Act, as amended, and which was owned directly or indirectly by the Governments of Bulgaria, Hungary or Rumania, or any national thereof, be covered into the Treasury, after the completion of the administration and adjudication of claims and suits with respect thereto under the provisions of the Trading With the Enemy Act, except with respect to the net proceeds of any such property found to be directly owned by natural persons at dates of vesting. Vested property found to be directly owned by natural persons at dates of vesting is to be divested by the Office and carried in blocked accounts with the Treasury Department in the name of the owner thereof at the date of vesting subject to release when and upon such terms as the Attorney General may prescribe.

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<sup>11/</sup> For further details of this program, see Ch. VI, "Claims", p. 60.

<sup>12/</sup> 61 Stat. 784, 50 U. S. C. App. sec. 32.

<sup>13/</sup> 69 Stat. 562. For further details of this law, see pp. 8-9.

Nationals of Germany and Japan

The War Claims Act of 1948, 14/ provides for the manner of disposal of vested property, or the proceeds thereof, formerly owned by the Governments and nationals of Germany and Japan. 15/

Under the provisions of the War Claims Act of 1948 a War Claims Commission (now the Foreign Claims Settlement Commission) was established, which in conjunction with the Federal Security Administrator, was authorized to make adjudications and awards on certain classes of claims arising out of World War II, primarily those of American internees and prisoners of war maltreated by the enemy during their imprisonment. The Act added section 39 to the Trading With the Enemy Act, as amended, 16/ which specifically provided that property of the Governments and nationals of Germany and Japan shall not be returned except as authorized in section 32, and no compensation shall be paid with respect to such property. The net proceeds available after the completion of the administration of German and Japanese vested property are to be covered into the Treasury for deposit in the War Claims Fund. The awards which the War Claims Act of 1948 authorized in respect of war claims arising out of World War II and certain of the administrative expenses of the Foreign Claims Settlement Commission are to be paid out of this fund.

As of June 30, 1956 the Office of Alien Property had transferred on the books of the Treasury Department to the account of the War Claims Fund the sum of \$225,000,000.

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 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, 17/ 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 separated from the administration of vested property located in the United States, and statistics shown in this subchapter are exclusive of those shown in other parts of this Annual Report. The progress of the conversion of vested property into cash proceeds and the deductions therefrom are shown in table 1.

Through June 30, 1956 a total of \$8,724,516.18 had been realized from the sale and liquidation of vested Philippine property. In addition, \$1,579,938.03 of income before deductions and provisions for expenses had been received from vested property. Of this amount, \$250,255.05 was received during the fiscal year 1956. At June 30, 1956, assets nominally valued at approximately \$207,297.22 remained to be liquidated. Cash transfers to the Philippine Government during the fiscal year amounted to \$75,000 under section 3 of the Philippine Property Act of 1946, making a total of \$2,653,606.89 so transferred to June 30, 1956. Also transferred were 17 parcels of agricultural and improved and unimproved resi-

14/ 62 Stat. 1240.

15/ Excluding vested property located in the Philippine Islands.

16/ 50 U. S. C. App. sec. 39.

17/ 60 Stat. 418.

dential land, vested shares of stock in two controlled corporations, 7 buildings, and 400 items of personal property including office furniture and equipment and a station wagon.

Table 1.---STATEMENT OF REALIZATION OF PHILIPPINE VESTED PROPERTY, AS OF JUNE 30, 1955, FOR THE FISCAL YEAR 1956, AND AS OF JUNE 30, 1956  
[Rounded to nearest dollar]

	Total at June 30, 1955	Fiscal year 1956	Total at June 30, 1956
<b>Proceeds realized:</b>			
Cash.....	\$2,080,119	(\$21)	\$2,080,098
Personal property.....	5,111,674	31,924	5,143,598
Real estate.....	1,301,433	15,410	1,316,843
Installment sales contracts.....	183,977	.....	183,977
<b>Total realized.....</b>	<b>8,677,203</b>	<b>47,313</b>	<b>8,724,516</b>
<b>Disbursements and charges:</b>			
Transfers to Philippine Government 1/.....	2,578,607	75,000	2,653,607
Closed free account balances available for transfer to Philippine Government.....	(80,870)	(77,067)	(157,937)
Title and debt claims paid.....	96,747	10,389	107,136
General claims paid.....	960	.....	960
Direct expenses charged to vested property accounts 1/.....	1,090,619	36,680	1,127,299
Provision for reserve for expenses based on 20% charge on principal collections 2/..	1,692,842	9,462	1,702,304
<b>Total deductions and charges.....</b>	<b>5,378,905</b>	<b>54,464</b>	<b>5,433,369</b>
<b>Balance in realization account.....</b>	<b>3,298,298</b>	<b>(7,151)</b>	<b>3,291,147</b>

1/ Direct expense at June 30, 1955 was previously reported at \$1,182,364. This figure included certain expenses incurred with respect to V.O. P-122 (Hakodate Dock, Ltd.) in the amount of \$91,744. Upon review it was determined that these expenses should not have been charged to this account, and in September 1955, they were transferred to the unallocated expense account.

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 litigation arising out of the administration of the Trading With the Enemy Act, as amended. This litigation concerns mainly the possession of vested property, its protection while in the hands of the Attorney General, and defense against improper claims.

At the close of the fiscal year 1956 approximately 52 cases involving section 9(a) suits seeking the return of vested property were pending in the Office of Alien Property, compared with 68 pending at June 30, 1955. These suits seek the return of vested property valued at approximately \$128,944,000. The Office was active in 76 section 9(a) suits during the fiscal year, in 1,163 cases involving estates and trusts matters, in 188 cases involving insurance collections, and in 138 cases involving a diversified type of legal action. Pending at June 30, 1956 were 885 cases concerning estates and trusts, 74 cases of insurance collections and 98 cases of a diversified nature.

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Of particular interest shortly after the close of the fiscal year was the entry of the final judgment of dismissal by the United States District Court for the District of Columbia in the case of I. G. Chemie v. Brownell, involving the vested shares of capital stock and accumulated dividends of General Aniline & Film Corporation, estimated to be worth in excess of \$100,000,000. 18/

#### INTERCUSTODIAL PROBLEMS

During World War II, the principal allied governments established programs seizing enemy assets within their jurisdictions. As a result of such seizures, many jurisdictional problems involving conflicting claims to the same asset have arisen among the enemy property custodians of the allied governments. In order to settle such intercustodial conflicts amicably and without litigation the Attorney General and the Secretary of State have been jointly authorized to conclude and implement agreements between the United States and foreign governments with which we have not been at war. 19/

The Brussels Intercustodial Agreement, effective January 24, 1951, to which the Governments of Belgium, Canada, Cuba, Denmark, Haiti, Honduras, Luxembourg, Nicaragua, The Netherlands, and the United States are parties, is designed to resolve intercustodial conflicts among these countries. The United States entered into a separate agreement with the Government of Norway in 1954. A supplemental agreement was also entered into in 1954 with the Government of Denmark with respect to the application of the Brussels Agreement to specific cases.

During the fiscal year 1956 an agreement was negotiated and became effective with The Netherlands Government resolving certain differences of interpretation of the Brussels Agreement and applying that agreement to several important specific cases in conflict. Among the cases resolved was one involving the assets in The Netherlands of Hugo Stinnes Corporation, 53 percent of whose stock is vested in the Attorney General.

In addition, in the implementation of the intercustodial agreements involving cases in conflict with Canada, Denmark, Luxembourg and Norway, assets were received by the United States from the Governments involved and assets were released by this Office to those Governments. Resolution of the conflicts with the Government of Belgium is being pressed.

During the fiscal year a final payment was received from the Government of The Netherlands of the balance due under the provisions of the United States-Netherlands Agreement of 1951 respecting Dutch Administration Office securities. 20/ With the receipt of this sum the Office of Alien Property has received a total of \$3,250,000 from the Government of The Netherlands under this Agreement, representing the German enemy interest in the Dutch Administration Office securities. The \$3,250,000 will be treated as German vested property by the Office as provided by law. 21/

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18/ For details of this suit in litigation, see Ch. VII, "Suits and Other Judicial Proceedings", pp. 69-70.

19/ 50 U. S. C. App. 40; Executive Order 10244 (16 F.R. 4639). For a full discussion of this subject, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1954, pp. 6-8.

20/ See Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1952, p. 8.

21/ 50 U. S. C. App. 40.

FOREIGN FUNDS CONTROL

World War II blocking controls pursuant to Executive Order 8389, as amended, continued over war-time assets of Iron Curtain Countries and their nationals. The controls were maintained over the blocked property of (1) Bulgaria, Hungary and Rumania and persons in any of these countries on January 1, 1945; (2) Czechoslovakia, Poland, Estonia, Latvia and Lithuania and persons in any of these countries on December 7, 1945; and (3) Eastern Germany and the Eastern Sector of Berlin and persons in those areas on December 31, 1946. In general, property acquired by these countries and their nationals after these dates is not blocked. During the fiscal year the Office adopted the policy of unblocking in certain circumstances the assets of persons who have established permanent residence outside the Iron Curtain areas.

Further progress was made during the fiscal year in the Scheduled Securities Program, designed to aid and restore to their original owners, securities which were looted from occupied countries by Nazi Germany during World War II. The Netherlands Government on behalf of itself and the original owners has filed claims under section 32 of the Trading With the Enemy Act, as amended, to most of the scheduled securities of United States issue which were vested by the Attorney General. During the fiscal year 1956, procedures were developed in accordance with the United States-Netherlands Agreement of January 9, 1951 to facilitate the resolution of these claims, and as a result substantial progress was made in processing them. Most of the securities deposited with the Federal Reserve Bank of New York under General Ruling No. 5B were withdrawn from the bank and removed from the scheduled list during the fiscal year upon information satisfactory to the Office that the depositor thereof was a bona fide purchaser for value or that the conflicting claims to the security were settled. Blocking restrictions were maintained on scheduled securities of foreign issue subject to General Ruling No. 5, in order to assist the efforts of foreign governments in recovering the securities for their original owners.

PUBLIC LAW 285 PROGRAM

Under Title II of the International Claims Settlement Act of 1949, as amended by Public Law 285, 84th Congress, First Session, approved August 9, 1955, 22/ the President, or his designee, is authorized, in accordance with the Peace Treaties with Bulgaria, Hungary and Rumania, to vest all blocked property in the United States owned directly or indirectly by the Governments of Bulgaria, Hungary and Rumania or their nationals, except blocked property owned directly by natural persons. The vested property is to be liquidated as expeditiously as possible and the proceeds thereof covered into the Treasury after completion of the administration and adjudication of claims and suits with respect thereto, as provided for in Title II.

Section 202(b) of Title II provides that the net proceeds of any property vested after December 17, 1941, pursuant to the Trading With the Enemy Act, as amended, and which was owned directly or indirectly by Bulgaria, Hungary or Rumania, or any national thereof, be covered into the Treasury, after completion of the administration and adjudication of claims and suits with respect thereto under the provisions of the Trading With the Enemy Act, as amended, except that the net proceeds of any such property found to be directly owned by natural persons at the date of vesting. Vested property found to be directly owned by natural persons at the date of vesting is to be divested by the Office and carried in blocked accounts with the Treasury, bearing no interest, subject to release upon such terms as the President, or his designee may prescribe.

By Executive Order 10644, dated November 7, 1955, 23/ the President designated the Attorney General, or any Assistant Attorney General designated by the Attorney General, to perform the duties under Title II of the International Claims Settlement Act of 1949. The Attorney General's Order No. 106-55, dated November 23, 1955, 24/ designated the Assistant Attorney General, Director, Office of Alien Property, to carry out the administration of Title II.

Under Title III of the International Claims Settlement Act of 1949, as amended, the Secretary of the Treasury is authorized to cover into funds known as the Bulgarian Claims Fund, the Hungarian Claims Fund, and the Rumanian Claims Fund, the funds attributable to the respective country or its nationals theretofore covered into the Treasury by the Attorney General pursuant to Title II of the International Claims Settlement Act of 1949, as amended. Those claims funds are to be the source of payment in respect of adjudications made by the Foreign Claims Settlement Commission in favor of eligible American nationals against Bulgaria, Hungary and Rumania as provided for in Title III of the International Claims Settlement Act of 1949, as amended.

The first vesting order under the vesting program authorized by Public Law 285 became effective March 12, 1956, vesting gold bullion in excess of \$13,000,000 and a dollar deposit account in excess of \$250,000 owned by the National Bank of Rumania. By the close of the fiscal year 1956 a total of 70 vesting orders had been issued under this program. Table 2 gives the breakdown by nationality of the types of property vested under this program with values at dates of vesting and proceeds received as of June 30, 1956.

Table 2.---PROPERTY VESTED UNDER PUBLIC LAW 285, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP AND TYPE OF PROPERTY, WITH VALUES AT DATES OF VESTING AND PROCEEDS RECEIVED AS OF JUNE 30, 1956

[ø omitted]

Type of property	Bulgaria		Hungary		Rumania	
	Estimated value	Proceeds received	Estimated value	Proceeds received	Estimated value	Proceeds received
Gold bullion.....	.....	.....	.....	.....	13,000,000	13,086,953
Accounts receivable - owed by banks.....	103,358	14,603	242,268	234,169	2,579,050	1,285,555
Accounts receivable - owed by others.....	3,235	3,235	12,359	12,359	107,044	50,697
Totals.....	106,593	17,838	254,627	246,528	15,686,094	14,423,205

Total - estimated value - all nationalities..... 16,047,314

Total - proceeds received - all nationalities..... 14,722,677 1/

1/ Includes \$35,106 in collection suspense account which is unclassified as of June 30, 1956 as to nationality of former owners. Therefore, the total of the nationality columns for proceeds received is less than the total shown here by this amount.

23/ 20 F.R. 8363.  
24/ 20 F.R. 8993.

GENERAL DESCRIPTION OF CONTROLLED PROPERTY

This chapter is mainly concerned with the presentation in summary form of the financial results attained by the Office of Alien Property in administering the various types of property under its control. Excluding blocked foreign assets, 1/ the Office has under its control two types of property, (1) vested property and (2) property held in safekeeping. The latter, of relatively minor importance in relation to vested property, is described briefly on page 19. Property vested pursuant to Title II of the International Claims Settlement Act of 1949, as amended by Public Law 285, 84th Congress, First Session, approved August 9, 1955, 2/ is described in Chapter I, and all statistics relating thereto are excluded specifically from those in all other chapters of this Annual Report relating to property vested under the Trading With the Enemy Act, as amended.

VALUE OF CONTROLLED PROPERTY

There are two methods of evaluating property administered by this Office, the first by means of total controlled property and the second by net equity vested. Total controlled property means the total amount of property over which the Office exercises control through vesting while net equity vested means the estimated value of the Attorney General's interest in vested property on an indicated date. Other than what is shown in the succeeding paragraph, all statistics in this report deal with the net equity vested concept in the valuation of vested property.

As of June 30, 1956 total controlled property amounted to \$414,957,000. Of this amount, \$271,879,000 represented net equity vested. 3/ The \$143,078,000 difference represents (1) \$1,115,000 of estimated value of property held in safekeeping, and (2) \$141,963,000 representing the difference between total assets of enterprises in which majority or substantial interests have been vested and the estimated net value of the Attorney General's interests in these companies, both valued at June 30, 1956.

Property Not Included in Valuation

The Office has under its administration and control various types of property (intangible) which have not been included in the valuation of total controlled property or net equity vested. Were it practicable to value these properties, the amount shown for net equity vested would be considerably higher. The following summary indicates the number of these properties still under the control of the Office as of June 30, 1956:

Type of property	Number of items
Patents.....	9,225
Interests in patent contracts.....	267
Copyrights.....	300,000
Interests in copyright contracts.....	427
Trade-marks.....	305
Interests in trade-mark contracts.....	17
Motion picture film (000's of feet).....	34,747

1/ For details of the blocked foreign properties program, see Ch. I, p. 8.

2/ 69 Stat. 562; see pp. 8-9.

3/ Property remaining from World War I is excluded from these figures and is treated separately. See pp. 19-20.

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Also excluded from the valuation 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 or enemy-occupied countries, and which are known by the Office to be without value (particularly true for companies in liquidation), but which have not been written off the books of the enterprises before final liquidation is completed.

#### NET EQUITY VESTED

Net equity vested as of dates of vesting, as used in this section of the report, means the estimated value of the Attorney General's interest in vested property, valued at the dates on which they came under his administration and jurisdiction. Net equity vested at June 30, 1956 is the value of these interests still in the possession of the Office at June 30, 1956 after changes in value since dates of vesting and after dispositions of the property or proceeds thereof, both administratively and by law.

#### Types of Property Vested

Table 3 gives the breakdown of net equity vested by types of property as of dates of vesting and as of June 30, 1956. The first column in the table indicates the estimated values of vested property at their dates of vesting while the second column presents the values of these properties which are still in the possession of the Office at June 30, 1956. Reflected in the latter column are changes in values since dates of vesting including appreciation, write-offs of worthless property, sales and liquidations, and dispositions. Income from vested property, after disposition thereof, is reflected in the first figure of the second column called "cash".

#### Changes in Net Equity Vested

Total net equity has declined from \$390,808,000 as of dates of vesting to \$271,879,000 as of June 30, 1956. The factors responsible for the \$118,929,000 reduction is shown in table 4. Most important among these factors were (1) the transfer of funds to the War Claims Fund pursuant to the War Claims Act of 1948, as amended, amounting to \$225,000,000; (2) the return of vested property to successful title claimants and the payment of debt claims in the amount of \$73,254,000; and (3) the use of funds to defray the administrative expenses of the Office in the amount of \$47,038,000. <sup>4/</sup> The decline in net equity vested occasioned by the above factors was offset substantially by the appreciation of vested interests in property amounting to approximately \$167,868,000 since dates of vesting and by income received from vested property of \$67,956,000.

Table 5 presents the value of the main categories of property returned by the Office to their former nonhostile owners by administrative or judicial action, classified by nationality of former ownership. Values of returned property are computed at dates of return. The table does not include payments made to successful debt claimants.

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<sup>4/</sup> The Office has actually expended the sum of \$52,002,000 in administrative expenses as of June 30, 1956. However, since vested property funds of World War II were used in the amount of \$47,038,000 only, due to the fact that approximately \$4,000,000 was authorized to be expended from World War I Administrative Expense Fund and approximately \$901,000 was used from miscellaneous revenues and recoveries without diminution of World War II vested property, for purposes of determining net equity vested as of June 30, 1956, the \$47,038,000 figure is used. See footnote 2, table 4, p. 13.

Table 3.---NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1956, CLASSIFIED BY TYPES OF PROPERTY, VALUED AS OF DATES OF VESTING AND AS OF JUNE 30, 1956

[In thousands of dollars]

Types of property	As of dates of vesting	As of June 30, 1956
Cash.....	.....	1/ 96,468
Interests in vested business enterprises:		
Stock.....	110,791	119,732
Equity in enterprises whose assets or excess assets have been vested.....	49,057	3,785
Partnership interests.....	167	6
Other proprietary interests.....	50	.....
Bonds.....	582	.....
Notes and accounts receivable.....	11,030	1,594
Total.....	171,677	125,117
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	1,015
Mortgages.....	1,174	252
Ground rents, leaseholds, and other interests.....	162	1,026
Total.....	8,835	2,293
Personal property:		
Tangible personal property.....	1,389	188
Stocks (miscellaneous).....	23,150	18,626
Bonds.....	9,447	4,974
Other securities (coupons).....	152	176
Mortgage participation certificates.....	488	35
Bank balances.....	34,891	393
Currency and coin.....	10,128	.....
Notes, claims, and credits.....	26,829	512
Life insurance and annuities.....	3,946	382
Total.....	110,420	25,286
Interests in estates and trusts:		
Decedents' estates.....	37,110	1,656
Trusts under wills.....	33,089	13,090
Trusts inter vivos.....	15,891	7,747
Guardianship estates.....	1,711	222
Total.....	87,801	22,715
Grand total.....	390,808	271,879

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."

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Table 4.--CHANGES IN NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1955, FROM DATES OF VESTING TO JUNE 30, 1956  
 [In thousands of dollars]

Net equity as of dates of vesting.....		\$390,808
ADD:		
Net appreciation of interests in business enterprises.....	\$125,487	
Net appreciation of interests in real and personal property.....	42,381	
Net income on interests in vested property..	67,956	
Cash and other property received per inter-custodial agreements.....	<u>3,069</u>	
		\$238,893
LESS:		
Property returned to nonhostile persons.....	-70,473	
Debt claims paid.....	-2,781	
Funds transferred to War Claims Fund.....	-225,000	
Funds transferred to the Treasury Department pursuant to Lombardo and Reverse Lend-Lease agreements.....	-1,312	
Cash and other property transferred to foreign governments per intercustodial agreements.....	-388	
Direct expenses not allocated to specific types of property 1/.....	-10,830	
Conservatory and administrative expenses: 2/ Allocated to specific alien accounts.....	-18,869	
Not yet allocated.....	<u>-28,169</u>	
		-357,822
		-118,929
Net equity vested as of June 30, 1956.....		271,879

1/ Wherever possible, figures in this report are shown net of direct expenses. These expenses arise from the vested property itself, and are not shown as administrative expenses of the Office. The total of \$10,830,000 shown here as not being allocated to specific types of property arises primarily from the payment of income taxes by the Office to the Federal and state governments in behalf of enemy nationals whose vested property consisted of several different types. It would be impractical to allocate these taxes to the income from a specific type of property.

2/ The Office has actually expended \$52,002,000 for conservatory and administrative expenses in administering World War II vested property (see table 27, p. 88). However, since funds used for conservatory and administrative expenses included approximately \$4,000,000 from World War I Administrative Expense Funds, and in addition, miscellaneous revenues and recoveries not arising directly from vested property, these two categories of funds are not included in the net equity statistics employed in this report on World War II vested property. The 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..	\$52,002,000
LESS: miscellaneous revenues, recoveries, and World War I Administrative Expense Fund.	<u>-4,964,000</u>
Conservatory and administrative expenses derived from World War II vested property.....	47,038,000

Table 5.---PROPERTY RETURNED TO NONHOSTILE PERSONS BY ADMINISTRATIVE AND JUDICIAL ACTION, MAR. 11, 1942, TO JUNE 30, 1956, 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.....	70,473	36,884	4,620	16,142	2,165	322	108	10,236
Cash.....	39,656	22,508	3,405	7,567	605	259	108	5,204
Interests in vested business enterprises.....	7,083	2,877	605	3,593	.....	8	.....	.....
Royalties on patents 3/.....	5,084	185	.....	.....	.....	.....	.....	4,899
Real property.....	1,737	515	407	797	8	10	.....	.....
Personal property.....	10,980	9,231	199	1,418	.....	.....	.....	132
Interests in estates and trusts.	5,933	1,564	4	2,767	1,552	45	.....	1

1/ Does not include debt claims paid to creditors of former owners of vested property.

2/ The category enemy-occupied includes interests as follows: French \$7,966,000; Danish \$1,236,000; Norwegian \$271,000; Polish \$8,000; Dutch \$328,000; Belgian \$107,000; 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, 1956. Table 7 presents the changes in values of vested properties since dates of vesting together with all deductions therefrom to June 30, 1956.

Cash Income From Vested Property

The Office received \$4,013,000 as gross income from all vested property still in its possession for the fiscal year 1956, making a grand total of \$67,956,000 so received. The allocation of cash received as income from vested property is shown in table 8 classified according to the type of property from which the income originated.

Cash Proceeds of Liquidation and Sale

The Office received \$40,956,000 as gross proceeds from the sale and liquidation of vested property during the fiscal year 1956, making a grand total of \$357,884,000 so received to June 30, 1956, before additions or deductions for intercustodial transfers and administrative and conservatory expenses and direct expenses. Data on the proceeds from the sale and liquidation of vested property are shown in table 9 classified by type of property.

Table 6.---NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1956, CLASSIFIED BY NATIONALITY OF FORMER OWNERSHIP, AS OF DATES OF VESTING AND AS OF JUNE 30, 1956  
[In thousands of dollars]

Date of valuation and type of property	Total	Nationality of former ownership						
		German	Jap- anese	Italian	Hunga- rian	Ruma- nian	Bulga- rian	Enemy occu- pied
Valued as of dates of vesting:								
Interests in vested business enterprises..	171,677	110,318	53,191	7,614	52	5	497	.....
Royalties on patents, copyrights and trademarks (accrued prior to vesting).....	12,075	3,859	3	1,130	199	1	1	6,862
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.....	87,801	78,851	838	5,026	2,372	595	118	1
Grand total.....	390,808	297,178	65,760	15,859	2,919	1,119	645	7,328
Percent of total.....	100.0	76.0	16.8	4.1	.7	.3	.8	1.9
Valued as of June 30, 1956:								
Cash.....	96,468 <sup>1/</sup>	308,098	36,457	114	1,214	672	497	1,417
Interests in vested business enterprises..	125,117	120,884	4,233	.....	.....	.....	.....	.....
Royalties on patents, copyrights and trademarks (accrued prior to vesting).....	.....	.....	.....	.....	.....	.....	.....	.....
Real property.....	2,293	1,863	389	41	.....	.....	.....	.....
Personal property.....	25,286	23,063	2,189	29	5	.....	.....	.....
Interests in estates and trusts.....	22,715	21,315	268	912	100	88	32	.....
Grand total.....	271,879 <sup>1/</sup>	475,223	43,536	1,096	1,319	760	529	1,417

<sup>1/</sup> Funds for unallocated administrative expenses and unallocated War Claims Fund transfers (\$252,001,000) have been deducted from this figure. These funds have not been allocated to specific alien accounts and as a consequence have not been deducted from the nationality columns. The totals of all nationality columns, therefore, exceed the \$271,879,000 net equity vested figure as of June 30, 1956, by \$252,001,000, consisting of unallocated War Claims Fund transfers of \$223,832,000 and unallocated administrative expenses of \$28,169,000.

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Table 7.---CHANGES IN NET EQUITY VESTED, MAR. 11, 1942, TO JUNE 30, 1956, FROM DATES OF VESTING TO JUNE 30, 1956, BY NATIONALITY OF FORMER OWNERSHIP  
 [In thousands of dollars]

Type of property	Total	Nationality of former ownership						
		German	Jap- anese	Italian	Hunga- rian	Ruma- nian	Bulga- rian	Enemy occu- pied
Net equity vested as of dates of vesting:	390,808	297,178	65,760	15,859	2,919	1,119	645	7,328
Add:								
Net appreciation of interests in vested business enterprises.....	125,487	126,786	(2,311)	1,003	6	3	.....	.....
Net appreciation of interests in real and personal property.....	42,381	55,666	(12,853)	(346)	(36)	(48)	(3)	1
Net income from interests in vested property.	67,956	55,864	2,535	3,110	996	20	1	5,430
Cash and other property received per intercustodial agreements.....	3,069	3,069	.....	.....	.....	.....	.....	.....
Sub-total.....	629,701	538,563	53,131	19,626	3,885	1,094	643	12,759
Less:								
Property returned to nonhostile persons.....	(70,473)	(36,880)	(4,620)	(16,142)	(2,165)	(322)	(108)	(10,236)
Debt claims paid.....	(2,781)	(1,923)	(793)	(11)	(45)	(1)	.....	(8)
Transfers to War Claims Fund.....	(225,000)	(1,168)	.....	.....	.....	.....	.....	.....
Transfers to Treasury Department per Lombardo and Reverse Lend-Lease agreements.....	(1,312)	.....	.....	(839)	.....	.....	.....	(473)
Cash and other property transferred to foreign governments per intercustodial agreements....	(388)	(388)	.....	.....	.....	.....	.....	.....
Direct expenses not allocated to specific types of property <sup>1/</sup> ....	(10,830)	(8,107)	(865)	(1,182)	(229)	(4)	(5)	(438)
Conservatory and administrative expenses allocated to specific alien property accounts <sup>2/</sup>	(18,869)	(14,874)	(3,317)	(356)	(127)	(7)	(1)	(187)
Conservatory and administrative expenses not yet allocated <sup>3/</sup> .....	(28,169)	.....	.....	.....	.....	.....	.....	.....
Net equity vested as of June 30, 1956.....	<sup>3/</sup> 271,879	475,223	43,536	1,096	1,319	760	529	1,417

<sup>1/</sup> See footnote 1, table 4, p. 13.  
<sup>2/</sup> See footnote 2, table 4, p. 13.  
<sup>3/</sup> See footnote 1, table 6, p. 15.

Table 8.---CASH INCOME ON PROPERTY VESTED, CLASSIFIED BY TYPE OF PROPERTY, MAR. 11, 1942 TO JUNE 30, 1956

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 the property was held at the time the income was produced. For example, income from real estate distributed to the Attorney General as a result of vesting an interest in a trust is classified as income from real estate.

Type of property	Total	July 1, 1955 to June 30, 1956	Mar. 11, 1942 to June 30, 1955
<b>Interests in vested business enterprises:</b>			
Stock.....	\$20,208,854.34	\$556,232.32	\$19,652,622.02
Equity in enterprises whose assets or excess assets have been vested.....	4,244.24	.....	4,244.24
Partnership interests.....	373,265.67	.....	373,265.67
Other proprietary interests.....	7,231.36	.....	7,231.36
Bonds.....	1,076,366.24	.....	1,076,366.24
Notes and accounts receivable.....	98,373.00	.....	98,373.00
<b>Total.....</b>	<b>21,768,334.85</b>	<b>556,232.32</b>	<b>21,212,102.53</b>
<b>Royalties on patents, copyrights, and trade-marks (accrued subsequent to dates of vesting):</b>			
Patents, applications, and contracts....	20,339,819.67	769,948.41	19,569,871.26
Copyrights and contracts.....	3,539,524.78	192,742.25	3,346,782.53
Trade-marks and contracts.....	1,257,975.91	17,849.84	1,240,126.07
<b>Total.....</b>	<b>25,137,320.36</b>	<b>980,540.50</b>	<b>24,156,779.86</b>
<b>Real property:</b>			
Real estate.....	2,078,053.95	64,102.92	2,013,951.03
Mortgages.....	136,875.04	4,163.31	132,711.73
Ground rents, leaseholds, and other interests.....	281,794.24	21,524.36	260,269.88
<b>Total.....</b>	<b>2,496,723.23</b>	<b>89,790.59</b>	<b>2,406,932.64</b>
<b>Personal property:</b>			
Tangible personal property.....	217,978.83	39.36	217,939.47
Stocks (miscellaneous).....	7,040,074.16	974,000.01	6,066,074.15
Bonds.....	2,597,880.04	353,977.99	2,243,902.05
Other securities.....	393,110.51	91,768.31	301,342.20
Mortgage participations.....	57,862.97	1,281.81	56,581.16
Bank balances.....	185,310.78	456.60	184,854.18
Notes, claims, and credits.....	194,441.68	28,555.95	165,885.73
Life insurance and annuities.....	227,835.18	28,954.34	198,880.84
<b>Total.....</b>	<b>10,914,494.15</b>	<b>1,479,034.37</b>	<b>9,435,459.78</b>
<b>Interests in estates and trusts:</b>			
Decedents' estates.....	269,440.59	26,265.50	243,175.09
Trusts under wills.....	5,287,399.70	667,512.83	4,619,886.87
Trusts inter vivos.....	2,045,034.18	231,522.63	1,813,511.55
Guardianship estates.....	37,222.30	(4.34)	37,226.64
<b>Total.....</b>	<b>7,639,096.77</b>	<b>925,296.62</b>	<b>6,713,800.15</b>
<b>Sub-total.....</b>	<b>67,937,868.65</b>	<b>4,012,793.69</b>	<b>63,925,074.96</b>
Cash received per intercustodial agree- ments (net).....	(18,100.71)	(18,100.71)	.....
Conservatory and administrative expenses <sup>1/</sup>	(4,269,614.68)	(334,418.58)	(3,935,196.10)
Direct expenses not allocated <sup>2/</sup> .....	(8,814,402.72)	(732,005.92)	(8,082,396.80)
<b>Grand Net Total.....</b>	<b>54,853,851.25</b>	<b>2,946,369.19</b>	<b>51,907,482.06</b>

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

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

Table 9.--CASH RECEIVED THROUGH LIQUIDATION AND SALE OF VESTED PROPERTY, CLASSIFIED BY TYPE OF PROPERTY, MAR. 11, 1942 TO JUNE 30, 1956

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 by type of property is based upon the form in which the 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.

Type of property	Total	July 1, 1955 to June 30, 1956	Mar. 11, 1942 to June 30, 1955
<b>Interests in vested business enterprises:</b>			
Stock.....	\$109,261,464.03	\$630,891.33	\$108,630,572.70
Equity in enterprises whose assets or excess assets have been vested.....	23,292,050.03	390,236.48	22,901,813.55
Partnership interests.....	178,349.68	.....	178,349.68
Other proprietary interests.....	81,567.05	.....	81,567.05
Bonds.....	1,092,880.49	.....	1,092,880.49
Notes and accounts receivable.....	7,472,800.10	244,993.13	7,227,806.97
<b>Total.....</b>	<b>141,379,111.38</b>	<b>1,266,120.94</b>	<b>140,112,990.44</b>
<b>Royalties on patents, copyrights and trade-marks (accrued prior to vesting):<sup>1/</sup></b>			
Patents, applications and contracts....	5,124,954.87	2/ (142,655.90)	5,267,610.77
Copyrights and contracts.....	1,120,764.41	16,352.85	1,104,411.56
Trade-marks and contracts.....	745,083.15	500.00	744,583.15
<b>Total.....</b>	<b>6,990,802.43</b>	<b>(125,803.05)</b>	<b>7,116,605.48</b>
<b>Real property:</b>			
Real estate.....	7,818,110.06	182,164.04	7,635,946.02
Mortgages.....	1,366,603.29	124,092.20	1,242,511.09
Ground rents, leaseholds, and other interests.....	153,340.49	34,884.33	118,456.16
<b>Total.....</b>	<b>9,338,053.84</b>	<b>341,140.57</b>	<b>8,996,913.27</b>
<b>Personal property:</b>			
Tangible personal property.....	1,003,428.02	1,324.73	1,002,103.29
Stocks (miscellaneous).....	63,382,239.59	35,628,008.73	27,754,230.86
Bonds.....	20,036,564.28	972,674.45	19,063,889.83
Other securities.....	225,962.90	2,498.70	223,464.20
Mortgage participations.....	583,432.44	1,422.53	582,009.91
Bank balances.....	30,739,940.52	31,894.75	30,708,045.77
Notes, claims, and credits.....	24,425,135.62	238,278.59	24,186,857.03
Currency and coin.....	10,054,883.66	.....	10,054,883.66
Life insurance and annuities.....	3,551,755.87	49,586.71	3,502,169.16
<b>Total.....</b>	<b>154,003,342.90</b>	<b>36,925,689.19</b>	<b>117,077,653.71</b>
<b>Interests in estates and trusts:</b>			
Decedents' estates.....	26,319,033.39	718,090.97	25,600,942.42
Trusts under wills.....	10,197,772.44	1,737,148.05	8,460,624.39
Trusts inter vivos.....	3,484,615.34	93,319.97	3,391,295.37
Guardianship estates.....	681,836.42	125.00	681,711.42
<b>Total.....</b>	<b>40,683,257.59</b>	<b>2,548,683.99</b>	<b>38,134,573.60</b>
<b>Sub-total.....</b>	<b>355,139,326.05</b>	<b>40,644,589.55</b>	<b>314,494,736.50</b>
Received in cash per intercustodial agree- ments (net).....	2,744,757.91	(311,242.09)	3,056,000.00
Conservatory and administrative expenses..	(14,599,856.38)	(295,735.00)	(14,304,121.38)
Direct expenses not allocated.....	(2,015,775.94)	(157,351.57)	(1,858,424.37)
<b>Grand Net Total.....</b>	<b>338,523,693.73</b>	<b>40,191,502.98</b>	<b>298,332,190.75</b>

<sup>1/</sup> Royalties on interests in patents, copyrights, and trade-marks that accrued prior to vesting are treated as principal. Royalties that accrued subsequent to vesting are treated as income.  
<sup>2/</sup> Transferred to income (contra entry).

PROPERTY HELD IN SAFEKEEPING

The Office has acquired some properties without the issuance of vesting orders, other than property received through intercustodial agreements. As of June 30, 1956, the estimated value of property held in safekeeping totaled \$1,114,684. Of this amount, \$387,368 consisted of cash, \$716,284 of securities and the balance of \$11,032 was in miscellaneous assets.

ASSETS REMAINING FROM WORLD WAR I

The World War I assets held by the Office of Alien Property as of June 30, 1956, amounted to \$805,212.79. There was a decrease of \$2,786.46 in the total assets during the fiscal year 1956. This amount represents a decrease in cash of \$2,787.46 and an increase of \$1.00 in the value of other assets.

There were no funds transferred to the Secretary of the Treasury during the fiscal year for deposit in the German Special Deposit Account either under Public Law 375, 5/ or in accordance with the provisions of section 25(d) of the Trading With the Enemy Act, as amended. A total of \$2,791.46 was paid out under 7 allowed claims during the fiscal year and a refund of \$4.00 was made with this Office because of the prior death of one of several claimants under Claim No. 38,136, which was allowed in 1954. The refund has been deposited in Trust No. 47,669, "Unpayable Balances Account".

Of the cash balance of \$805,205.79 as of June 30, 1956, a total of \$45,326.53 is claimed by nationals of the so-called "Iron Curtain Countries". There was also on hand at the end of the fiscal year the sum of \$205,355.82 credited to Trust No. 6,179, in the name of Oesterreichische Ungarische Bank, the release of which is prohibited by the Trading With the Enemy Act, as amended, to anyone except the liquidators of the bank. 6/

At the start of the fiscal year, there were pending 3 French claims in the aggregate value of \$6,491.98. Two of the claims in the amount of \$5,111.05 were transferred to Trust No. 47,669, "Unpayable Balances Account" and one claim was allowed for \$1,380.93, thereby closing out all French accounts.

Two Austrian and three French claims, one Yugoslav and one Italian claim were reopened and allowed from Trust No. 47,669, "Unpayable Balances Account" during the fiscal year. Six of the claims were paid in the total amount of \$2,791.46. One claim allowed on February 26, 1956, for \$214.96 had not been processed for payment at the end of the fiscal year and its payment will be reflected in the Trial Balance as of June 30, 1957.

There were no active trusts open on the records of the Office at the end of the fiscal year. Two claims have been reopened and allowed since the start of the fiscal year 1957 and it is believed that not more than a dozen such claims will be reopened during the balance of the fiscal year 1957.

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5/ 50 U. S. C. App. Sec. 9.  
6/ 40 Stat. L 411, 9(b)(15).

Table 10.---CHANGES IN WORLD WAR I PROPERTY, JULY 1, 1955 TO JUNE 30, 1956

Value at July 1, 1955.....	1/	\$807,999.25
Add: Cash received.....		.....
Assets reinstated.....		1.00
		<u>\$808,000.25</u>
Less: Payments to claimants.....		-\$2,785.83
Administrative expenses.....		<u>-1.63</u>
		<u>-2,787.46</u>
Value at June 30, 1956.....		<u>\$805,212.79</u>

1/ Excludes \$57,434,529.22 at July 1, 1955 and June 30, 1956 of United States Treasury Certificates of Deposit which are considered worthless. The value of these certificates is contingent upon the fulfillment of certain obligations of the German Government, which have been in default since 1931.

Table 11.---COMPARATIVE STATEMENT OF WORLD WAR I PROPERTY HELD, APRIL 21, 1942, JUNE 30, 1955, AND JUNE 30, 1956

Type of property	April 21, 1942	June 30, 1955	June 30, 1956
Property in process of administration: 1/			
U. S. Treasury cash.....	\$9,014,305.51	\$807,993.25	\$805,205.79
U. S. Treasury cash held subject to call for transfer to German Special Deposit Account 2/.....	970,498.29	.....	.....
Stocks.....	72.00	.....	1.00
Bonds.....	1.00	2.00	2.00
Real estate.....	29,915.00	.....	.....
Mortgages.....	15,761.50	.....	.....
Miscellaneous assets.....	36.00	4.00	4.00
Total.....	<u>\$10,030,589.30</u>	<u>\$807,999.25</u>	<u>\$805,212.79</u>

1/ See footnote 1, table 10 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 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 \$376,279,000. As of June 30, 1956 the Office had under its administration 59 enterprises both active and in liquidation or dormant, with total assets of \$280,122,000, of which \$125,117,000 represented the value of the Attorney General's vested interests in net worth.

In the case of a corporation, the Office vested the enemy-owned capital stock. Where partnerships and other types of unincorporated businesses were involved, the Office vested the enemy proprietary interests where the enterprise was partially enemy-owned and all of the assets where the enterprise was fully enemy-owned. In the case of banks and insurance companies incorporated in an enemy nation, with a branch or office located in the United States, this 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 was located. The Office, in addition to vesting ownership interests, also 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 were vested, the Office continued 102 as going concerns while the remaining 332 were either in liquidation at dates of vesting, placed in liquidation by the Office or remain inactive and dormant for certain reasons. Of the 102 continued in operation as active, going concerns, 66 have been sold, 24 returned to their former nonhostile owners, and 1 merged with another vested enterprise prior to sale. The Office has completely liquidated the vested interests in 258 of the 332 enterprises in liquidation, and in addition, has sold the vested interests in 4 companies and returned the vested interests to former nonhostile owners in 22 companies which were in liquidation. The Office continues to hold controlling or substantial interests in 11 active going enterprises, 1/ and 48 inactive or in liquidation companies as of June 30, 1956.

The following summary, arranged according to nationality of the former owners of the 434 companies in which substantial or controlling interests were vested, indicates the distribution of the companies and their total assets at dates of assumption of control and as of June 30, 1956:

Nationality of former ownership	Dates of vesting		June 30, 1956	
	Number of companies	Total assets	Number of companies	Total assets
German.....	220	\$259,462,000	33	\$251,206,000
Japanese.....	175	100,715,000	26	28,916,000
Italian.....	33	13,564,000	.....	.....
Other.....	6	2,538,000	.....	.....
Total.....	434	\$376,279,000	59	\$280,122,000

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

ATTORNEY GENERAL'S INTERESTS IN VESTED ENTERPRISES

The interests of the Attorney General 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, and this is especially true of assets of companies in liquidation, have been analyzed and where they consist of valueless assets awaiting write-off on the books of the enterprises, 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 Attorney General can expect to receive upon final liquidation of the companies.

After the above adjustments have been made, the value of the Attorney General's vested interests is estimated at \$171,677,000 at dates of assumption of control and at \$125,117,000 as of June 30, 1956.

An analysis of the \$46,560,000 decline in net equity vested from dates of assumption of control to June 30, 1956 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 a total of \$93,431,000 in cash and the payment of liquidating dividends by companies in liquidation in the amount of \$64,816,000. Offsetting this decline to a great extent was the value of appreciation of vested interests in the amount of \$125,487,000, while the enterprises were under the administration and control of the Office of Alien Property.

Table 12.---NET EQUITY IN ALL VESTED ENTERPRISES, CLASSIFIED BY CHARACTER OF INTERESTS, AS OF DATES OF VESTING, AND AS OF JUNE 30, 1956

[In thousands of dollars]

Character of interests	As of dates of vesting	As of June 30, 1956
Total.....	\$171,677	\$125,117
Interests in net worth.....	160,065	123,523
Stock.....	110,791	119,732
Equity in enterprises whose assets or excess assets have been vested.....	49,057	3,785
Partnership interests.....	167	6
Other proprietary interests.....	50	.....
Interests as creditor.....	11,612	1,594
Bonds.....	582	.....
Notes and accounts receivable.....	11,030	1,594

It will be noted that the net equity of the Attorney General represented by stock interests in vested enterprises has increased by approximately \$9,000,000 between dates of assumption of control and June 30, 1956, despite the many millions of dollars received in the sale and liquidation of vested interests in the interim. This situation has come about through the appreciation in book value of the vested interests in General Aniline & Film Corporation from dates of assumption of control to June 30, 1956. As of the latter date, the book value of the Attorney General's vested interest in General Aniline & Film Corporation was valued in excess of \$101,000,000, accounting for approximately 84 percent of the \$119,732,000 which represents the value of all stock interests in vested companies at June 30, 1956.

Table 13.---CHANGES IN NET EQUITY IN ALL VESTED ENTERPRISES, DATES OF ASSUMPTION OF CONTROL TO JUNE 30, 1956  
[In thousands of dollars]

Net equity as of dates of assumption of control.....		\$171,677
Add:		
Net appreciation of vested interests.....	\$125,487	
Distribution of interests formerly owned by vested estates and trusts.....	<u>2,369</u>	\$127,856
Less:		
Liquidating dividends in cash and kind paid to the Office of Alien Property.....	-64,816	
Interests sold by the Office.....	-93,431	
Interests returned by the Office.....	-7,083	
Debts paid to the Office in cash and kind..	-9,512	
Transfer of minority interests in business enterprises to miscellaneous stock <u>1/</u> ....	<u>-3,399</u>	
	-178,241	
Deduct - direct expenses incurred in management and sale of vested interests..	<u>3,825</u>	
		<u>-174,416</u>
Net equity in vested business enterprises as of June 30, 1956.....		<u>-46,560</u> 125,117

1/ 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, 102 were continued in operation on an active going basis. The sale of 66 companies, the return of the vested interests in 24 companies, and the merging of 1 concern with another vested company prior to sale, leaves 11 companies continuing in operation under the control of the Office as of June 30, 1956.

Consolidated Comparative Balance Sheets

A comparison of the balance sheet items of the 11 active enterprises in which substantial or controlling interests are still held by the Attorney General on June 30, 1956, is shown in table 14 as of dates of assumption of control and as of the current date. Total assets of these companies have increased from \$94,322,000 as of dates of vesting to \$245,585,000 at June 30, 1956. Total net worth has advanced from \$54,856,000 to a new high of \$140,264,000, an increase of \$85,408,000 on the books of the enterprises. This increase of \$85,408,000 in total net worth of active still held companies is analyzed in table 15 to indicate the financial basis for the advance.

The 11 active enterprises still under the control of the Office as of June 30, 1956 had accumulated operating profits of \$84,975,000 while under the supervision of the Office. None of the 11 companies showed accumulated losses for the period. Capital adjustments on

the books of the enterprises accounted for a net increase of \$19,711,000, while distributions of dividends in cash and kind amounted to \$18,734,000. Of the latter total, the Office of Alien Property received \$15,075,000 in cash and other property as its share of the distributed profits.

Table 14.---CONSOLIDATED COMPARATIVE BALANCE SHEET OF 11 ACTIVE ENTERPRISES IN WHICH SUBSTANTIAL INTERESTS ARE STILL HELD BY THE OFFICE OF ALIEN PROPERTY AS OF JUNE 30, 1956, DATA SHOWN AS OF DATES OF VESTING AND AS OF JUNE 30, 1956

[In thousands of dollars]

Balance sheet items	As of dates of vesting	Additional interests vested	Changes reflected on books of enterprises	As of June 30, 1956
<b>ASSETS 1/</b>				
Located in the United States.....	68,390	.....	112,325	180,715
Located in former allied and neutral countries..	442	.....	64,428	64,870
Located in former enemy and enemy-occupied countries.....	25,490	.....	(25,490)	2/
<b>Total assets.....</b>	<b>94,322</b>	<b>.....</b>	<b>151,263</b>	<b>245,585</b>
<b>LIABILITIES AND NET WORTH</b>				
<b>Liabilities:</b>				
Owing to residents of the United States.....	36,854	.....	19,599	56,453
Owing to residents of former allied, neutral and enemy-occupied countries.....	1,655	.....	47,114	48,769
Owing to residents of former enemy countries..	522	(544)	22	.....
Owing to Attorney General (vested).....	435	544	(879)	100
<b>Total liabilities.....</b>	<b>39,466</b>	<b>.....</b>	<b>65,856</b>	<b>105,322</b>
<b>Net worth:</b>				
Net worth of solvent enterprises.....	55,031	.....	85,500	140,531
Net worth of insolvent enterprises.....	(175)	.....	(92)	(267)
<b>Total net worth.....</b>	<b>54,856</b>	<b>.....</b>	<b>3/ 85,408</b>	<b>140,264</b>
<b>Total liabilities and net worth.....</b>	<b>94,322</b>	<b>.....</b>	<b>151,264</b>	<b>245,586</b>
<b>Net worth of solvent enterprises distributed according to ownership interests:</b>				
Vested in the Attorney General.....	44,299	1,082	73,293	118,674
Owned by others.....	10,732	(1,082)	12,207	21,857

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. 22 (top) for details of adjustment in this category.

3/ For an explanation of the factors producing this increase, see table 15.

Control Exercised by the Office

In all cases when the Attorney General acquired a substantial voting stock interest in a corporation, the vested shares are voted for the election of directors to the extent permitted by the bylaws of the corporation. In several instances, arrangements were made

to elect one or more directors when the vested shares represented a substantial minority interest.

The board of directors and officers of an active corporation are responsible for the conduct of its business. Each active enterprise operates under a general authorization by the Office of Alien Property permitting such transactions as are necessary for 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. Depending upon the circumstances in a particular case, certain other specific transactions may also be prohibited. Special authorization must be obtained from the Office before any prohibited transaction may be undertaken by the company.

Table 15.---FACTORS RESPONSIBLE FOR CHANGES IN NET WORTH OF 11 ACTIVE ENTERPRISES IN WHICH SUBSTANTIAL INTERESTS ARE STILL HELD BY THE OFFICE OF ALIEN PROPERTY AS OF JUNE 30, 1956, DATA SHOWN FROM DATES OF ASSUMPTION OF CONTROL TO JUNE 30, 1956  
[In thousands of dollars]

Factors responsible for changes	Amount
1. Operating profits (after taxes):	
Profits of 11 enterprises.....	\$84,975
Net change.....	\$84,975
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.....	21,997
Losses.....	<u>-2,286</u>
Net change.....	19,711
3. Distribution to stockholders, partners, and other owners (including the Attorney General):	
Distributed profits in cash and kind.....	-18,734
Redemptions and purchases of stock by companies.....	<u>-544</u>
Net change.....	<u>-19,278</u>
Total change in net worth of 11 active enterprises since dates of assumption of control to June 30, 1956 (footnote 3, table 14).....	85,408

SALE OF VESTED ENTERPRISES AS GOING CONCERNS

The Office sold substantial interests in two vested enterprises during the fiscal year 1956, making a total of 66 enterprises sold to June 30, 1956, plus 1 active company merged with another prior to sale. Proceeds from the sale of vested interests in active business enterprises has now reached \$93,404,000 in cash and \$7,159,000 in shares of stock of another vested company. In addition, the Office was left with small minority interests valued at approximately \$3,399,000 at dates of sale of the majority vested interests. These minority interests have been transferred from interests in business enterprises to miscellaneous securities.

The Office has, therefore, realized a total of \$103,962,000 in cash and securities from the sale of its vested interests in business enterprises as of June 30, 1956. This realized total compares with \$58,956,000, the book value of the Attorney General's interest in these companies at dates of assumption of control, and with \$81,330,000, the book value

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of the Attorney General's interest in these companies as of dates of sale.

Enterprises Sold During Fiscal Year

HEINE & CO.---By Vesting Order No. 4123, dated September 12, 1944, as amended January 8, 1945, the Alien Property Custodian vested 1,886 shares (88.29%) of the 2,136 shares issued and outstanding capital stock of Heine & Co., as property beneficially owned by Heine & Co., A.G., Leipzig, Germany. Also vested at the same time were certain promissory notes and claims held by the German company against Heine & Co. By Vesting Order No. 18151, dated July 12, 1951, the Attorney General vested all rights of Heine & Co., A.G., including any reversionary interest, in or to the goodwill of the business in the United States of Heine & Co., New York, and in and to all trade-marks and trade names, license agreements and privileges with respect to said business. Heine & Co. was organized under the laws of the State of New York in 1908 and was originally engaged in the importing of essential oils, natural and artificial flower products, aromatic chemicals and compounds for use in the manufacture of perfume, talcum and bath powders, and toilet and bath soaps, from Heine & Co., A.G., and from other European firms. After 1935, because of difficulty in continuing the importation of products from abroad, the company went into production of these compounds and other ingredients for perfumers, and cosmetics from raw materials available in the United States, and thereafter sold these products and compounds in the same manner as before.

The formulae for the preparation of specific compounds and products for perfumers' primary ingredients prepared and sold by the company, were created, developed or perfected by Fred C. Keidel, former Director and President of the company, who was associated with the company as its perfumer since its incorporation. A disagreement existed concerning whether the company or Mr. Keidel owned the formulae created by the latter during his employment, and used in connection with the business of the company.

This Office entered into negotiations with Mr. Keidel, who owned the remaining issued and outstanding shares of stock of Heine & Co., (11.71%) with a view to settling the question on a basis which would enable the Office to liquidate the Attorney General's interest in the company. As a result of these negotiations, an agreement was entered into on August 19, 1955, in which Mr. Keidel agreed to join in a sale with the Attorney General whereby 100 percent of the stock of the company would be offered for public sale by sealed bids. He also agreed to deliver to the company any and all written formulae in his possession used in connection with the business of the company, and after consummation of the sale of the stock by the Attorney General, he would disclose and explain to the purchaser or his representatives, all formulae currently used by the company. The proceeds of the sale received by the Attorney General as the purchase price of 100 percent of the stock would be divided as follows:

- (a) The first portion of the purchase price equal to the net worth of the company (omitting any valuation for formulae) as shown on the company's balance sheet as of August 31, 1955, is to be divided by the stockholders in proportion to their stock interest in the company---namely, 88.29% to the Attorney General, and 11.71% to Mr. Keidel.
- (b) All proceeds received in excess of the net worth referred to above, which excess is attributed to the value of the formulae, will be divided 25% to the Attorney General and 75% to Mr. Keidel.

In May 1955, the capital stock of the company was reduced by exchanging one new share for two old shares, leaving 1,068 shares (\$100 par) issued and outstanding in lieu of the 2,136 shares previously outstanding. On May 23, 1955, the Certificate of Incorporation was further amended to reduce the par value of the shares from \$100 to \$24 each. As a result of the aforesaid actions, the Attorney General held 943 shares of \$24 par value each, constituting 88.29 percent of the authorized issued and outstanding shares and Mr. Keidel held 125 shares constituting the remaining 11.71 percent.

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The net worth of the company as of August 31, 1955, per agreement above, amounted to \$39,920. The shares of stock were offered for sale on August 30, 1955 with sealed bids to be opened on September 29, 1955. The sale was advertised in the New York Times and 3,000 notices were sent to individuals and companies on the Office mailing list. In addition, notices were sent to all cosmetic and essential oil houses listed in the New York City telephone directory. At the opening of bids, seven bids with earnest money deposits equivalent to 10 percent of the amount of the bid, were received. The highest bid was made by Norda Essential Oil & Chemical Co., Inc., of New York City, in the amount of \$79,500.00. In the meantime, the Attorney General, by a Quitclaim Assignment and Sale Order No. 12460-B, dated September 28, 1955, sold to Heine & Co., for \$10.00 at private sale, the reversionary rights of Heine & Co., A.G., of Germany, in the goodwill and trade-marks of Heine & Co., New York, which rights had been vested in 1951.

On October 6, 1955, the bid of Norda was accepted by the Attorney General and closing took place on October 11, 1956. On the basis of the agreement with Mr. Keidel, the proceeds of sale were divided between the Attorney General and Mr. Keidel as follows:

Attorney General - Receipts on net worth - 88.29%	\$35,245.75	
Receipts on proceeds in excess of net worth - 25%		9,894.89
Total receipts - Attorney General		\$45,140.64
Keidel - Receipts on net worth - 11.71%	\$4,674.68	
Receipts on proceeds in excess of net worth - 75%	29,684.68	
Total receipts - Keidel		34,359.36
Total amount of division of proceeds of sale		\$79,500.00

HARVARD BREWING COMPANY.---By Vesting Order No. 17, dated June 4, 1942, and amended August 6, 1942, the Alien Property Custodian vested 345,760 shares (55.3%) of the issued and outstanding common stock of Harvard Brewing Company, as property held of record by nominees of Uebersee Finanz-Korporation, A.G., of Liestal, Switzerland, and found to be property owned by nationals of a foreign country designated in Executive Order 8389, as amended. Harvard Brewing Company was organized as a Delaware corporation on December 3, 1932, for the purpose of acquiring through a wholly-owned subsidiary, Harvard Brewing Co., a Massachusetts corporation, all of the land, buildings and equipment of a pre-prohibition era brewery of the same name located in Lowell, Mass. The Massachusetts subsidiary was subsequently dissolved, and on January 1, 1937, all of its assets were acquired by the company.

A suit by Uebersee Finanz-Korporation against the Attorney General under section 9(a) of the Trading With the Enemy Act to obtain return of the vested shares of the company was terminated by a judgment in favor of the Attorney General, which was affirmed by the United States Supreme Court. 2/ Subsequently, judgment was entered in the District Court for the District of Columbia in favor of the Attorney General on the complaint of Fritz von Opel, Intervener-Plaintiff in the above suit, who has filed a Notice of Appeal in the United States Court of Appeals for the District of Columbia.

On August 18, 1954, the Intervener-Plaintiff, Mr. von Opel, entered into a stipulation with the Attorney General by which it was agreed that notwithstanding the provisions of section 9(a) of the Trading With the Enemy Act, as amended, the Attorney General may pro-

2/ 343 U.S. 205 (1952). For further details of this suit, see Ch. VII, "Suits and Other Judicial Proceedings", p. 72.

ceed to sell the 345,760 vested shares of common stock of Harvard Brewing Company, provided that the stock shall not be sold at a price less than \$1.875 per share. On February 24, 1955, the sale was announced by advertisements in the New York and New England newspapers, with opening of bids to take place on March 23, 1955. Only one bid was received for 100 of the offered shares, and this was rejected as the conditions of sale required that bids could be accepted only for all of the offered shares of stock.

On February 16, 1956, Mr. von Opel entered into a new stipulation whereby he agreed that the vested shares of stock could be sold at a price not less than \$1.00 per share, or \$345,760.00 for all of the vested shares. Sealed bids were then invited by the Office for opening on April 4, 1956 and wide publicity was given to the prospective sale. Two bids were received for the shares of stock with the highest in the amount of \$397,624.01 being submitted by Fort Knox Construction Co., Inc., of Miami, Florida. Since the bid amounted to \$1.15 per share for the offered shares of stock, it was accepted by the Attorney General on April 6, 1956 and closing of the sale was consummated on April 12, 1956.

#### 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 to the vested interests must either be eliminated prior to sale or a stipulation must be reached between the Attorney General and the plaintiff in a suit for return transferring the property claimed from the vested shares of stock to the proceeds of the sale of that stock.

The Office generally utilizes a public sale by means of sealed bids in disposing of its substantial vested interests in an enterprise. This procedure affords the widest possible participation in the sale. A prospectus is prepared containing detailed information on the operations 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 Exchange Commission in its prospectus and related documents, although no registration statement is filed with the Commission.

Each sale is advertised in newspapers and national periodicals, in order to afford the widest possible coverage for the 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 proposed 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 announcement of the sale to the date of the opening of bids to permit prospective purchasers sufficient time to appraise the value of the interests 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 conditions governing the sale. The questionnaire affords the Office full information on matters concerning antitrust questions and the citizenship qualifications of the bidder.

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

Depending upon the nature of the offering, the Attorney General allows himself anywhere from 24 hours to 30 days to consider the acceptability of the bids received. The time period is always stated in the statement of terms and conditions of the sale. 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 of Alien Property, 332 were either in liquidation at the time of assumption of control by the Office, placed in liquidation while under the administration of the Office, or remain dormant and inactive 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 332 companies in liquidation, 29 enterprises are banks and insurance companies which are discussed separately in the succeeding section of this chapter.

Of the 303 remaining companies in liquidation, 242 have been completely liquidated by the Office as of June 30, 1956. 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, 1956 the Office continues its liquidation of 43 enterprises in which substantial or controlling interests have been vested and are still held by the Office.

In previous editions of this report, Silesian American Corporation was included in the business enterprises in which substantial interests had been vested by the Office of Alien Property and which were in liquidation. Its assets, liabilities and net worth as reflected on the books of the company were accordingly included in table 16. However, as a result of the reorganization of Silesian American Corporation, which became effective February 1, 1956, the interest of the Attorney General in the company has been substantially reduced and the Office now holds \$320,000 Series A certificates, \$336,000 Series B certificates and 100 shares (25%) of common stock evidenced by a voting trust certificate. In view of the reduction of the interest of the Attorney General, the company has been eliminated retroactively to the date of vesting from the statistics of business enterprises in which the Attorney General has substantial interests and which are in liquidation. Instead the securities issued by the newly reorganized company which are owned by the Attorney General are included in the category of miscellaneous securities described in Ch. V. Statistics on net equity vested are not changed as of dates of vesting since the company's domestic assets were considerably less than liabilities, and for statistical purposes no value was placed upon the Attorney General's interest.

#### Progress of Liquidation

Table 16 indicates the progress of liquidation by the Office of vested enterprises in liquidation by showing a comparison of balance sheet items of the 242 companies completely liquidated and the 43 companies still in the state of liquidation at June 30, 1956. For comparison purposes, companies in which interests were returned or sold by the Office are omitted both at dates of vesting and date of return or sale. The first column of the table shows the date of vesting balance sheet of those companies which are completely liquidated on June 30, 1956. The second column indicates the consolidated balance sheet at date of

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Table 16.---CONSOLIDATED COMPARATIVE BALANCE SHEET OF VESTED ENTERPRISES (EXCEPT BANKS AND INSURANCE COMPANIES) COMPLETELY LIQUIDATED AND STILL IN LIQUIDATION AS OF JUNE 30, 1956, DATA SHOWN AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1956

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control		Changes reflected on books of companies	As of June 30, 1956
	Liquidated on June 30, 1956	In liquidation June 30, 1956		
<b>ASSETS 1/</b>				
Located in the United States:				
Cash.....	7,503	6,382	(5,275)	8,610
Receivables.....	2,214	1,142	(3,105)	251
Inventory.....	3,567	1,954	(5,516)	5
Investments.....	3,270	4,144	(4,412)	2,972
Fixed assets.....	6,099	414	(6,497)	16
Intangibles.....	1,275	18	(1,292)	1
Deferred charges.....	152	15	(166)	1
Claims and deposits.....	881	3,625	(3,312)	1,194
Total assets in United States.	24,961	17,694	(29,605)	13,050
Located in former allied and neutral countries.....	5,396	1,709	(5,687)	1,418
Located in former enemy and enemy-occupied countries.....	4,284	5,459	(4,495)	5,248
Total assets.....	34,641	24,862	(39,787)	19,716
<b>LIABILITIES AND NET WORTH</b>				
<b>Liabilities:</b>				
Owing to residents of the United States.....	6,739	17,298	(5,496)	18,541
Owing to residents of former allied, neutral, and enemy-occupied countries.....	2,558	889	(2,663)	784
Owing to residents of former enemy countries.....	3,681	2,491	(5,971)	201
Owing to Attorney General (vested)	6,151	171	(4,405)	1,917
Total liabilities.....	19,129	20,849	(18,535)	21,443
<b>Net worth:</b>				
Net worth of solvent companies....	19,212	8,442	(20,750)	6,904
Net worth of insolvent companies..	(3,700)	(4,429)	(502)	(8,631)
Total net worth.....	15,512	4,013	2/ (21,252)	(1,727)
Total liabilities and net worth.....	34,641	24,862	(39,787)	19,716
<b>Net worth of solvent enterprises distributed according to ownership shares:</b>				
Vested in Attorney General.....	13,769	8,165	(15,212)	6,722
Owned by estates and trusts in which Attorney General is sole beneficiary.....	280	.....	(280)	.....
Owned by others.....	5,163	277	(5,258)	182

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.

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vesting of those companies still in liquidation at June 30, 1956. The third column shows the net change since dates of vesting of the balance sheet items on the books of the companies (both completely liquidated and still in liquidation at June 30, 1956) as a result of the liquidating efforts of the Office. The fourth column indicates the values of the balance sheet items as they are reflected on the books of the remaining 43 companies in liquidation as of June 30, 1956.

The Office has encountered difficulties in certain cases in liquidating the remaining assets of these companies. Legal matters have delayed the disposition of substantial amounts of cash held by a few companies. Certain of the receivables and claims and deposits are difficult of collection while others may prove uncollectible. In a few of the companies in which the Attorney General holds a substantial but not the controlling interest, agreement with the majority stockholder must be reached on the method of liquidation.

As table 16 indicates, domestic assets of companies in liquidation have been reduced from a total of \$42,655,000 at dates of vesting to \$13,050,000 at June 30, 1956, a reduction of \$29,605,000 on the books of the enterprises. Total liabilities have been reduced from \$39,978,000 at dates of assumption of control to \$21,442,000 at June 30, 1956. As a result of the reductions above in assets and liabilities, net worth of these companies has been reduced from \$19,525,000 to a deficit of \$1,727,000 at the current date, a drop of \$21,252,000 which is explained in detail in table 17.

Table 17.---FACTORS RESPONSIBLE FOR CHANGES IN NET WORTH OF LIQUIDATED AND IN LIQUIDATION ENTERPRISES, DATES OF ASSUMPTION OF CONTROL TO JUNE 30, 1956  
/In thousands of dollars/

Net worth as of dates of assumption of control.....		\$19,525
Operating profits and losses: 1/		
Profits of 82 companies.....	\$4,475	
Losses of 177 companies.....	<u>-5,657</u>	
Net change.....		-\$1,182
Capital gains and losses:		
Capital gains.....	\$10,966	
Capital losses.....	<u>-8,307</u>	
Net change.....		2,659
Distributions to stockholders and other owners (including the Attorney General):		
Regular dividends.....	-2,794	
Liquidating dividends in cash and kind.....	<u>-19,935</u>	
Net change.....		<u>-22,729</u>
Total net changes.....		<u>-21,252</u>
Net worth as of June 30, 1956 (footnote 2, table 16).....		(1,727)

1/ 26 companies had neither profits nor losses.

Of the total liquidating dividends distributed by the companies (in liquidation or completely liquidated) in cash and property in kind, the Office received a total of \$13,525,000 in cash and \$4,951,000 in property as its distributive share, or a combined total of \$18,476,000 of the \$19,935,000 paid out by the enterprises.

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### Procedure in Liquidation of Corporations

The first step in the liquidation of corporations in which the Office of Alien Property has the controlling or substantial interests 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 upon the method most advantageous to the Office and the corporation. Other assets, such as receivables and claims, must also be reduced to cash.

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

ACCOUNTS RECEIVABLE.---In collecting accounts receivable, it is first necessary to develop information to show that the debt is due and owing by the person, firm or corporation indicated to be the obligor by the books of the liquidating company. In some instances, making and enforcing the demand has resulted 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 liquidating 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 all valid claims against the 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 DIVIDENDS.---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 applicable state statutes do not always provide means of expeditious closing of corporate cases, the Office has accelerated the final distribution of liquidating dividends to itself in those instances where it is the sole stockholder by issuing "Dissolution Orders"; these orders are directives to the corporate officers and directors and provide for the manner of winding up the corporate affairs and making final distribution of assets. Dissolution orders, <sup>3/</sup> 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 corporation has progressed in accordance with state law. 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

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<sup>3/</sup> For the dissolution orders issued during the fiscal year, see Appendix, Exhibit C, p. 93.

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 was 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 one but not 100 percent, the same procedure is followed in making liquidating distributions, except that before the dissolution 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 order is issued but the plan of distribution adopted by the officers and directors is passed on by the Office if supervisory powers are in effect.

#### 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 properties are then inventoried and appraised. In preparing for and carrying out the sale of the assets, the Office follows section 501.25 of the Regulations of the Office of Alien Property. <sup>4/</sup> This regulation 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 and 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. <sup>5/</sup> For a fuller discussion of claims, see Chapter VI, "Claims".

#### LIQUIDATION OF BANKS AND INSURANCE COMPANIES

During the fiscal year 1956 the liquidation of the remaining one insurance company under the supervision of this Office was completed. This Office had vested the "excess proceeds" of the United States branch of the Sumitomo Marine & Fire Insurance Company, which was in liquidation by the Superintendent of Insurance of the State of New York. The Office received during the fiscal year as excess proceeds of this vesting the sum of \$314,745.21.

The Office continues its supervision of the liquidation of five banks. These

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<sup>4/</sup> 8 CFR 501.25.  
<sup>5/</sup> 60 Stat. 925, 50 U.S.C. App. sec. 34.

institutions are being liquidated by appropriate state officials, 6/ or by Liquidating Trustees, 7/ under the supervision of this Office.

#### Progress of Liquidation

Table 18 indicates the financial condition of banks and insurance companies still in liquidation and completely liquidated at June 30, 1956 (except the 6 banks and 2 insurance companies in which vested interests were returned to their nonhostile owners), from dates of assumption of control to June 30, 1956. The first column gives the consolidated balance sheet of 16 banks and insurance companies which are completely liquidated on June 30, 1956, as of dates of assumption of control. The second column shows the consolidated balance sheet of the five banks, as of dates of assumption of control, still in liquidation at June 30, 1956. The third column indicates the net changes on the books of the companies in their balance sheets while being liquidated under the supervision of the Office, while the fourth column shows the consolidated balance sheet of the five remaining banks in liquidation as of June 30, 1956. For purposes of comparison, the same banks are included in column two as are shown in column four.

The table indicates that total assets of the 21 banks and insurance companies being liquidated or completely liquidated under the general supervision of the Office as of June 30, 1956 have declined \$57,330,000. The two principal factors in reducing total assets of the banks and insurance companies 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.

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 which were liquidated directly by this Office, 8/ were treated in accordance with sections 32 and 34 of the Trading With the Enemy Act, as amended. 9/

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

7/ In the State of Washington and in the Territory of Hawaii the liquidation of the enemy-owned or controlled banks was not undertaken by state or territorial authorities. The liquidations of the Sumitomo Bank of Seattle and the Sumitomo Bank of Hawaii, both of which are domestic corporations in which substantial stock interests were vested, are being conducted by Liquidating Trustees.

8/ The Yokohama Specie Bank, Ltd., Honolulu branch; The Yokohama Specie Bank, Ltd., Seattle branch.

9/ 60 Stat. 50, as amended 60 Stat. 930, 61 Stat. 784, 64 Stat. 1080, 66 Stat. 129, 68 Stat. 767, 50 U. S. C. App. sec. 32; 60 Stat. 925, 50 U. S. C. App. sec. 34.

Table 18.---CONSOLIDATED COMPARATIVE BALANCE SHEET OF BANKS AND INSURANCE COMPANIES IN LIQUIDATION OR COMPLETELY LIQUIDATED AS OF JUNE 30, 1956, DATA SHOWN AS OF DATES OF ASSUMPTION OF CONTROL AND AS OF JUNE 30, 1956

[In thousands of dollars]

Balance sheet items	As of dates of assumption of control		Changes reflected on books of companies	As of June 30, 1956
	Liquidated on June 30, 1956	In liquidation June 30, 1956		
<b>ASSETS 1/</b>				
Located in the United States:				
Cash.....	10,846	19,573	(25,030)	5,389
Receivables.....	781	12,109	(11,816)	1,074
Investments.....	8,424	.....	(8,422)	2
Fixed assets.....	109	7	(116)	.....
Deferred charges.....	53	37	(85)	5
Claims and deposits.....	234	1	(235)	.....
Total assets in United States....	20,447	31,727	(45,704)	6,470
Located in former allied and neutral countries.....	447	4,775	(4,665)	557
Located in former enemy and enemy-occupied countries.....	297	14,458	(6,961)	7,794
Total assets.....	21,191	50,960	(57,330)	14,821
<b>LIABILITIES AND NET WORTH</b>				
<b>Liabilities:</b>				
Owing to residents of the United States.....	4,877	3,475	(4,712)	3,640
Owing to residents of former allied, neutral, and enemy-occupied countries.....	5	986	(991)	.....
Owing to residents of former enemy countries.....	425	457	(837)	2/ 45
Owing to Attorney General (vested).....	.....	.....	.....	.....
Total liabilities.....	5,307	4,918	(6,540)	3,685
<b>Net worth:</b>				
Net worth of solvent companies.....	15,884	46,042	(50,790)	11,136
Net worth of insolvent companies...	.....	.....	.....	.....
Total net worth.....	15,884	46,042	3/ (50,790)	11,136
Total liabilities and net worth..	21,191	50,960	(57,330)	14,821
<b>Net worth of solvent companies distributed according to ownership shares:</b>				
Vested in the Attorney General.....	15,574	46,024	(50,465)	11,133
Owed by others.....	310	18	(325)	3

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.

3/ See textual table, p. 36 for breakdown of the reduction in net worth.

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 \$11,136,000 at June 30, 1956, was accomplished by the following factors:

Net worth at dates of assumption of control.....	\$61,926,000
Liquidating gains and losses:	
Add: Gains of 10 companies.....	\$4,922,000
Less: Losses of 11 companies.....	<u>-2,202,000</u>
Net change.....	\$2,720,000
Distributions to stockholders and other owners (including Attorney General):	
Liquidating payments in cash.....	-27,176,000
Liquidating payments in kind.....	<u>-26,334,000</u>
Net change.....	-53,510,000
Total net changes in net worth.....	<u>-50,790,000</u>
Net worth of banks and insurance companies at June 30, 1956.....	<u>11,136,000</u>

GENERAL ANILINE & FILM CORPORATION

Interest of the Office

The Office of Alien Property continues to hold in the name of the Attorney General 540,894 (91.2%) of the 592,742 outstanding shares of common "A" stock and all of the 2,050,000 outstanding shares of common "B" stock of the corporation as of June 30, 1956.

Management

The following changes took place in the officers and directors of General Aniline & Film Corporation during the fiscal year 1956: Mr. W. A. Hensel was elected Vice-President and General Manager of the Ozalid Division on December 21, 1955; Mr. A. T. Morphy was elected Assistant Secretary on December 21, 1955 to replace Mr. L. W. Munchmeyer who resigned as of the same date; Mr. R. Williams and Mr. J. M. Budinger were elected to the board of directors on September 28, 1955 and April 10, 1956 respectively; while Mr. P. M. Dinkins was elected a director on March 28, 1956 to replace Mr. T. C. Davis who resigned effective the same date.

Business Operations

DYESTUFF & CHEMICAL DIVISION.---The Dyestuff and Chemical Division has continued to concentrate on a program of diversification, integration, and consolidation.

Under the diversification program, the completion of the new acetylene chemicals plant at Calvert City, Kentucky, marks the first commercial scale production in this country of high pressure acetylene derivatives. Production started in February 1956 and has continued at an improving rate throughout the fiscal year. This plant will provide products for use in pharmaceuticals, textiles, hair lacquers, synthetic plastics, fibers, solvents, adhesives, and other chemical fields. One product of particular interest, which has been developed as a result of this program, is a non-toxic, antiseptic iodine complex. New facilities approved early in 1956, and now under construction at Linden, New Jersey, provide one of the large soap manufacturers with the ingredients for the first successful synthetic detergent bar soap. A new surfactant plant is now under construction at Calvert City, Kentucky, and is due to go on stream late in 1956. This will provide mid-west facilities for

the manufacture of detergents, and surface active agents. This will permit the corporation to receive, produce, and dispense quantities of these materials, taking advantage of freight rate allowances from a mid-west location. Purchase of land adjacent to the Linden plant from the Central Railroad of New Jersey has been approved and will provide additional trackage and room for future expansion. On part of this land, arrangements are being finalized for the installation of a satellite plant by the Linde Air Products Company. This provides an outlet for the heretofore waste hydrogen from the chlorine-caustic plant.

Under the integration portion of the program, General Aniline has reduced its dependence on competitors for the supply of raw materials by the completion of the chlorine-caustic plant at Linden. This plant will supply captive requirements of chlorine, caustic soda, caustic potash, muriatic acid, and sodium hypochlorite. A central distillation unit has provided facilities for more efficient and less hazardous distillation and solvent recovery. Additional facilities are being provided at the Linden plant for the production of detergents and surface active agents and alyky phenols. The corporation is constructing a new plant at Linden for the manufacture of ethylene oxide and ethylene glycols. The former is a basic raw material used in the production of detergents and surface active agents while the latter will be offered for sale. Construction is also under way which will provide facilities for the manufacture of chlorinated organic chemicals. Many basic chlorinated materials now purchased will be provided from these facilities. Surplus quantities will be offered for sale. Upon completion of facilities at Linden, the corporation will produce flushed pigments for sale to the trade.

The consolidation part of the program mentioned above was evidenced by the occupation of a new shipping warehouse at Linden on August 1, 1956. This provided consolidation of the storage and shipping of finished goods previously carried out in New York. Similar activities now carried out at Philadelphia will be transferred to the Linden location late in 1956.

The division added 47 new products to the dyestuff and pigment commercial lines. Thirty new chemicals were also added to the commercial line during the fiscal year. In addition, approximately 120 additional dyestuff and pigment items, and 70 new chemicals were being field tested under the technical development program.

ANSCO DIVISION.---Agreement was reached with Agfa, Germany, leading to restoration of the trade-marks of the original companies and licensing of patents and "know-how". Although more film, paper and chemical products were produced during the calendar year 1955 than during any previous year, the paper plant and chemical packing plant received a New York State award for operating for four years without accidents to personnel, and the film plant and camera plant received honorable mention for improvement in safety performance over the previous year.

The new high speed Anscochrome color roll film introduced in 1955 has continued to meet with enthusiastic response by the trade and has added to Ansco's standing in the photographic field. Additional types of high speed Anscochrome film were introduced during the past year; namely, Anscochrome sheet film for professional use, Anscochrome Flash Film, Anscochrome 16mm Tungsten Film for use with photoflood lamps, and 16mm Anscochrome PNI Film (processing not included) for industrial and scientific motion picture work. A method for processing Anscochrome films to produce up to three times higher than normal film speed was worked out particularly for news picture, military and 16mm motion picture applications. Manufacture of automatic pilot equipment, designed by Ansco for use in private airplanes, was begun in 1956 under a contract with a distributor.

OZALID DIVISION.---The new combination finished products warehouse and converting building at the Johnson City plant location was completed in May 1956. A new fully integrated warehouse and machine manufacturing building has been approved, a plant site has been

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purchased, and it is expected that ground will be broken this fall. In addition to providing expanded production facilities to meet constantly increasing sales volume, these new buildings will permit operating economies and eliminate the necessity for outside warehousing space.

RESEARCH AND PATENTS.---During the fiscal year the corporation expended the sum of \$2,596,210 on basic research and \$2,915,080 on process development. Of the total of 3,842 unexpired patents owned, 1,995 were issued in the United States, while of the total number of 1,403 pending patent applications, 399 were pending with the United States Patent Office.

#### Financial Information

Total assets increased by an amount in excess of \$4,000,000 between June 30, 1955 and 1956. Total liabilities, however, decreased by an amount in excess of \$700,000 between the two dates. The major reason for the increase in total assets during the fiscal year was the completion of new plants and warehouses (see p. 37).

After allowance of \$5,585,867 for Federal income taxes, the corporation earned \$4,903,082, compared with \$3,429,000 during the fiscal year 1955. Net sales increased from \$112,808,000 for the fiscal year 1955 to \$124,317,000 for the fiscal year 1956. As a result of these operations, the corporation increased its net worth from \$103,203,000 at June 30, 1955 to \$108,079,000 at June 30, 1956. The corporation did not declare or pay dividends on its outstanding shares of capital stock during the fiscal year. As of the close of the fiscal year 1956 the Attorney General's vested interest in the corporation was valued at \$101,054,133, compared with \$96,495,814 at June 30, 1955, both amounts being based upon book values.

GENERAL ANILINE & FILM CORPORATION AND DOMESTIC SUBSIDIARIES, CONSOLIDATED COMPARATIVE BALANCE SHEETS, 1/ MAR. 31, 1942, JUNE 30, 1955, AND JUNE 30, 1956  
 [ \$ omitted ]

Balance sheet items	Mar. 31, 1942 2/	June 30, 1955	June 30, 1956
<b>ASSETS 3/</b>			
<b>Located in the United States:</b>			
Cash.....	\$9,292,036	\$10,347,206	\$8,482,491
Receivables.....	4,647,030	9,432,094	10,805,827
Inventory.....	16,393,039	51,528,224	50,902,658
Investments.....	8,251,488	26,024,809	20,700,395
Fixed assets.....	20,561,635	51,290,120	60,843,781
Intangibles.....	1	1	1
Deferred charges.....	1,031,612	2,295,905	2,957,678
Claims and deposits.....	542,639	651,744	638,615
<b>Total assets in the United States.....</b>	<b>60,719,480</b>	<b>151,570,103</b>	<b>155,331,446</b>
Located in former allied and neutral countries.....	433,846	1,529,877	1,877,020
Located in former enemy and enemy-occupied countries 4/..	7,597,289	.....	.....
<b>Total assets.....</b>	<b>68,750,615</b>	<b>153,099,980</b>	<b>157,208,466</b>
<b>LIABILITIES AND NET WORTH</b>			
<b>Liabilities:</b>			
Owing to residents of the United States.....	28,040,882	49,539,399	48,740,574
Owing to residents of former allied, neutral and enemy-occupied countries.....	460,400	357,217	389,354
Owing to residents of former enemy countries.....	57,600	.....	.....
Owing to Attorney General (vested).....	.....	.....	.....
<b>Total liabilities.....</b>	<b>28,558,882</b>	<b>49,896,616</b>	<b>49,129,928</b>
<b>Net worth.....</b>	<b>40,191,733</b>	<b>103,203,364</b>	<b>108,078,538</b>
<b>Total liabilities and net worth.....</b>	<b>68,750,615</b>	<b>153,099,980</b>	<b>157,208,466</b>
Book value of shares vested in the Attorney General 5/...	36,369,890	96,495,814	101,054,133
Book value of shares owned by others.....	3,821,843	6,707,550	7,024,405

1/ These balance sheets were prepared from financial data supplied by the corporation. They are not the official balance sheets of the company.

2/ 24 days before vesting.

3/ Receivables and claims are classified according to location of debtors; deposits according to location of depositaries; and securities according to location of issuers.

4/ An investment in common stock of I. G. Chemie is included in this item and is carried at a value of \$7,595,300 as of Mar. 31, 1942. The stated value of this investment was later reduced substantially as a result of a distribution of these shares in lieu of cash dividends. Investment in this Swiss company is listed among assets located in former enemy and enemy-occupied countries because the Alien Property Custodian vested the I. G. Chemie holdings of GAF, having found that I. G. Chemie was a cloak for I. G. Farbenindustrie, A. G., of Germany.

5/ The participation of the common "A" and "B" shares in the book value of the equity may be calculated on either of two proportions. The alternative proportions to be used are stipulated in the corporation's certificate of incorporation, as amended. The part of the book value of the equity that is here ascribed to the vested "A" and "B" shares is proportionate to their participation in dividend rights. If the part of the book value of the equity ascribed to the vested shares is made proportional to their participation in liquidation rights, the book value of the vested shares is \$102,941,713 and the book value of the unvested shares is \$5,136,825.

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PATENTS, COPYRIGHTS, AND TRADE-MARKS

There still remain under the administration and control of the Office of Alien Property a large number of industrial and intellectual properties consisting of patents, copyrights, and trade-marks, together with contracts and license agreements relating thereto.

The copyright program of the Office includes the administration of several hundred thousand copyrighted scientific, literary and artistic works, such as scientific periodicals, technical treatises, motion pictures and musical compositions.

The Office is still responsible for regulating the transactions of trade-marks of nationals of Eastern Germany.

VESTED PATENTS AND PATENT APPLICATIONS

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 under administration and increases the number of patents; (2) the expiration of patents; and (3) the return of patents and patent applications to American citizens and nonhostile foreign nationals.

PATENT PROSECUTION.---Only those patent applications which related to new products or processes which appeared to have been of value to American industry were prosecuted by the Office. As of June 30, 1956 the Office had been granted a total of 3,053 patents on vested patent applications. Work under this program 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 controlled by the Office expire each year. Approximately 2,580 patents expired during the fiscal year 1956, making a total of approximately 32,963 expirations since dates of vesting. After deducting expired patents and returns of vested patents, the Office still held approximately 9,225 unexpired patents at the close of the fiscal year 1956.

RETURNS OF PATENT PROPERTY.---The Office returned to their former owners during the fiscal year a total of 52 patents, 4 part interests in 4 patents, 1 patent application, 1 patent contract, 3 part interests in 1 patent contract, 1 part interest in a patent application, and 1 invention. These returns were made under authority of section 32 of the Trading With the Enemy Act, as amended. As of June 30, 1956 the Office had returned 2,307 patents, 96 part interests in patents, 137 patent applications, 104 interests in 96 patent contracts, and 17 inventions.

LICENSING OF VESTED PATENTS

Licensing Policy

FORMER ENEMY PATENTS.---Patents formerly owned by nationals of Germany and Japan 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. 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 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 cumulative and fiscal year basis is as follows:

	Cumulative total to June 30, 1956	Licensed during period July 1, 1955 to June 30, 1956	Cumulative total to June 30, 1955
Number of licenses granted.....	1/ 3,474	26	3,448
Number of patents and patent applications licensed (counting each patent as many times as it was licensed).....	15,099	38	15,061

1/ More than 99 percent 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 1956 approximately 250 requests for general and technical information on vested patents were received by the Office and over 65 orders for sets, sections and classes of patent abstracts were filled.

### PATENT CONTRACTS

The Office has acquired interests in a large number of patents, 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 were vested by the Office at the close of the vesting program in 1953. Of the 1,218 interests vested, 965 had been owned by nationals of enemy countries 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 joint interests vested.

#### Problems of Administration and Disposition

The legality of patent contracts under the antitrust laws of the United States was one of the principal problems encountered by the Office of Alien Property in the administration and disposition of this type of property.

**ILLEGAL CONTRACTS.**---The policy of the Office with respect to illegal agreements was to cancel those under which the rights and interests in patents had been granted to Americans by their former owners who were nationals of Germany and Japan. <sup>1/</sup> Any licensee who voluntarily relinquished all claims relative to a patent involved and payed accrued royalties up to the date of the renegotiation, was granted an irrevocable, nonexclusive, royalty-free license for the remaining life of the patent. All qualified applicants then received standard licenses. This procedure was also followed in cases in which patents were assigned. The Office of Alien Property cooperated with the Antitrust Division of the Department of Justice in the prosecution of any case in which a patent was 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, non-exclusive, royalty-free licenses. All other qualified applicants are then 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 1956 a total of 6 patents 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.

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<sup>1/</sup> Antitrust questions have also arisen with respect to property returned to eligible persons. In some cases, agreements which contained provisions restraining competition or which tended to create monopolies in violation of the antitrust laws were modified as a condition of return, and the claimant had to furnish appropriate assurance that the objectionable provisions would not be reinstated.

A total of 4,831 patents and patent applications have been made available for licensing by the Office through interpretation, 2/ or termination of certain contracts during the period March 11, 1942 to June 30, 1956. This total broken down by type of licensing is as follows:

<u>Type of Licensing</u>	<u>Number of patents and patent applications</u>
Unrestricted royalty-free licensing.....	4,619
Restricted royalty-free licensing.....	138
Unrestricted royalty-bearing licensing.....	74

COLLECTION OF ROYALTIES.---As of June 30, 1956 the Office had collected a net total of \$25,464,774.54 in royalties due under vested patents and patent contracts. Of this amount, \$627,272.51 was collected during the fiscal year 1956. Table 19 classifies royalty collections by nationality of former owners of the rights to the royalties.

Table 19.---ROYALTIES COLLECTED UNDER VESTED PATENTS AND PATENT CONTRACTS, MAR. 11, 1942, TO JUNE 30, 1956, 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.....	\$25,464,774.54	\$5,124,954.87	\$20,339,819.67
German.....	18,180,458.19	1/ 3,168,362.01	15,012,096.18
Japanese.....	841.79	.....	841.79
Italian.....	1,252,318.28	534,258.88	718,059.40
Hungarian.....	431,772.32	78,944.47	352,827.85
Rumanian.....	1,597.18	.....	1,597.18
Belgian.....	200,670.35	70,938.63	129,731.72
Czechoslovakian.....	425,104.32	154,859.70	270,244.62
Danish.....	76,905.09	46,541.45	30,363.64
Dutch.....	343,809.47	117,372.35	226,437.12
French.....	3,104,409.48	791,087.39	2,313,322.09
Luxembourg.....	317,932.07	84,779.68	233,152.39
Norwegian.....	1,129,180.18	78,085.31	1,051,094.87
Polish.....	2/ (275.00)	2/ (275.00)	.....
Swiss.....	50.82	.....	50.82

1/ Reduction in total from last year due to transfer of sum originally credited as accruing "prior to dates of vesting" to "subsequent to dates of vesting".  
 2/ Excess of expenditures over cash income.

COPYRIGHTS: GENERAL

The Office controls and administers vested interests in copyrights and related rights in scientific books, periodicals, motion pictures, music, plays, paintings, photographs and other types of literary and artistic works of foreign origin. The Office grants

2/ 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.

licenses for the exploitation of these vested works. The various types of exploitation include, among others, the republication of books, periodicals and sheet music and the publication of translations and revisions thereof; the production, distribution and exhibition of motion pictures; the theatrical performance of plays and operas; performances on radio and television; and the recording of musical compositions. The Office also administers contracts entered into before World War II between foreign copyrights owners and American exploiters and collects the royalties as they accrue.

The Office has vested thousands of copyrights, claims and rights to copyrights, and the interests in 634 prewar contracts covering thousands of works.

ROYALTIES.---As a result of the licensing program and the administration of vested prewar contracts, the Office has collected through June 30, 1956 a total of \$4,660,289.19 in royalties. During the fiscal year 1956 the Office received \$209,095.10 from this source. Table 20 shows the net receipts received by the Office from royalties on copyrighted works and the nationalities of the former owners of these works.

Table 20.---ROYALTIES COLLECTED FROM VESTED INTERESTS IN COPYRIGHTS, MAR. 11, 1942, TO JUNE 30, 1956, 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.....	\$4,660,289.19	\$1,120,764.41	\$3,539,524.78
German.....	2,362,695.35	343,292.38	2,019,402.97
Japanese.....	26,408.33	2,981.82	23,426.51
Italian.....	423,389.82	127,506.43	295,883.39
Hungarian.....	40,201.85	6,027.28	34,174.57
Rumanian.....	1,936.13	1,211.13	725.00
Bulgarian.....	1,292.52	713.37	579.15
Belgian.....	28,272.30	4,773.03	23,499.27
Austrian.....	.09	.....	.09
Czechoslovakian.....	35,172.41	10,314.93	24,857.48
Danish.....	72,536.33	44,021.40	28,514.93
Dutch.....	1,290.69	447.65	843.04
French.....	1,621,041.21	559,887.38	1,061,153.83
Norwegian.....	15,937.17	6,696.53	9,240.64
Polish.....	29,346.24	12,697.33	16,648.91
Yugoslavian.....	768.75	193.75	575.00

1/ Totals shown from royalties are net of 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 and 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 various claimants.

As of June 30, 1956 the Office had collected a total of \$3,987,693 from the exploitation of literary works and musical compositions under prewar contracts in which foreign interests have been vested. Of this amount approximately \$3,462,745 was collected from music and \$524,945 from books and periodicals.

#### Music and Books

The administration of prewar contracts for the exploitation of music has been 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 \$1,105,000 has been collected from the use of music on radio and television. One music publisher alone has paid approximately \$865,000 under prewar contracts which it had with German publishers. The Office continues to receive royalties from many works covered by prewar contracts.

#### ADMINISTRATION OF VESTED WORKS

As a result of the licensing program for the exploitation of vested copyright works there were licenses outstanding at the end of the fiscal year 1956 covering approximately 950 scientific books and periodicals. In addition, there were 94 licenses covering the exploitation of vested motion pictures and a number of other licenses covering musical compositions. During the fiscal year 1956 twenty-four 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 314 individual works were licensed during the fiscal year ended June 30, 1956.

#### 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, tables, text excerpts, 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 rate of 2 percent in the case of English translations. Permission to use the new material in the post-1946 edition must be obtained by the American publisher from the foreign owner. The royalty for the use of excerpts, drawings, tables, etc., usually is a flat fee which varies with the value of the material used.

In order to help defray the expenses of examining the records and preparing the license, an administrative fee of \$15 is charged for each license except those issued to another Government agency. An advance royalty payment of \$50 for each book and \$5 for each periodical is required under commercial licenses. Commercial licenses provide for a 6-month's 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.

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### 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 the rate is 2¢ for each record, except where the licensee publishes a new English version the rates are generally 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 1956, the Office had vested in excess of 6,000 motion pictures. Most of the motion pictures are German productions, and 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 34,000,000 feet.

The Office licensed the use of vested motion pictures for distribution to commercial theatres, for television exhibition and for sale of 16mm prints for non-commercial exhibitions. In addition, licenses are issued covering remake rights and the use of stock-shot footage in the production of new pictures. The expansion of television has resulted in a substantial increase in the demand for motion pictures. Licenses frequently provide for the addition of English language sound tracks or sub-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 as closely as possible 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 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, prewar contracts relating 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. <sup>3/</sup> Even

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<sup>3/</sup> See Annual Report, Office of Alien Property Custodian, fiscal year ended June 30, 1944, pp. 114-115.

during the period of the war a policy of selective vesting was followed, trade-mark properties being recognized as essentially individual in character, licensable and transferable only under restricted conditions. As a result of this policy of selective vesting, only about 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. At the close of the fiscal year 1956 the Office still held the interests in 305 trade-marks and in 17 trade-mark contracts.

ROYALTIES COLLECTED.---During the period March 11, 1942 to June 30, 1956, the Office collected a total of \$2,003,059.06 after deduction for direct expenses under trade-mark agreements outstanding at the time of vesting. Table 21 indicates the nationality of the former owners of vested trade-marks together with amounts collected by the Office.

Table 21.---ROYALTIES COLLECTED UNDER VESTED TRADE-MARK CONTRACTS, MAR. 11, 1942 TO JUNE 30, 1956 1/

Nationality of former owners of contract interests	Total	Accrued prior to dates of vesting	Accrued subsequent to dates of vesting
Total.....	\$2,003,059.06	\$745,083.15	\$1,257,975.91
German.....	416,172.01	162,709.67	253,462.34
Japanese.....	(569.35)	180.65	2/ (750.00)
Italian.....	1,266,897.36	467,778.40	799,118.96
Hungarian.....	320,559.04	114,414.43	206,144.61

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

Prewar Trade-Marks of Enemy and Former Enemy Nationals

The Office has issued a number of authorizations to American attorneys representing German nationals under the provisions of Title 8 CFR, Section 507.1(b) of the regulations of the Office of Alien Property, permitting them to renew and re-register in the United States the trade-marks of German nationals in the Western Zone of Germany where trade between this country and the United States is active, and the trade-marks of the German nationals are in use.

New Trade-Marks

Under existing regulations of the Office (8 CFR 507.41), a general license has been issued permitting the application for and registration by nationals of German 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 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 manufactured 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.

REAL AND PERSONAL PROPERTY  
AND INTERESTS IN ESTATES AND TRUSTS

The Office of Alien Property continued its progress during the fiscal year in selling and liquidating its holdings of real and personal property. Special mention should be made of the public sale of vested shares of stock of Rohm & Haas Company, proceeds of which totaled \$34,405,649.61, the largest amount of money received by the Office for this type of sale. A full description of this sale will be found on pp. 52-53.

REAL ESTATE

Description of Real Estate Holdings

The Office has vested or otherwise acquired real property valued at \$8,803,000 during the period March 11, 1942 to June 30, 1956. Together with appreciation of real property while held by the Office of approximately \$1,694,000, total value of vested real estate amounted to \$10,497,000. Table 22 shows the classification of real property according to the nationality of former ownership and the method of its acquisition and disposition by the Office.

Table 22.---VALUE OF REAL ESTATE VESTED, MAR. 11, 1942, TO JUNE 30, 1956, CLASSIFIED ACCORDING TO NATIONALITY OF FORMER OWNERSHIP, METHOD OF ACQUISITION, AND DISPOSITION THEREOF TO JUNE 30, 1956  
[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.....	1,249	1,032	158	57	2
Acquired from distribution of assets of vested business enterprises.....	20	20	.....	.....	.....
Total vested and acquired.....	8,803	5,999	1,915	737	152
Appreciation since dates of vesting.....	1,694	670	563	473	(12) 1/
Total value of real estate.....	10,497	6,669	2,478	1,210	140
Disposition:					
Liquidations and sales.....	7,818	5,564	1,748	384	122
Property returned to nonhostile persons.....	1,664	461	400	785	18
Total dispositions.....	9,482	6,025	2,148	1,169	140
Total held on June 30, 1956.....	1,015	644	330	41	.....

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

In addition to the above real property, the Office has also acquired or vested such items as mineral and oil rights, and ground rents and leaseholds. The value of mineral and oil rights still held by the Office as of June 30, 1956 amounted to \$1,025,000 while that of leaseholds and ground rents stood at approximately \$1,000.

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Administration and Sale of Real Estate

The Office received the sum of \$64,000 during the fiscal year as net income from vested real estate after the payment of taxes, insurance, and other direct expenses, making a total of \$2,078,000 so received through June 30, 1956. In addition, income from mineral and oil rights, and leaseholds and ground rents amounted to \$21,500 during the fiscal year, so that the total received from these types of vested property through June 30, 1956 amounted to \$281,800.

The Office has received \$7,818,000 as the proceeds of the sale and liquidation of real estate through June 30, 1956, of which \$182,000 was received during the fiscal year 1956. The sale and liquidation of mineral and oil rights, and leaseholds and ground rents brought the Office \$34,900 during the fiscal year, making a total of \$153,400 so received through June 30, 1956.

Status of Real Estate Holdings as of June 30, 1956

The Office continued to hold 138 parcels of real estate valued at \$1,015,000 at the close of the 1956 fiscal year, compared to 301 parcels valued at \$1,359,000 at June 30, 1955. Of the total of 138 parcels of real estate still in the possession of the Office at June 30, 1956, 65 are improved, 67 unimproved, and 6 are farm properties. Table 23 classifies all parcels of real estate according to their sales status at June 30, 1956.

Table 23.---SALES STATUS OF REAL ESTATE HELD BY THE OFFICE OF ALIEN PROPERTY, BY NUMBER OF PARCELS, AS OF JUNE 30, 1956

Sales status	Number of parcels			
	Total	Improved	Unimproved	Farm
Total.....	138	65	67	6
Salable properties:				
Advertised, insufficient offers received.....	19	7	11	1
In process, advertisements released to agents.....	1	1	....	....
In process, advertisements not released to agents (except Hawaiian).....	77 <sup>1/</sup>	41	33	3
Hawaiian cases.....	3	1	2	....
Properties withheld from sale:				
Italian <sup>2/</sup> .....	10	2	8	....
Other nationalities <sup>3/</sup> .....	14	8	5	1
Legal difficulties <sup>4/</sup> .....	7	3	3	1
Properties sold but closing still pending.....	7	2	5	....

<sup>1/</sup> Of this total, 52 parcels are under the accelerated sales program.

<sup>2/</sup> Withheld from sale pending return under section 32 of the Trading With the Enemy Act.

<sup>3/</sup> Withheld from sale because of possible eligibility of former owners for return, or for other policy reasons.

<sup>4/</sup> Cases involving section 9(a) suits, title defects, etc.

Accelerated Sales Program

An accelerated sales program involving parcels of vested real estate was placed in effect at the close of the fiscal year 1955 and the results for the fiscal year 1956 have been most satisfactory, as the reduction in parcels held between June 30, 1955 and June 30, 1956 indicates. New procedures were devised to direct the favorable attention of prospective purchasers to all vacant non-income producing land, including the placement of

For Sale signs 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 were contacted in an effort to liquidate this slow-moving land. Sales listings were also distributed by this Office to members of local real estate boards. 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 and otherwise acquired mortgages on real property valued at \$1,777,000 during the period March 11, 1942 to June 30, 1956. Together with a revaluation of -\$63,000 during this period, net value of mortgages amounted to \$1,714,000. Net income during the fiscal year 1956 was approximately \$4,000 and the total income received to June 30, 1956 amounted to \$136,900.

Status of Mortgage Holdings as of June 30, 1956

The Office continued to hold mortgages valued at approximately \$252,000 at June 30, 1956. The Office sold or liquidated mortgages valued at \$124,000 during the fiscal year. The following summary indicates the net value of mortgages vested or otherwise acquired and the value of those disposed of during the period March 11, 1942 to June 30, 1956:

Mortgages vested and acquired:	
Directly vested.....	\$1,174,000
Received from distribution of assets of estates and trusts in which the Attorney General had interests.....	603,000
Total mortgages vested and acquired.....	1,777,000
Net revaluation.....	<u>-63,000</u>
Total value of mortgages to be disposed of.....	\$1,714,000
Dispositions:	
Real estate received in satisfaction of delinquent mortgages.....	-\$35,000
Mortgages sold and principal amounts collected.....	-1,366,000
Returned to nonhostile persons.....	<u>-61,000</u>
Total value of mortgages disposed of.....	<u>-1,462,000</u>
Total value of mortgages held as of June 30, 1956.....	252,000

MORTGAGE PARTICIPATIONS

Mortgage participation certificates, or fractional interests in real estate mortgages, valued at \$828,000 have been vested or otherwise acquired by the Office. The following summary shows the net value of mortgage participations vested and acquired and the value of dispositions during the period March 11, 1942 to June 30, 1956:

Mortgage participations vested and acquired:	
Directly vested.....	\$488,000
Received from distribution of assets of estates and trusts in which the Attorney General had interests.....	340,000
Total value of participations vested and acquired...	828,000
Net revaluation.....	<u>-176,000</u>
Total value of mortgage participations.....	\$652,000

Disposition:

Participations sold and principal amounts collected.....	-\$583,000
Returned to nonhostile persons.....	-34,000
Total value of mortgage participations disposed of.....	<u>-617,000</u>
Total value of mortgage participations held as of June 30, 1956....	35,000

STOCKS, BONDS, AND OTHER SECURITIES

Total Vestings and Acquisitions

The Office of Alien Property has vested or otherwise acquired stocks and bonds valued at \$56,214,000 at dates of vesting or acquisition during the period March 11, 1942 to June 30, 1956. This total consisted of \$33,676,000 of stocks, \$22,372,000 of bonds, and \$166,000 of other securities (detached coupons, etc.). Appreciation, both realized upon sale of the securities and upon those still held by the Office, since dates of vesting and acquisition amounted to a total of \$62,017,000, consisting of \$57,749,000 for stocks, \$4,032,000 for bonds, and \$236,000 for other securities. The totals of these securities and the methods of their vesting and acquisition and dispositions made thereof are shown in table 24.

Table 24.---STOCKS, BONDS, AND OTHER SECURITIES VESTED AND ACQUIRED, MAR. 11, 1942 TO JUNE 30, 1956, AND DISPOSITION THEREOF TO JUNE 30, 1956  
[In thousands of dollars]

	Stocks	Bonds	Other securities
<b>Property vested and otherwise acquired:</b>			
Directly vested.....	\$23,150	\$9,447	\$152
Acquired from distribution of estates and trusts in which the Attorney General had vested interests....	5,398	8,100	14
Acquired from distribution of assets of vested business enterprises.....	1,729	4,825	.....
Transfer of minority interests in vested business enterprises to miscellaneous securities after the sale or return of the vested majority interests....	3,399	.....	.....
Total value of securities vested and acquired...	33,676	22,372	166
Net appreciation since dates of vesting.....	57,749	4,032	236
Total value of securities.....	91,425	26,404	402
<b>Dispositions:</b>			
Proceeds of sale and liquidation.....	63,353	20,037	226
Property returned to nonhostile persons in kind.....	9,423	1,370	.....
Transfers in kind under intercustodial agreements....	23	23	.....
Total dispositions.....	72,799	21,430	226
Total value of securities held by the Office as of June 30, 1956.....	18,626	4,974	176

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 procedures

used 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 of Alien Property 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 procedures above are 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. <sup>1/</sup>

#### Sale of Stock of Rohm & Haas Company

By virtue of Vesting Order No. 130, executed on August 28, 1942, and amended May 14, 1943, there were vested in the Alien Property Custodian, among other shares, 4,933-1/3 shares of the common stock of The Resinous Products and Chemical Company. The shares were described in the vesting order as being registered in the name of Chemie Holding, A. G., and held for the benefit of Chemische Fabriken, Dr. Kurt Albert, G.m.b.H., of Germany.

In 1948 Resinous was merged with Rohm & Haas Company, the latter continuing as the surviving corporation. Pursuant to the merger agreement the Attorney General exchanged all of the aforesaid Resinous shares for 5,410 shares of 4% cumulative preferred stock, Series A, (\$100 par value per share) and 67,627 shares of common stock (\$20 par value per share) of Rohm & Haas Company. By virtue of stock dividends declared by Rohm & Haas Company for each year from 1949 through 1955 the Attorney General had received an aggregate of 21,362 shares of common stock. In May 1956, in settlement of the case of Irene Albert v. Brownell, the Attorney General transferred to the plaintiff 9,776 shares of common stock and 600 shares of preferred stock of Rohm & Haas Company, thus leaving the Attorney General with 79,213 shares of common and 4,810 shares of preferred stock held in his name. <sup>2/</sup> These shares constituted approximately 7.8 percent of the issued and outstanding shares of each class of stock of the company. Rohm & Haas Company is engaged principally in manufacturing and selling a diversified line of chemical products, with principal offices in Philadelphia, Pa.

<sup>1/</sup> For a discussion of business enterprises and their disposition, see Ch. III, "Business Enterprises," pp. 28-29.

<sup>2/</sup> For details of the suit, see Ch. VII, "Suits and Other Judicial Proceedings," pp. 68-69.

The aforementioned shares of stock were registered by the company with the Securities and Exchange Commission and offered for sale under sealed bids. The sale was in accordance with the normal procedure respecting the disposition of this type of property. A prospectus was issued and sealed bids were invited for all of the vested shares as an entirety. On May 22, 1956, the public sale of the vested shares was announced by advertisements in the New York City and Philadelphia newspapers and in the National edition of the Wall Street Journal. In addition, 2,158 announcements were sent to individuals and companies on the Office mailing list. The day of sale was set for June 19, 1956.

On the day of sale, four bids were received of which three were in accordance with the rules of procedure as set forth in the prospectus. The highest bid, submitted by an underwriting syndicate headed by Kidder, Peabody & Co., and Drexel & Co., Inc., as representatives, amounted to \$34,405,649.61. The total bid was based upon a price of \$428.2512 per share for the 79,213 common shares and \$100.33 per share for the 4,810 preferred shares. On June 19, 1956 the bid submitted by the aforementioned underwriting group was accepted by the Attorney General and closing took place on June 27, 1956. It should be noted that the total amount of the acceptable bid was the largest amount of money received by the Office in this type of transaction.

For the fiscal year ended June 30, 1956, the Office received a total of \$35,628,000 as proceeds from the sale and liquidation of stocks, \$973,000 from bonds and \$2,500 from other securities. Total proceeds through June 30, 1956 were as follows: \$63,382,000 from stocks; \$20,037,000 from bonds; and \$226,000 from other securities.

#### Net Income

During the fiscal year 1956 the Office received as net income from its holdings of securities the following amounts: \$974,000 from stocks; \$354,000 from bonds; and \$92,000 from other securities. Total income received from March 11, 1942 to June 30, 1956 amounted to \$7,040,000 from stocks, \$2,598,000 from bonds, and \$393,000 from other securities.

#### Status of Security Holdings

As of June 30, 1956, the Office had in its possession stocks valued at approximately \$18,626,000, bonds valued at approximately \$4,974,000 and other securities with an approximate value of \$176,000.

Many securities still held by the Office have not been 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. 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.

#### OTHER PERSONAL PROPERTY

The Office has also vested and otherwise acquired certain other types of personal property such as notes, claims, <sup>3/</sup> and credits, bank balances, currency and coin, and interests in life insurance and annuity contracts.

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<sup>3/</sup> The discussion of claims in this section relates to those vested in the Attorney General. Claims asserted against the Attorney General are discussed in Ch. VI, "Claims."

Notes, Claims, and Credits

The following summary indicates the value of notes, claims, and credits vested and otherwise acquired by the Office and their disposition between March 11, 1942 and June 30, 1956:

Notes, Claims, and Credits vested and acquired:		
Directly vested.....	\$26,536,000	
Received from distribution of assets of vested business enterprises.....	16,021,000	
Received from distribution of assets of estates and trusts in which the Attorney General had vested interests.....	38,000	
Total vested and acquired.....	<u>42,595,000</u>	
Revaluation (worthless assets written off).....	<u>-17,822,000</u>	
Total value of notes, claims, and credits.....		\$24,773,000
Dispositions:		
Notes, claims, and credits collected.....	-\$24,226,000	
Returned to nonhostile persons in kind.....	<u>-55,000</u>	
Total value disposed of.....		<u>-\$24,281,000</u>
Total value of notes, claims, and credits held by the Office as of June 30, 1956.....		492,000

Bank Balances

The following summary indicates the value of bank balances vested and acquired and their disposition to June 30, 1956:

Bank balances vested and acquired:		
Directly vested.....	\$34,891,000	
Received from distribution of assets of estates and trusts in which the Attorney General had vested interests.....	202,000	
Total bank balances vested and acquired.....	<u>35,093,000</u>	
Revaluation (due to inaccurate reporting, etc.).....	<u>-3,957,000</u>	
Total value of bank balances.....		\$31,136,000
Dispositions:		
Bank balances collected.....	-\$30,740,000	
Returned to nonhostile persons prior to collection..	<u>-3,000</u>	
Total value of bank balances disposed of.....		<u>-\$30,743,000</u>
Total value of bank balances held by the Office as of June 30, 1956.....		393,000

Currency and Coin

The Office has collected the sum of \$10,055,000 as proceeds of the vesting of currency and coin originally valued at \$10,128,000, with the balance of \$73,000 having been written off as due to faulty reports prior to vesting.

Insurance and Annuity Contracts

The Office has vested and acquired interests in insurance policies and annuity contracts valued at \$3,956,000, of which \$10,000 of vested interests was received in distribution of assets of estates and trusts in which the Attorney General had interests.

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During the fiscal year 1956 the sum of \$50,000 was received as the proceeds of liquidation of the vested interests in insurance policies and annuities making a total of \$3,552,000 so received to June 30, 1956. Net income received from these vested interests during the fiscal year amounted to \$29,000 making a total of \$227,800 received from this source through June 30, 1956. As of the close of the fiscal year 1956, there were 74 open cases of insurance collections on the books of the Office, a reduction of 114 cases from the total of 188 open cases at June 30, 1955.

#### 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 upon the Office, therefore, to insure that distribution of the assets comprising the estate or trust by the administrator, executor, trustee or other fiduciary is correct and in conformity with the terms of the decedent's will, agreement, trust, instrument or court decree. During the fiscal year 1956 the Office completed its administration of the vested interests in 229 cases involving estates and trusts. There are now pending at June 30, 1956 a total of 321 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 501 cases representing trusts in which the Office has a life or remainder interest.

Generally, properties received by the Office as distributions of vested interests in estates and trusts 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 the 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 remaindermen, the Office receives nothing until right to possession of the estate is acquired by the death of the life tenant or other condition of the trust. If the Office has vested a guardianship estate, the guardian normally files a final report with the court which discharges the guardian and turns over the estate to the Office.

##### Distribution of Principal

For the fiscal year ended June 30, 1956, the Office received \$2,549,000 in cash representing distributions of principal from estates and trusts, in addition to securities valued at approximately \$757,000. For the entire period March 11, 1942 to June 30, 1956, the Office received \$40,679,000 in cash and \$18,474,000 in other kinds of property, principally stocks and bonds. Of this noncash property, the Office had liquidated \$15,584,000 by the close of the fiscal year 1956.

The various types of property received as distributions from vested interests in estates and trusts and the amount of each type that has been liquidated by the Office are indicated in table 25.

##### Distribution of Income

For the fiscal year 1956 the Office received \$925,000 as net income from vested interests in estates and trusts, making a total so received through June 30, 1956 of \$7,639,000. This money was the result of direct distribution from estates and trusts, and not the income received from property received as distributions of estates and trusts.

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Table 25.---PROPERTY HELD AS OF JUNE 30, 1956, DERIVED FROM THE VESTING OF INTERESTS IN ESTATES AND TRUSTS

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

[In thousands of dollars]

Type of property	Property vested	Changes in character of property resulting from---		Property returned to non-hostile persons	Property held as of June 30, 1956
		Distribution of assets of estates and trusts	Liquidation of property received from distributions		
Total	87,801	.....	.....	(11,141)	76,660
Interests in decedents' estates..	37,110	(34,087)	.....	(1,367)	1,656
Interests in trusts under wills..	33,089	(16,243)	.....	(3,756)	13,090
Interests in trusts inter vivos..	15,891	(7,338)	.....	(806)	7,747
Interests in guardianship estates	1,711	(1,485)	.....	(4)	222
Interests in business enterprises .....		2,369	(2,369)	.....	.....
Real estate.....		1,249	(1,030)	(219)	.....
Mortgages.....		603	(460)	(32)	111
Leaseholds, mineral and oil rights, and ground rents.....		71	(53)	.....	18
Tangible personal property.....		80	(70)	(10)	.....
Stocks.....		5,398	(4,403)	(193)	802
Bonds.....		8,100	(6,765)	(210)	1,125
Other securities.....		14	(14)	.....	.....
Mortgage participations.....		340	(185)	.....	155
Notes, claims, and credits.....		38	(26)	(12)	.....
Life insurance and annuities.....		10	(7)	(3)	.....
Bank balances.....		202	(202)	.....	.....
Cash.....		40,679	15,584	(4,529)	51,734

The first column of table 25 indicates the dates of vesting value of interests in estates and trusts. The second column shows the value of assets distributed from vested interests in estates and trusts (figures in parentheses) with these assets broken down into various types below (plus figures). The third column indicates the status of the liquidation of these assets (figures in parentheses) with the subsequent increase in cash (\$15,584,000). The fourth column shows the value of interests returned to nonhostile persons. The fifth column shows the value of property held as of June 30, 1956, excluding administrative deductions other than returns, including the remaining undistributed vested interests, the distributed assets of a noncash nature, and the total of cash derived both from direct distributions of estates and trusts and as a result of the liquidation of assets received from estates and trusts (51,734,000). The Office still held unliquidated interests in estates and trusts of \$22,715,000 at June 30, 1956. This figure is subject to large fluctuation due to the indefiniteness of remainder interests.

VI

CLAIMS

The claims program of the Office of Alien Property continued at an accelerated pace during the 1956 fiscal year. Thus, there was a 34 percent increase in dispositions of title claims over the previous fiscal year. Although the dispositions of debt claims in fiscal year 1956 were less than fiscal year 1955 due primarily to the discontinuance of the overtime program, there was a 250 percent increase in dispositions of debt claims in fiscal year 1956 as compared with fiscal year 1954.

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 Law 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 fulfilled certain other stated conditions. 2/ Section 34 authorized 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, 1956 there had been filed with the Office of Alien Property on approved forms a total of 67,311 claims relative to World War II vestings of property, of which 19,742 were title claims and 47,569 were debt claims. At the start of the 1956 fiscal year, there were pending 34,029 claims, of which 10,040 were title claims, and 23,989 were debt claims. During the 1956 fiscal year there were filed 60 title claims and no debt claims. 3/ For the fiscal year 1957 it is estimated that no title or debt claims will be filed because the bar date has expired for filing such claims. 4/

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

2/ Under section 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/ In addition there were filed almost 7,000 JPSO claims and 850 looted security claims. See footnote 4 and infra p. 59. No satellite asset title or debt claims (see footnote 4) were filed during the 1956 fiscal year although claim forms were approved and have been sent out upon request to prospective applicants--Form No. SA-1A for title claims and Form No. SA-1C for debt claims.

4/ However, it is anticipated that additional claims will be filed in respect to the looted securities program (infra p. 60) and the program pertaining to Hungarian, Bulgarian and Rumanian assets vested pursuant to the amendment to the International Claims Settlement Act, Public Law 285, 84th Congress, First Session, approved August 9, 1955 (69 Stat. 562), otherwise known as the "Satellite Asset Program" (infra p. 59). It is anticipated that during the 1957 fiscal year there will be filed 60 looted securities claim certificates in respect to the seven representative looted security claims already filed with the Office by The Netherlands Government, and some 100 title and 100 debt claims in respect to the "Satellite Asset Program".

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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 non-hostile countries that are not enemy-controlled, certain American citizens regardless of their residence during the war, citizens of allied and neutral countries not voluntarily resident in enemy countries during the war period, and enemy citizens who continuously resided outside enemy or enemy-occupied territory since December 7, 1941, and who were not engaged in business in such territory.

Section 32, as amended by Public Law 671, Seventy-ninth Congress, Second Session, approved August 8, 1946 <sup>5/</sup> also makes eligible for return certain victims of political, racial or religious persecution who would otherwise have been ineligible because of enemy citizenship or voluntary residence in an enemy country.

Public Law 370, Eightieth Congress, First Session, approved August 5, 1947 <sup>6/</sup> which also amended section 32, names as ineligible for a return the Governments of Germany, Japan, Hungary, Bulgaria, and Rumania. Despite its earlier enemy status, the Government of Italy is not ineligible. Public Law 370 also makes eligible nationals and residents of Italy who were previously ineligible.

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

The "dual national" proviso of section 32 was amended by Public Law 378, Eighty-second Congress, Second Session, approved June 6, 1952 <sup>8/</sup> 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 next amendment affecting title claims was an amendment to section 33 by Public Law 292, Eighty-third Congress, Second Session, approved February 9, 1954 <sup>9/</sup> which extended

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<sup>5/</sup> 60 Stat. 925, 50 U.S.C. App. sec. 32.

<sup>6/</sup> 61 Stat. 784, 50 U.S.C. App. sec. 32. For the complete text of Public Law 370, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1948, pp. 155-156.

<sup>7/</sup> 64 Stat. 1080, 50 U.S.C. App. sec. 32. For the complete text of Public Law 859, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1951, pp. 161-162. For a listing of the names and nationalities of claimants and value of claims filed and allowed under Public Law 859, as required by the provisions of the statute, see Appendix, Exhibit F, pp. 113-115.

<sup>8/</sup> 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.

<sup>9/</sup> 68 Stat. 7, 50 U.S.C. App. sec. 33. For the complete text of Public Law 292, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1955, Appendix, Exhibit E, pp. 116-117.

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.

Another amendment to section 32 is the "heirless asset" amendment, Public Law 626, Eighty-third Congress, Second Session, approved August 23, 1954. <sup>10/</sup> This amendment authorizes the President to designate one or more organizations as successors in interest to deceased persons who if alive would be eligible under the persecutee provisos of section 32(a)(2)(C) or (D) of the Act. It provides that return of vested property may be made to such an organization as successor in interest to such deceased persons if no claim for the return of the property is pending. Total returns authorized by this amendment cannot exceed \$3,000,000. The amendment further provides that no return shall be made unless claims for return are filed by such organization within one year after August 23, 1954 and unless such organization gives assurances (1) that the property returned will be used on the basis of need in rehabilitation and settlement of persons in the United States who suffered substantial deprivation of liberty or failure to enjoy full rights of citizenship within the meaning of section 32(a)(2)(C) and (D); (2) that it will transfer within two years from the time that return is made such property or interest to any person whom the President or his designee shall determine to be eligible under section 32 as owner or successor in interest to such owner by inheritance, devise or bequest; (3) that annual reports will be made to the President concerning the use of property so returned and that such property will not be used for legal fees, salaries or other administrative expenses connected with claims for the recovery of such property. The term "organization" is defined to mean a non-profit charitable corporation incorporated on or before January 1, 1950 under the law of any state of the United States or the District of Columbia. Section 33 of the Act (fixing bar dates for filing title claims) was also amended (68 Stat. 768), to permit the filing of "heirless asset" claims within one year from August 23, 1954 in order to conform with the provisions of section 32(h) of the Act.

Pursuant to the "heirless asset" amendment, the President on January 13, 1955 issued Executive Order 10587 (20 F.R. 361) designating the Jewish Restitution Successor Organization (JRSO), a charitable membership organization under the laws of the State of New York, as successor in interest to deceased persons for the purposes of section 32(h) of the Act. This order delegated to the Attorney General the powers of the President to determine claims under section 32(h). The Attorney General has directed the Office of Alien Property to administer the program. On August 24, 1955 when the time for filing claims under section 32(h) expired, approximately 11,000 JRSO claims had been filed of which almost 7,000 were filed in fiscal year 1956. During the year about 4,000 claims were withdrawn or closed, leaving a balance of 7,000 JRSO claims. Also during the fiscal year a considerable amount of preliminary investigation and analysis was conducted with respect to these claims in an effort to determine the extent of the problems involved. This work will continue during the coming fiscal year.

The most recent legislative enactment affecting the work of this Office is the amendment to the International Claims Settlement Act of 1949, Public Law 285, Eighty-fourth Congress, First Session, approved August 9, 1955 <sup>11/</sup> which is referred to as the "Satellite Asset Program". This statute calls for the vesting by this Office of Bulgarian, Hungarian and Rumanian assets which were directly or indirectly owned by such governments or by any national thereof (other than a natural person) on September 15,

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<sup>10/</sup> 68 Stat. 767, 50 U.S.C. App. sec. 32(h). For the complete text of Public Law 626, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1955, Appendix, Exhibit E, pp. 116-117.

<sup>11/</sup> 69 Stat. 562, 22 U.S.C. 1621. For the complete text of Public Law 285, see Appendix, Exhibit G, pp. 116-124.

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1947 and which remained blocked on the effective date of the act. Provision is also made for the assertion of both title and debt claims against the vested assets. Suits and claims for return may be filed prior to the expiration of one year from the date of vesting of the property for which return is sought. Debt claims may be filed at any time before the bar date fixed by this Office which shall not be later than one year from the date of the last vesting of the property of the debtor in respect of whom the claim is asserted. It is estimated that no less than 100 title claims and 100 debt claims will be filed with this Office within the statutory periods.

During the current fiscal year this Office has been processing claims under the so-called "looted securities program". Shortly before the German occupation of The Netherlands, Queen Wilhelmina and her government fled to England where they established a government-in-exile. On May 24, 1940 the government-in-exile issued Royal Decree A-1 by which it undertook the conservation of property of its nationals domiciled in The Netherlands. During the occupation of Holland the Germans undertook to eliminate Jewish influence from Dutch economic life. As one of the steps of this campaign they compelled Jewish residents to deposit all negotiable assets with a designated German office in The Netherlands. In addition, the Germans placed administrators in charge of many Dutch organizations and these administrators disposed of certain securities owned by such organizations. In other cases securities owned by Dutch nationals were stolen or destroyed by the Germans.

On January 19, 1951 a Memorandum of Understanding was entered into between this country and the Dutch Government pursuant to which securities with a face value of approximately \$3,000,000 were vested by this Office. As a result of recent conferences, agreement was reached with respect to the following propositions: (1) the Royal Decree A-1 purports to vest title to the securities involved in the Dutch Government for the benefit of the pre-looting owners who were Dutch residents on May 24, 1940, and their nonenemy successors in interest; (2) the Department of State will recognize the Dutch Decree and give it effect in the situations referred to in (1) above; (3) consistent with such recognition this Office will make returns under section 32 of the Act to the Dutch Government for the benefit of the pre-looting owner or his successor in interest where no adverse claim has been filed, and (4) all claims adverse to the Dutch Government's claim will be dealt with by this Office in accordance with our usual procedures.

During the last fiscal year this Office has received a total of 850 looted securities claim certificates in respect of the seven representative looted security claims already filed with the Office by The Netherlands Government. Work on these claims was started towards the end of the fiscal year, and return orders were issued in 66 of these cases and notices of intention to return in an additional 69 cases. It is anticipated that the remainder of these claims will be processed during fiscal year 1957.

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 anti-trust policy, as they relate to the return of the vested property". <sup>12/</sup> The procedures for making this investigation have

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<sup>12/</sup> Letter of May 16, 1946 from the President of the United States to James E. Markham, Alien Property Custodian.

been developed and are followed relative to all returns made under section 32.

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. 57) 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. The Supreme Court in 1952 in Guessefeldt v. McGrath <sup>13/</sup> held that the provisions of section 39 of the Act <sup>14/</sup> 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 have been 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. <sup>15/</sup> As the last vesting order became effective on April 16, 1953 (V.O. 19312, 18 F.R. 2207), the final date for filing title claims against World War II vested property was two years thereafter, or April 15, 1955. World War I claims seeking administrative returns 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. <sup>16/</sup> Forms for asserting a claim for the return of vested property may be secured directly from the Office of Alien Property in Washington, D. C., or its 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 is in the interest of the United States under section 32 rests with the Director of the Office. The procedures necessary for the processing of claims filed by foreign residents were instituted after extensive negotiations between certain foreign governments and the Attorney General, with the cooperation of the Department of State. <sup>17/</sup>

All procedures involved in the disposition of claims are governed by the Rules of Procedure for Claims, as amended. <sup>18/</sup> 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.

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<sup>13/</sup> 342 U.S. 308 (1952).

<sup>14/</sup> 50 U.S.C. App. sec. 39.

<sup>15/</sup> 60 Stat. 925, 50 U.S.C. App. sec. 33. For further details, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1950, pp. 68-69. See also supra, p. 58.

<sup>16/</sup> For a discussion of section 9(a) suits, see Ch. VI, pp. 68-73.

<sup>17/</sup> For further details of these procedures, see Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1950, pp. 69-70.

<sup>18/</sup> 8 C.F.R. Part. 502.

Disposition of Claims: Vested Property Returned

The Office processed a total of 1,890 title claims during the fiscal year 1956. Returned to former owners during the fiscal year were \$9,346,000 of cash and appraisable property; 52 patents, 4 part interests in 4 patents, 1 patent application, 1 patent contract, 3 part interests in 1 patent contract, 1 part interest in a patent application and 1 invention. The total amount of cash and appraisable property returned has now reached the grand total of \$70,473,000. <sup>19/</sup>

Discussion of Particular Title Claims

ALICE FOEHR, CLAIM NO. 39388.---This claim concerns the eligibility of the claimant under the persecutee proviso of section 32(a)(2)(D) which authorizes return to an individual who as a consequence of a law, decree or regulation of Germany discriminating against a religious group has at no time between December 7, 1941 and the time when such law, decree or regulation was abrogated enjoyed full rights of German citizenship. Claimant, a German citizen and resident, was a member of the Christian Science Church in Stuttgart, Germany, which by decree of the German Government was ordered abolished in 1941, its property confiscated and its church meetings or services prohibited. Attendant upon this decree the claimant's apartment was searched, all of her Christian Science literature was seized and she was thereafter kept under some degree of surveillance. The Chief Hearing Examiner allowed the claim. He held that the decree banning Christian Science in Germany was discriminatory and that claimant's deprivation of religious liberty was substantial. The Director affirmed the decision on appeal.

HEDDY BRECHER-WOLFF, CLAIM NO. 41668.---This was a claim for the return of certain shares of common stock of Anaconda Copper Mining Company, a Montana corporation. The only issue was whether claimant became the owner of the stock as the result of an alleged transfer of the shares in Germany on February 20, 1941 between claimant and the record owner of the stock both of whom were German nationals. The stock certificates were in Germany at the time of the alleged transfer. The Claim Section contended that German law governed the attempted transfer, that the transaction was void under the Foreign Exchange Control Laws of Germany and consequently title to the shares did not pass to the claimant. Claimant maintained that the validity of the transfer was to be determined by the law of the corporate domicile, that under this law (Montana) the transfer was valid and that therefore ownership of the shares was effectively transferred to claimant. The Hearing Examiner allowed the claim on the theory proposed by the claimant. The Claims Section appealed to the Director who reversed the Hearing Examiner. The Director held that the law of the state where the stock certificates were located at the time of the transfer, i.e., the law of Germany, governed the validity of the assignment; that the transfer was invalid under German law because it was not licensed; and that therefore the claimant acquired no title to the shares. The Director further held that as applied to the facts in the instant case, the foreign exchange control laws of Germany (which incidentally antedated the Nazi regime) were not penal, confiscatory or against the foreign policy of the United States and would be given effect to by this Office.

CHARLES H. TIEDEMANN, CLAIM NO. 11345.---This was a claim for the return of certain enemy interests in a decedent's estate in Ohio which was vested by this Office. The only issue was whether claimant was the pre-vesting owner of this property. Claimant, a German citizen by birth, immigrated from Germany to the United States in 1912 and became a United States citizen by naturalization in 1922. His parents, two brothers and a sister remained in Germany. In 1926 his parents in Germany executed a joint will which provided

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<sup>19/</sup> Not included in this amount are certain accrued patent royalties in the hands of third parties which were reassigned to claimants upon return of the patents.

that upon the death of the surviving spouse the property was bequeathed to the children, with the exception of claimant who was specifically disinherited. Under German law claimant was left with the so-called compulsory portion of his parent's estate---a claim against the heirs in the amount of one-half his share by intestacy. Two days after the execution of the joint will, claimant by his attorney in fact, and his parents, two brothers and a sister executed a family agreement whereby claimant renounced his right to the compulsory portion of his parent's estate in return for certain annuities from his brothers and sister over a future period of time. Thus, claimant lost all interests in his parent's estate.

Claimant's father predeceased his mother who died in February 1941. About a month before the death of claimant's mother, her sister (claimant's aunt), Patty Haislett, died intestate, a resident of Madison County, Ohio and a share of this estate passed to claimant's mother. Claimant's brother and sister wrote to claimant in March 1941 that they wanted to renounce their interests in Aunt Patty's estate in claimant's favor but they were unable to obtain authorization from the German foreign exchange authorities to make such a transfer.

In May 1941 claimant became ancillary administrator of his mother's estate in Ohio. Later with court approval he made a one-fourth distribution to himself upon his representation that he was entitled thereto and his two brothers and sister were each awarded a similar one-fourth interest. In 1944 this Office vested the interests of claimant's brothers and sister in his mother's estate. In this claims proceeding claimant sought the return of the proceeds of his sister's and one brother's interests in the estate claiming an assignment from them by reason of the March 1941 letter referred to above.

The Hearing Examiner allowed the claim. He held that the validity of the alleged assignment must be determined by Ohio law and not German law as the assignment was not complete until received by claimant in Ohio and that the law of Germany---specifically the Devisenstelle or foreign exchange law---had "nothing whatever to do with this assignment". Upon appeal the Director reversed the Hearing Examiner, holding that this alleged assignment was complete when deposited in the mail in Germany so that the law of the place of assignment or German law must govern its validity; that under the German foreign exchange law in effect in March 1941, the assignment was null and void as made in violation thereof. Therefore he held that claimant did not acquire title to the funds for which return was sought and disallowed the claim.

ISTITUTO NAZIONALE PER I CAMBI CON L'ESTERO, NOW IN LIQUIDATION, REPRESENTED BY ITS LIQUIDATOR, UFFICIO ITALIANO DEO CAMBI, CLAIM NO. 62850.---This was a claim for the return of \$3,000,000 in United States currency found in the main safe of the German Embassy at Washington, D. C. in 1945 and which was vested by this Office as property of the German Government. The principal issue in this claim was whether claimant, an organization under the control of the Italian Government, was the owner of the claimed property immediately prior to vesting within the meaning of section 32(a)(1) of the Trading With the Enemy Act, as amended. Because at the time of vesting there was no indication that any of the money found in the German Embassy was of Italian origin, an exhaustive investigation was made after the claim was filed to determine the background of the money. This investigation which was conducted in the United States, Germany and Italy showed that in December 1940 an agreement was entered into between Deutsche Reichsbank (an agency of the German Government) and claimant whereby claimant was to deposit several million dollars in United States bank notes with the German Embassy in Washington which the latter agreed to hold for the account and risk of claimant; that the German Embassy was to utilize these dollars for German Government purposes and, to that extent the Reichsbank agreed to provide claimant with other foreign currency of equal value outside the United States. A total of \$7,000,000 in United States currency was deposited with the German Embassy pur-

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suant to this agreement. On June 14, 1941, the date of "freezing" of German property in this country, there remained of this money which had not been used for German purposes the sum of \$3,000,000 which was claimed in this proceeding. Accordingly, upon the recommendation of the Chief of the Claims Section the Director allowed the claim without a hearing because the property was owned prior to vesting by an agency of the Italian Government, an eligible claimant under section 32 of the Act.

SOCIETE ANONYME DE GESTION ET D'EXPLOITATION DE BREVETS (SAGEB), CLAIM NO. 40438.---  
In this claim the claimant sought the return of \$180,000 in royalties vested by this Office as owed to one Edgar Brandt pursuant to an ordnance contract entered into between him and the United States Government. Brandt, however, in 1936 had assigned to the claimant SAGEB certain patents and all rights flowing therefrom, including the patent which was the subject matter of the aforesaid ordnance contract. The issue was whether SAGEB was the owner of the property immediately prior to vesting within the meaning of section 32 of the Trading With the Enemy Act. This in turn involved whether recognition would be given to the 1936 assignment from brandt to SAGEB in view of certain United States statutes prohibiting the assignment of patents, of claims against the United States, or of contracts to which the United States was a party. This claim also involved the effect of a renegotiation agreement concerning the subject contract entered into by the United States Ordnance Department, this Office and the licensor, Brandt, with respect to the royalties that had accrued thereunder. Although the renegotiation contract did not expressly recognize SAGEB as the owner of the royalties in question, the parties to the renegotiation agreement required the assent of SAGEB prior to its execution. After extensive research it was concluded that SAGEB was the former owner of the vested property and entitled to a return thereof. The claim proceeding was further complicated by two debt claims which had been filed with this Office against property which SAGEB was claiming as its own but which the debt claimants asserted belonged to Edgar Brandt. The question was thus presented whether consideration could be given to the merits of such debt claims if in fact this Office found that the property was not the property of Brandt. In connection with these debt claims, depositions to perpetuate testimony had been taken of the debt claimants and the alleged debtor, Edgar Brandt, before a Hearing Examiner. A careful review and analysis of this testimony led to the conclusion that the debt claimants had not sustained the burden of proving their allegations as to ownership. Upon recommendation of the Chief of the Claims Section, the Director allowed the claim of SAGEB, a Swiss corporation which was an eligible claimant under section 32 of the Act.

#### 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, 20/ 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

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20/ 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.

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.

**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. 21/

**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) 22/, 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 in 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 THE UNITED STATES.**---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 debt claims issued by this Office in insolvency cases, that is, cases in which the aggregate of

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21/ 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.

22/ See p. 67, infra.

debt claims filed exceeds the money from which payment thereof may be made.

#### Administration of Section 34

Procedures have been established by this Office, under Rules of Procedure for Claims, whereby the initial consideration of debt claims is delegated to the Claims Section of the Office. <sup>23/</sup> 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 a hearing. In all cases where summary allowance is not made, in which there is a genuine issue, claimants are entitled to a hearing.

#### Bar Dates for Filing Debt Claims

By Bar Order Nos. 1 to 15, inclusive, issued in previous fiscal years, final dates were fixed for filing debt claims in respect to all persons and corporations whose property was first vested between December 18, 1941, and April 16, 1953 inclusive, the termination date of the vesting program. January 4, 1954 was the last bar date for filing debt claims in respect to World War II vested property. 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 Debt Claims

RICHARD H. AND EGON EISNER, CLAIM NO. 36180.---The issue in this claim involved the rate of exchange applicable to a debt based upon a pre-war reichsmark bank account in a German bank. This claim asserted against the private banking house of Friedrich Bachrach, was based upon a balance of RM7,000 which, in 1936, was transferred from the estate of Rosa Eisner, deceased, to blocked accounts in the name of the claimants who were the heirs of the decedent. The claimants contended that the claim was allowable at the pre-war reichsmark-dollar rate of exchange or approximately \$1,750. The Claims Section maintained that the post-war or current rate of exchange applied. The Hearing Examiner held on the authority of Deutsche Bank v. Humphrey, 272 U.S. 517 (1926), that because the obligation was payable in a foreign country in a foreign currency, the "judgment day" rule as to rate of exchange applied and the obligation would be converted into dollars at the current rate of exchange. By virtue of Military Government Law No. 63, Third Law for Monetary Reform (Conversion Law) 1948, (13 F.R. 4971, 4973), and Military Government Law No. 65, Fourth Law for Monetary Reform (Supplemental Conversion Law) 1948 (14 F.R. 189, 190), the debtor's obligation to the claimants was converted from Reichsmarks to Deutsche Marks at the rate of 6.5 Deutsche Marks for each 100 Reichsmarks, resulting in the sum of

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<sup>23/</sup> Form APC-1C was used by persons filing debt claims with the Office.

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455 Deutsche Marks which, converted into dollars at the current rate of exchange, had a value of approximately \$100. The decision of the Hearing Examiner recommending the allowance of the claim in the approximate sum of \$100 was adopted by the Director.

Disposition of Claims: Payments Made

During the fiscal year, 3,918 24/ debt claims were disposed of with 161 claims 25/ being allowed in the aggregate amount of \$203,280.59 26/, and 3,757 disallowed, withdrawn or disposed of through consolidation, totaling approximately \$10,000,000.

The debt claims allowed and tentatively allowed during the fiscal year related to a wide range of transactions: 76 of the claims totaling \$2,800 were based upon the refund of unused steamship tickets issued by the Hamburg-American Line and North German Lloyd and 15 of the claims totaling \$8,800 arose out of advance of money for the payment of insurance premiums on life insurance policies. Fourteen of the claims totaling \$19,000 were based upon legal services and another 14 totaling \$17,000 involved severance allowances and Christmas bonuses. Five of the claims totaling \$43,000 were based upon loans. The remaining claims allowed related to such diverse matters as bills of exchange, confiscated case and security deposits in German banks, bank fees, bank transfers, property management services, investment bonds, food and clothing packages, patent royalties, shipping contract losses, commissions and rents.

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. 27/ The Office is obligated to pay tax liabilities on vested property notwithstanding any claim or suit filed or instituted against such 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 addition, 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. 28/

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24/ In addition 78 claims tentatively allowed in previous fiscal years were re-classified as "allowed" during the current fiscal year.

25/ 14 of these claims involving insurance premium payments totaling \$8,400 were allowed as equitable lien claims under section 32 of the Trading With the Enemy Act, as amended.

26/ Because of the insolvency of 14 of the debtor's accounts, payments totaling only \$148,957.65 were made on these allowed claims during the 1956 fiscal year.

27/ 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

28/ 13 F.R. 2039.

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VII

SUITS AND OTHER JUDICIAL PROCEEDINGS

The Office of Alien Property was involved in a total of 1,585 active suits and other judicial proceedings during the fiscal year 1956. At the close of the 1955 fiscal year, there were pending 1,500 cases; 85 new cases were received during the fiscal year 1956 and 461 cases were disposed of. There were 1,124 cases pending as of June 30, 1956. The various types of litigation cases pending at the close of the fiscal year and their activity during the year are presented in Table 26.

Table 26.—SUITS AND OTHER JUDICIAL PROCEEDINGS IN WHICH THE OFFICE OF ALIEN PROPERTY WAS INVOLVED, FISCAL YEARS 1955 AND 1956

Type of litigation	Cases pending as of July 1, 1955	Cases active during year	Cases pending as of June 30, 1956
Total.....	1,500	1,585	1,124
1. Actions for return of property or payment of debts, brought under sec. 9(a) and 34 of the Trading With the Enemy Act, as amended.....	83	96	1/ 67
2. Matters involving estates and trusts....	1,128	1,163	885
3. Insurance collections.....	188	188	74
4. Miscellaneous 2/.....	101	138	3/ 98

1/ Includes six sec. 9(a) cases involving Philippine vested property.

2/ Includes actions brought to collect vested properties 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, trademarks, copyrights, actions involving real property, causes in admiralty, criminal actions, and matters involving property vested during World War I.

3/ Includes nine cases involving Philippine vested property.

Section 9(a) and Section 34 Suits

Among the more important of the 96 active cases during the fiscal year under sections 9(a) and 34 of the Trading With the Enemy Act, as amended, 1/ to recover vested property or the payment of debts were the following:

ALBERT v. BROWNELL (United States District Court, Southern District of California). This was a suit by a United States citizen who lived in Germany during the war for recovery of common and preferred stock of Rohm & Haas Company, Philadelphia, and accumulated dividends of a total value of approximately \$40,000,000. In 1952 the District Court entered summary judgment in favor of the Attorney General. 2/ The Court of Appeals reversed and remanded the case for trial. The parties then negotiated a settlement pursuant to which the plaintiff received about 11 percent in value of the property held by the Attorney General, including 9,400 shares of common stock, 600 shares of preferred stock and accumulated cash.

1/ 40 Stat. 419 (1917), 50 U.S.C. App. sec. 9, and 60 Stat. 925 (1946), 50 U.S.C. App. sec.

34.  
2/ 104 F. Supp. 891.

The settlement was approved by the District Court on March 8, 1956 and the case was dismissed with prejudice. 3/

BANTEL, ET AL v. BROWNELL (Court of Appeals for the District of Columbia Circuit). In this suit for return of vested property, plaintiffs raised a novel contention. Plaintiffs conceded that they had been citizens and residents of Germany during the war, and that they fell within the definition of "enemy" within the Trading With the Enemy Act and that section 9(a) on its face therefore excluded them from obtaining a return. They argued, however, that General License No. 94, which unblocked property acquired by German nationals after December 31, 1946, removed them from the category of "enemy", and authorized them to sue to recover vested property. The Court of Appeals said that "...General License No. 94, as amended, certainly does not so provide in terms, and nothing in its background or necessary effect indicates that it should be given the construction appellants urge."

F. A. R. LIQUIDATING CORPORATION v. BROWNELL (United States District Court, Delaware).---This action, brought by the successor company to Farnsworth Television & Radio Corporation, was 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 claimed ownership of the patents by virtue of an assignment agreement made by cable on June 14, 1941, the day the United States applied freezing controls to German-owned property. As consideration for the assignment, plaintiff transferred its European patents to Fernseh. The Attorney General contended that the assignment was not completed prior to freezing. In 1953 cross-motions for summary judgment were made, and the District Court granted summary judgment in plaintiff's favor. 4/ In January 1954, the Court of Appeals for the Third Circuit reversed and remanded, sending the case back to the District Court for trial of the issue of fact as to the time and date the acceptance cable was sent. 5/ The case was tried and determined in favor of the plaintiff during the fiscal year and the patents sued for were assigned to plaintiff pursuant to the judgment of the court. The court found by a preponderance of circumstantial evidence that Fernseh's acceptance cable was sent prior to the time freezing controls became effective in the United States on June 14, 1941.

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 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 Attorney General'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.

In 1953, the District Court granted the Attorney General's motion to dismiss the action for plaintiff's failure to comply with a court order for the production of documents. In granting the Attorney General's motion to dismiss, the court denied a motion by the plaintiff that it also dismiss counterclaims by the Attorney General for over \$21,000,000 based upon back taxes and alleged conversion of Chemie stock held by the Attorney General. 6/ On June 30, 1955 the Court of Appeals affirmed the dismissal but provided that the dismissal should be vacated if Chemie produced within six months after the District Court's receipt of the mandate. 7/ Plaintiff's petition for a rehearing en banc was denied on September 1, 1955, and its petition for a writ of certiorari was

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3/ For details of the subsequent sale of vested stock, see Ch. V, pp.52-53.

4/ 110 F. Supp. 580

5/ 209 F. 2d 375.

6/ 111 F. Supp. 435.

7/ 225 F. 2d 532.

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denied by the Supreme Court on January 9, 1956. 8/ Plaintiff's petition for a rehearing was denied by the Supreme Court on February 27, 1956. 9/ In the meantime, on January 9, 1956, plaintiff moved in the Court of Appeals for leave to file a motion to stay the mandate, which was denied on January 18, 1956. The receipt of the mandate by the District Court on January 24, 1956 started the running of the six months' period. On June 20, 1956 plaintiff simultaneously moved in the District Court and in the Court of Appeals for an extension of time in which to comply with the order to produce. The motion was denied by the District Court on July 5, 1956, and by the Court of Appeals on July 12, 1956. Plaintiff's motion for reconsideration filed in the District Court on July 13, 1956 was denied on July 23 and plaintiff appealed. On July 27 the Court of Appeals refused to extend the time, or to stay entry of final judgment by the District Court. Plaintiff again petitioned for a stay on July 31. On August 3 the District Court entered final judgment of dismissal.

Some 2,500 minority shareholders in I. G. Chemie, with stock interests in plaintiff representing less than 28 percent of the proportionate value of its vested assets, have intervened in the main action in the District Court. The intervenors, who allege that they are nonenemies, were permitted to intervene to assert their proportionate share in the vested assets pursuant to the decision of the Supreme Court in Kaufman v. Societe Internationale, 343 U.S. 156, in the event the plaintiff's suit should fail. The Attorney General served interrogatories on each of the intervenors in April 1954. Because of failure to answer the interrogatories, the complaints of over seven hundred intervenors, holding proportionate stock interests in Chemie equal to over 7 percent of the vested assets, were dismissed by the Special Master in November 1954 and February 1955. In January 1955 the Attorney General moved for the dismissal of the complaints of an additional seven hundred fifty stockholders representing some 16 percent of the proportionate value of the vested assets. These stockholders had acquired their Chemie stock after October 1946, the date of the last vesting of Chemie's assets, and in the Attorney General's view, the Anti-Assignment Act (31 U.S.C. 203) prevents them from acquiring any claims against the Government. The Special Master denied the motion in June 1955. The Attorney General's motion to vacate the Master's order and to dismiss the complaints was denied by the District Court on November 9, 1955. Since the denial of the motion is not a final order, the Attorney General's appeal must be deferred to a future time.

Pretrial conferences on the actions by the intervening stockholders were held before the Special Master in November 1955 and in January and February 1956. Discovery proceedings are in progress and by means of a series of additional interrogatories addressed to the intervenors, the Attorney General is striving to ascertain the merits of their individual claims.

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 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 judgment and reopen the case to receive newly discovered evidence. This motion was granted but the court proceedings were then continued by stipulation so that the claim could be reopened and re-

8/ 350 U.S. 937.  
9/ 350 U.S. 976.

considered administratively upon the newly discovered evidence. On January 31, 1956 the Deputy Director rendered a decision upon the entire record, including the new evidence, in which he again disallowed the claim. Thereafter the stipulation of continuance was terminated and the parties cross moved for summary judgment. A hearing upon these motions is awaited.

KIYONO v. CLARK (United States District Court, District of Columbia).---Plaintiffs brought suit under section 9(a) in 1949 for the recovery of some \$300,000 which had been vested. In addition, they filed claims for the administrative return of this property. In 1952, a settlement was consummated on the basis of which plaintiffs dismissed their suit with prejudice and withdrew their administrative claims with respect to the property already vested while the defendants, in turn, refrained from vesting a tax refund in excess of \$250,000 held by the Bureau of Internal Revenue for payment to plaintiffs. In December 1954 plaintiffs filed a motion to set aside the settlement on the ground that it was executed under duress. The District Court denied the motion and its order was affirmed by the Court of Appeals on December 15, 1955. 10/

BANK OF THE PHILIPPINE ISLANDS v. BROWNELL (United States District Court, District of Columbia).---This is a suit to recover ₱638,000 out of a cache of pre-war Philippine currency which was buried by retreating Japanese forces on the island of Negros Occidental in the Philippines. These funds were unearthed by advancing American troops and subsequently vested by the Custodian. Plaintiff bank claims that the currency involved can be traced to funds which it was required to turn over to the Japanese occupation forces in 1943 in exchange for Japanese Military notes, which later became worthless. The issues involved are whether the bank acted under duress in exchanging its pre-war currency for Japanese Military notes, and whether the currency which it turned over can be traced to the funds which were later discovered by the United States Army in 1945. Since this suit was filed the first part of July 1956 no answer had been filed by the Attorney General.

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 twenty-five 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, and which were vested as belonging to 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. This case was tried in March 1955. Both parties have submitted briefs and a decision is awaited.

STRAEHLER v. BROWNELL (United States District Court, District of Columbia).---This is an action to review the partial disallowance of a debt claim under section 34 of the Trading With the Enemy Act. Plaintiff had an insurance policy issued by a German insurance company and sought to recover the sum of \$2,500 thereon. A Hearing Examiner found that the policy had been payable in Goldmarks, and that under the German Currency Reform Law of 1948 obligations expressed in Goldmarks or Reichsmarks were converted into Deutschemarks at the rate of one Deutschemark for each ten Goldmarks or Reichsmarks. The Hearing Examiner further determined that the rate of exchange applicable to the claim was governed by the "Judgment Day" rule and was that prevailing on the date of the allowance of the claim and therefore dismissed the claim insofar as it exceeded the sum of \$138.85. The Director affirmed this decision and a complaint for review was filed in the District Court for the District of Columbia. On June 29, 1956 the District Court affirmed the decision of the Hearing Examiner and entered judgment for the Attorney General.

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 and Harvard Brewing Company. The total vested property is valued at approximately \$5,700,000. The United States Supreme Court, in April 1952, affirmed a judgment in favor of the Attorney General holding that plaintiff corporation was "enemy tainted" and could not recover. 11/ 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. 12/ A trial was held in the District Court in February and March 1955 on the issues raised by Fritz von Opel's complaint in intervention, and on June 17, 1955 the court handed down an opinion denying recovery to von Opel on the ground that he was an "enemy" of the United States. Findings and judgment in favor of the Attorney General were entered on November 22, 1955. A notice of appeal by the intervenor was filed on January 13, 1956. It is expected that this appeal will be argued in the fall of 1956.

von der HEYDT ET AL v. BROWNELL (United States District Court, District of Columbia).---This is an action to recover certain securities and objects of art valued at approximately \$500,000. The plaintiffs are Baron Eduard von der Heydt, formerly a German citizen, now a citizen of Switzerland, and two holding companies owned by him. Plaintiffs claim that von der Heydt was a citizen and resident of Switzerland during the war and was not an enemy. The Attorney General takes the position that von der Heydt was an agent of the German Government, was doing business within enemy territory and was enemy tainted, and the seizure of his property was proper. A pretrial hearing was held in the District Court in May 1955 and depositions of various witnesses were taken in Europe in August and September 1955. Other discovery procedures, including production of documents, have been initiated and the case is presently set for trial in October 1956.

CARLO VON WEDEKIND v. BROWNELL (United States District Court, District of Columbia).---This is a suit to recover approximately \$1,100,000 vested under the Trading With the Enemy Act as property of two German nationals. Plaintiff, brother of the two nationals and a resident of Switzerland, claims to have been the beneficial owner of the vested property. The facts are complex in that they involve numerous financial and corporate transactions in several countries. A stipulation of general continuance previously filed in the case, pending determination of plaintiff's administrative claim, was revoked by plaintiff on May 22, 1956, and the case is now proceeding to trial.

BANK WAEDENSWILL v. BROWNELL (United States District Court, District of Columbia). This was an action to recover over 99 percent of the shares of stock of Kalio, Inc., a holding company, and certain assets of Kalio which were vested. Among its important assets Kalio held a majority interest in Karl Lieberknecht, Inc., a manufacturer of knitting machines, valued at approximately \$6,500,000. The plaintiff, a Swiss bank, claimed that in 1940 it purchased from Karl Richard Lieberknecht, a German, the shares of a Swiss holding whose principal asset was the shares of Kalio. The Attorney General alleged that no bona fide sale was intended or effected by the parties to the alleged 1940 transaction. During the fiscal year various depositions were taken, after which the parties negotiated a settlement whereby plaintiff was paid \$650,000---approximately 10 percent of the value of the vested property. The action was then dismissed with prejudice on May 9, 1956.

WAGENKNECHT v. BROWNELL, WAGENKNECHT, ET AL v. BROWNELL, ET AL (United States District Court, District of Columbia).---These are four actions brought by a Mexican national as the sole heir and executrix of her deceased husband, Don Edmundo Wagenknecht. In three

11/ 343 U.S. 205.  
12/ 343 U.S. 156.

of these actions there are joined, as plaintiffs, certain Dutch, Swiss and Swedish corporations which plaintiff also allegedly owns. The cases involve in excess of \$1,300,000 representing cash received by the Attorney General from the redemption of bonds of Hugo Stinnes Corporation. In addition, 1,100 shares of capital stock of Hugo Stinnes Corporation are sought by plaintiff. The plaintiff has also filed various administrative claims for additional securities and Mrs. Claere Hugo Stinnes, a German national, has filed administrative claims for the same property involving, at present market prices, approximately \$14,000,000. In one of the suits the Attorney General has counterclaimed for \$3,000,000 based upon fraudulent return of seized property after World War I because of various affidavits of Don Edmundo Wagenknecht. These cases involve important issues of law concerning the right of allegedly innocent neutral shareholders to recover a proportionate share of the assets of enemy corporations vested by the Attorney General, also the right of the Attorney General to enter into intercustodial agreements with other countries who have also seized portions of the Hugo Stinnes enterprises. All four actions are at issue and have been consolidated for trial. Numerous depositions have been taken during extensive discovery proceedings and additional depositions were taken during June and July of 1956 in Europe.

#### Cases Involving an Issue of Residence

A number of suits brought by individuals who lived in enemy territory during World War II have raised the issue of whether they were "resident within" such territory. The law upon this issue is in the process of development under the Supreme Court's Guessefeldt doctrine, 13/ which is that the statutory term "resident within" means "something more than mere physical presence and something less than domicile." Among the cases presenting this issue in which developments occurred during the fiscal year were the following:

ABRIKOSOFF v. BROWNELL (United States District Court, District of Columbia).--- This is a suit by the heirs of Dimitri Abrikosoff to recover vested property valued at \$25,000. Abrikosoff came to Japan in 1916 as a diplomat attached to the Czarist Embassy in Tokyo and remained in Japan continuously until 1946 when he emigrated to the United States. He lost his diplomatic position upon Japan's recognition of the Bolshevik regime in 1925, but he continued to live in Japan and claims to have acted unofficially as a representative of the White Russian community. After his administrative claim was denied, this suit was brought. Plaintiffs assert that claimant was not a resident of Japan and was not an enemy, and that the denial of his claim was arbitrary. Both parties have moved for summary judgment.

ECKER v. ATLANTIC REFINING COMPANY AND BROWNELL (United States District Court, District of Maryland).---In 1943 the Custodian vested real estate in Maryland owned by plaintiff and her husband, who were living in Austria, and in 1946 he sold it to the Atlantic Refining Company at private sale, after the high bidder at a public sale in 1944 had failed to complete the purchase. The plaintiff, an American citizen, returned to the United States in 1951 and received a return under section 32 of the net proceeds of the sale. She then sued the purchaser for a declaratory judgment that she still owned the property, and the United States and the Attorney General intervened since the constitutionality of the Act was attacked. After a trial the District Court dismissed the complaint, holding that the plaintiff and her husband were "enemies" as "residents within" Austria, that the Act was constitutional, the private sale valid, and there was no evidence of fraud. 14/ The Court of Appeals for the Fourth Circuit affirmed on May 14,

13/ 342 U.S. 308.  
14/ 125 F. Supp. 605.

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1955 15/ and certiorari was denied by the Supreme Court on October 10, 1955. 16/

PUBLIC ADMINISTRATOR OF NEW YORK COUNTY (ESTATE OF FREIDMANIS) 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, 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 the grounds that the plaintiff represented enemies was granted but the plaintiff was given leave to amend his complaint. Cross 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.

RUSCHE v. BROWNELL (United States District Court, District of Columbia).---This is a suit to recover approximately \$1,100,000 vested under the Trading With the Enemy Act. Plaintiff is a German citizen who claims to have resided in Switzerland since before the United States entered World War II and to have done no business in Germany during the war. On December 22, 1955, after trial on the merits, judgment was entered in favor of the Attorney General. The court held that plaintiff had resided in Germany until 1944 and had engaged in business in Germany during the war, and was enemy-tainted in that his activities as a managing director of a German corporation had aided the German armed forces and war effort. Plaintiff has appealed and the appeal is pending.

UTHES v. BROWNELL (United States District Court, New Jersey).---The plaintiff, a German citizen, immigrated to the United States in 1950, made application for American citizenship, and brought suit under the Act to recover approximately \$9,000 which she inherited from her husband and which had been seized during World War II. The only issue involved was whether she was resident within Germany during World War II so as to be an enemy within the meaning of the Act. The evidence was that she was born, married and prior to 1950 had lived all of her life in Germany with the exception of eleven months in 1937-1938 when she lived with her husband in the United States. After trial, the court held that her place of abode during the war was Germany, that she intended to live there "at least for the time being", and that she was therefore ineligible to recover. Judgment was entered for the Attorney General on February 10, 1956.

#### Miscellaneous Litigation

Among the more important of the 138 miscellaneous cases in which the Office of Alien Property was interested during the fiscal year 1956 were the following:

UNITED STATES v. BAUSCH & LOMB (United States District Court, Southern District of New York).---Bausch & Lomb Optical Company entered into agreements in 1926 and 1938 with the firm of Carl Zeiss of Germany, under which Bausch & Lomb secured licenses for the use of Zeiss patents relating to military optical instruments and photographic lenses. On July 9, 1940 a consent decree was entered in an action under the antitrust laws wherein the 1926 agreement was declared illegal and its further performance was enjoined. During World War II the Alien Property Custodian vested United States patents covered by these agreements and the rights created in the German national thereby. The Office of Alien

15/ 222 F. 2d 618.  
16/ 350 U.S. 847.

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Property and Bausch & Lomb have now executed an agreement whereunder Bausch & Lomb will pay \$55,000 in settlement of all claims held by the Attorney General as a result of his seizure of the rights of Carl Zeiss, upon the entry of a court order authorizing such payment.

ERCONA CAMERA CORP. AND STEELMASTERS, INC. v. BROWNELL ET AL (United States District Court, District of Columbia).---This is a suit to restrain the Attorney General from prohibiting the importation into the United States of goods made in East Germany and carrying the trade-mark ZEISS. The Attorney General has exercised this right under the Customs laws because of his 100 percent stock ownership of Carl Zeiss, Inc., a New York corporation, which is engaged in the importation and distribution of Zeiss goods, and of the trade-mark ZEISS. Plaintiffs are the importers of goods produced in plants formerly owned by the Carl Zeiss Foundation in the East Zone of Germany. These plants were confiscated by the East German government. The leading directors and officers of the Carl Zeiss Foundation changed the domicile of the organization to West Germany and it is now producing goods there. Both the East German and West German corporations claim the right to use the trade-mark ZEISS. Thus far, with the exception of a non-adversary proceeding in East Germany, the courts of all nations which have considered the question have held that the East German firm is not entitled to use the trade-mark. The Attorney General now confines the trade-mark to West German goods. The instant suit raises important questions as to the vesting power of the Custodian, the genuineness of the goods which the plaintiffs seek to import, and recognition by this country of the validity of decrees relating to the Zeiss firm issued by a government recognized by the United States as well as those issued by a government unrecognized by this country.

BROWNELL v. KERMAITH MANUFACTURING CO. (United States District Court, Eastern District of Michigan).---This was a suit by the Attorney General under section 17 of the Trading With the Enemy Act, as amended, to compel payment of a credit balance of \$61,000 carried by Kermath on its books as due to a Japanese corporation and vested under the Act. Kermath defended on the ground that its contract with the Japanese corporation was illegal. The District Court held that the proceeding under section 17 was summary in nature, that the defense of illegality was not available to the defendant, and entered judgment for the Attorney General. 17/ On June 7, 1955 the Court of Appeals for the Sixth Circuit affirmed. 18/ Kermath's petition for a writ of certiorari was denied on October 10, 1955 and the case was thereupon concluded.

BROWNELL v. LaSALLE STEEL COMPANY (United States District Court, Northern District of Illinois).---This is a suit to recover approximately \$22,000 in royalties arising under a patent licensing agreement executed between LaSalle and a foreign corporation whose interests were vested. LaSalle asserted as affirmative defenses that the patent was invalid and that the agreement licensing the patent was illegal and void for violation of the anti-trust laws. The Attorney General moved to strike these defenses as insufficient in law. The court granted the motion holding that LaSalle as a licensee under the patent was estopped to deny its validity. On the question of illegality, the court held that even if the license agreement was illegal, the Attorney General was not in the shoes of the parties to the agreement and that since he was not in pari delicto, the defense of illegality could not be asserted to defeat his recovery. The case is now awaiting trial.

BROWNELL v. NATIONAL CITY BANK OF NEW YORK (United States District Court, Southern District of New York).---This proceeding was instituted by the Attorney General under section 17 of the Act to collect a debt of approximately \$60,000 which, prior to vesting, was owing by the National City Bank to Allgemeine Elektricitats Gesellschaft, a German manufacturer of electrical goods. The debt arose out of a deposit account maintained by the Ger-

17/ 120 F. Supp. 331.  
18/ 222 F. 2d 577.

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man company. The bank asserted various set-offs and defended on the ground that the Attorney General had licensed the bank to apply the set-offs against the debt, with the result that the debt had been wiped out, and that the attempt of the Attorney General to reconstitute the debt by revoking the license was invalid. Both parties moved for summary judgment, but the court denied the motions on the ground there were disputed questions of fact. The case is awaiting trial.

BROWNELL v. SCHERING CORP. (United States District Court, New Jersey).---This was 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 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. Schering counterclaimed seeking rescission of the contract on the ground that the Attorney General lacked authority to enter into the contract and that it was executed by Schering under compulsion. On March 21, 1955, the District Court granted the Attorney General's motion to dismiss the counterclaim, 19/ and on July 8, 1955 entered final judgment granting the relief sought by the Attorney General. This was affirmed by the Court of Appeals for the Third Circuit 20/ on January 17, 1956, and on May 28, 1956, the Supreme Court denied Schering's petition for a writ of certiorari. 21/

IN THE MATTER OF SILESIAN-AMERICAN CORPORATION (United States District Court, Southern District of New York).---This was a reorganization proceeding under Chapter 10 of the Bankruptcy Act in which the Attorney General had a vested interest. The debtor corporation was the pre-war owner of coal and zinc properties in Silesia valued at 40 to 80 million dollars, which have now been nationalized by the Government of Poland. The Attorney General vested 49 percent of the common stock, \$700,000 of the outstanding bonds, and about 42 percent 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. 22/ 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. 23/ The trustee later filed a petition for an order levying an assessment against all stockholders on the ground that the stock of the debtor was not fully paid for when originally issued. In addition, the trustee attempted to obtain jurisdiction in the reorganization court over the syndicate of Swiss banks in order to assert the debtor's claims against those banks for assets looted by the Germans from the debtor's mines and shipped to Switzerland during the war. An order of the District Court denying jurisdiction of the syndicate of Swiss banks was affirmed on appeal. 24/ The trustee also secured a default judgment against Giesche's Erben, a German debtor, for over \$5,000,000. In 1955 a new plan of reorganization was proposed and approved by the District Court and the bondholders. The Attorney General did not participate in the vote. Under this plan the public bondholders (aside from the Attorney General and the Silesian Holding Company who are also stockholders) received in excess of \$1,000,000 in cash. This payment represented 60¢ on the dollar of outstanding principal of bonds on which there had been a previous distribution of 10¢ on the dollar. The remaining principal and

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19/ 129 F. Supp. 879.

20/ 228 F. 2d 624.

21/ 351 U.S. 954.

22/ Silesian-American Corporation v. Clark, 332 U.S. 469.

23/ Conway v. Silesian-American Corporation, et al, 186 F. 2d 201.

24/ Conway v. Union Bank of Switzerland, et al, 204 F. 2d 603.

interest obligations on the bonds were paid in the form of participation certificates. The Attorney General received participation certificates in the amount of \$320,000 and cash in the sum of \$3,000 in exchange for the vested bonds. He also received participation certificates in the amount of \$336,000 in exchange for vested interest coupons. The syndicate of Swiss banks and Silesian Holding Company, who contributed the cash for present distribution, received participation certificates for that cash. Voting trust certificates representing the stock in the new company were distributed 50 percent to the syndicate, 25 percent to the Silesian Holding Company and 25 percent to the Attorney General. Payments upon the participation certificates and the stock are dependent mainly upon a realization of the claim against the Polish Government arising out of its nationalization of the mines. Under the reorganization plan the Attorney General retains the right to veto any proposed settlement with the Polish Government so long as he retains an interest in the corporation. In connection with the settlement, the trustee withdrew all title claims and a debt claim against vested property which he had previously filed on behalf of the debtor corporation. The debt claim was filed against vested property of Giesche's Erben and was based on the default judgment, previously mentioned, which the trustee had secured against that German firm in the sum of \$5,000,000.

BROWNELL v. VICKERS, INC. (United States District Court, District of Columbia).--- This suit was brought by the Attorney General to recover royalties due on a patent license agreement, the German interest in which had been vested by the Custodian. The defendant, a Detroit manufacturer of Hydraulic mechanisms, held an exclusive license under the agreement which it had made with Hans Thoma, a German national, in 1935 and which was to run for approximately seventeen years. Defendant paid royalties up until April 1942, but then refused to make further payments. Following the institution of suit, defendant filed an answer setting out eleven affirmative defenses which it claimed relieved it of any obligation to pay. Several of these have already been stricken upon the Attorney General's motion and the validity of others will be tested before the case comes to trial on the merits. Among the issues raised are the questions of whether vesting by the Attorney General has the effect of destroying the defendant's exclusive right in the patents and whether a licensee, by failure to use patents, relieves himself of his obligation to pay minimum royalties.

IN THE MATTER OF YOKOHAMA SPECIE BANK, IN LIQUIDATION (Superior Court, City and County of San Francisco).---At the outbreak of World War II, the California branches of the Yokohama Specie Bank were closed and, under the supervision of the Alien Property Custodian, were placed in liquidation by the Superintendent of Banks of California. The Alien Property Custodian then vested as Japanese-owned the excess proceeds of the business and property of the bank remaining after payment of the claims of creditors and depositors allowed or established in accordance with California law. In previous litigation growing out of the liquidation, certain holders of "yen certificates of deposit" were denied leave to intervene in the liquidation proceedings and qualify as claimants. Their appeal to the California District Court of Appeals was unsuccessful. <sup>25/</sup> While the appeal was pending, certain creditors and depositors of the Yokohama Specie Bank were plaintiffs in another suit which sought payment of interest on the approved and allowed claims of creditors of the bank. The creditors in the trial court and on appeal were successful in their interest suit, but the appellate court specifically refused to pass upon the question, raised by the Superintendent of Banks, as Liquidator, whether interest should be paid during the period that payment was prohibited by pendency of the appeal <sup>26/</sup> taken by the yen depositors. The superintendent thereupon instituted the present proceeding to determine whether he should pay interest for the period of the yen depositors appeal. In a decision handed down on April 24, 1956, the court directed the Superintendent to pay interest on the allowed claims

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<sup>25/</sup> In re Yokohama Specie Bank, Ltd., 86 Cal. App. 2d 545.

<sup>26/</sup> Paramount Pictures v. Sparling, 93 Cal. App. 2d 768.

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of creditors and depositors during the period in question. No appeal was taken by the Superintendent or the Attorney General.

#### Matters Involving Estates and Trusts

The litigation conducted by the Office of Alien Property in connection with the 1,163 cases involving estates and trusts covered, as in past years, a broad range of legal problems. It involved, among other things, objections to the accounts of the fiduciaries, proof of heirship, resisting invalid and exorbitant claims against estates and the construction of wills and trust instruments.

Special aspects of this litigation involve the interpretation and application of state statutes. Such statutes respecting reciprocal rights of inheritance and escheats continued to figure prominently in litigation involving estates and trusts. The reciprocity statutes, primarily in the States of California, Oregon and Montana, 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 in the domestic estate passes to the American or other eligible heirs of the decedent, or in the absence of such heirs, to the state. The burden of proving the existence of reciprocal rights of inheritance in foreign countries is upon the alien and, where a vesting order has been issued seizing the alien's interest, upon the Attorney General. This requires the testimony of foreign law experts and raises complex questions of law.

In the State of California, the decisions of the Supreme Court in upholding conflicting findings of the lower courts on the issue of reciprocity in the Estate of Bertha Schluttig 27/ and in the Estate of Alice Miller 28/ require each estate involving the question of reciprocal rights of inheritance to be tried on its own merits.

In Oregon, a decision of the Supreme Court in the Estate of John Krachler 29/ reversing the lower court and holding that the discriminatory laws of Germany in force under the Nazi regime denied reciprocal rights of inheritance to Americans has resulted in a virtual abandonment of litigation involving this question in those estates where the Oregon decedent died before the cessation of hostilities. However, there is still presented to the courts of Oregon the reciprocal rights question where the decedent died after the date when allied forces occupied Germany. In the Estate of Theodore Vogler, pending in the Circuit Court of Multnomah County, Oregon, the State of Oregon has stipulated that reciprocal inheritance rights existed in Germany on June 11, 1945, the date of decedent's death, conceding that the discriminatory laws of Germany were repealed by the occupying allied armies. However, in the case of Closterman v. Schmidt, et al pending in the same court, to which the State of Oregon was not a party, the issue of whether or not reciprocal rights of inheritance existed under German law during the occupation period, but prior to the formal surrender of Germany, was tried. The military government laws promulgated by the Supreme Commander of the Allied Expeditionary Force were introduced into evidence. The court ruled that the existence of reciprocal inheritance rights as required by the Oregon statute had not been established. The appeal which the Attorney General has taken from this holding is now pending.

Various Superior Court judges in Los Angeles County, California, have held in effect that a bequest or trust interest which is conditioned upon personal receipt by the

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27/ 224 P. 2d (1950).

28/ 230 P. 2d 667 (1951). See Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1951, p. 82.

29/ 199 Ore. 448, 263 P. 2d 769.

enemy beneficiary is immune from seizure under the Trading With the Enemy Act, and that such interests may be paid directly to the enemy beneficiaries, despite the issuance of a vesting order. These cases include Trust under Deed of John Brockman (see *infra* under Security-First National Bank of Los Angeles v. Brownell), Trust under Will of Charles Neumeister, Estate of Louise Schneider and Estate of Berta Zuber. A similar ruling was made by a court in Indiana in Estate of Herbert M. Paszotta (Superior Court, Lake County, Indiana). These decisions have been appealed since it is believed that they are contrary to principles of law affirmed by the Supreme Court of the United States. The decision of the Superior Court in Estate of Louise Schneider was reversed by the District Court of Appeals, 30/ during the year, and payment of the vested property was directed to be made to the Attorney General. On June 6, 1956 the California Supreme Court refused to entertain a further appeal. 31/

Estates and trusts litigation is not confined to the several state courts. On frequent occasions resort is had to the federal district courts for a declaration of the Attorney General's rights under vesting orders issued under the Act. Suits in the federal courts do not disturb the state court's jurisdiction, but the adjudications obtained are binding on the state courts and facilitate compliance with estate vestings. 32/

ESTATE OF MARIE M. BARCLAY (Orphans Court, Montgomery County, Pa.)---The decedent created a testamentary trust which provided for payment of income for life to her niece with a portion of the remainder thereafter payable to a "reputable college or university in Germany" to be designated by her during her lifetime or in default thereof to be designated by the niece, the fund to be invested and the income used to provide scholarships for female students attending the college or university. Both the testatrix and life tenant (niece) died without designating an educational institution in Germany to receive the remainder; but before the life tenant died the Custodian vested the right, title and interest of any college or university to be designated. The trustee contends (1) that the vesting order captured nothing since no educational institution in Germany was designated to receive the remainder and (2) the court should apply the fund, approximately \$100,000 to an educational institution in the State of Pennsylvania. The Attorney General contends that the failure to designate did not defeat the gift and that the court should designate one of several universities or colleges, stipulated by the parties to be reputable co-educational institutions, to receive the remainder. The matter has been heard and a decision is pending.

CHASE NATIONAL BANK v. REINICKE (Supreme Court, New York County, New York)---In 1945 the Alien Property Custodian vested the right, title and interest of Bruno Reinicke and of his wife, children, and other beneficiaries in an inter vivos trust, valued at \$1,000,000. Following the vesting order the Custodian intervened in a suit in the New York State court brought by the trustee for instructions. The decision, which was affirmed by the Appellate Division and by the Court of Appeals, was that the Custodian was not entitled to receive the income and that he had not succeeded to the fiduciary powers which Reinicke had over the trust. In 1953 the Attorney General amended the vesting order to res vest the corpus of the trust. Instead of complying with the Attorney General's demand for transfer, the trustee brought a suit in the New York Supreme Court for instructions in which it named the Attorney General as a defendant. The Attorney General appeared and contended in his answer that the trustee was bound to comply with the vesting order and that the state court was without jurisdiction to adjudicate the title to the property as against him. Judgment was entered in favor of the trustee. The grounds of the decision apparently were that the earlier judgment was res judicata of the Attorney General's right to receive the property and that compliance with the vesting order would prejudice

30/ 140 ACA 771, 296 P. 2d 45.

31/ 46 AC Minutes, p. 2, following l. 662.

32/ Markham v. Allen, 326 U. S. 490.

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the rights of nonenemy beneficiaries who had remainder interests. <sup>33/</sup> The Appellate Division affirmed, <sup>34/</sup> and the Court of Appeals denied a motion for leave to appeal to that court. The Supreme Court of the United States has granted the Attorney General's petition for a writ of certiorari. <sup>35/</sup> Briefs have been filed and the case is awaiting argument.

FIRST NATIONAL BANK OF CHICAGO, AS TRUSTEE UNDER THE WILL OF HENRY LANGHORST v. BARTHOLOMY, ET AL (Superior Court, Cook County, Ill.).---The plaintiff is trustee of a testamentary trust holding assets of approximately three and one-half million dollars in which the Attorney General, as successor to certain German beneficiaries, claims the right to three-fifths of the income and corpus. Suit has been commenced for construction in which both the Attorney General and the German beneficiaries are named as defendants. The matter is awaiting trial on the merits.

ESTATE OF MARGARETA FRANZEN (Surrogate's Court, Bronx County, New York).---The decedent, Margareta Franzen, died testate on August 19, 1943. In her will she created a trust in the sum of \$5,000 for her father and brother, both nationals of Germany; the income therefrom to be paid to the Germans or the survivor of them and the corpus on the death of the survivor to be paid to the executors and trustees personally. The trustees in their discretion could expend all or part of the principal for the care and maintenance of the Germans. The trust was never set up as directed in the decedent's will. The Attorney General vested the interests in the trust of the German nationals. In their final account the executors and trustees sought credit for advances made to the enemy beneficiaries in excess of the \$5,000 principal, after the cessation of hostilities and without license. They also urged that the trust had thereby served its purpose and the Attorney General was entitled to nothing under the vesting order. The Attorney General contended that he was entitled to the corpus by reason of the exercise of the trustee's discretion in favor of the enemies and to the accumulated income to the date of such exercise. The Surrogate directed the executors and trustees to establish a trust fund in the sum of \$5,000 in accordance with the terms of the will and further directed them to pay to the Attorney General interest on said trust fund at the rate paid by savings banks of the State of New York from August 19, 1943, (the date of decedent's death) to the date of the decree and thereafter at the rate earned by the trust fund until termination of the trust. <sup>36/</sup>

BROWNELL v. HERMANN (United States District Court, District of Idaho).---The Attorney General by a vesting order issued in 1949 seized the interests of fourteen German beneficiaries and their issue in a trust created by Fred Nagel, a resident of Idaho. The trust was for the lives of the named beneficiaries, but it could be sooner terminated by payment of the corpus to the beneficiaries "provided payment shall not be subject to confiscation by or create sinews of war for any government antagonistic to the United States". Since all possible interests in the trust, life and remainder, were covered by the vesting order the Attorney General demanded from the trustee a turnover of the accumulated income and the corpus of the trust. When the demand was not complied with a suit was filed by the Attorney General. The trustee's accounts revealed that unauthorized payments of income totaling in excess of \$15,000 had been sent by the trustee to the German beneficiaries in Germany between 1946 and 1951. A recovery of this sum as a surcharge against the trustee was sought in the suit brought to enforce compliance with the vesting order. The court determined that the trust was terminated and ordered the trustee to deliver to the Attorney General all property in her possession comprising the corpus of the trust, approximately

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<sup>33/</sup> New York Law Journal, May 28, 1954, p. 7.

<sup>34/</sup> New York Law Journal, June 15, 1955.

<sup>35/</sup> 350 U.S. 964.

<sup>36/</sup> New York Law Journal, Nov. 29, 1955.

\$100,000, but approved the expenditures of income by the trustee. The trustee has appealed the decision terminating the trust and the Attorney General has cross-appealed.

ESTATE OF LUCY WORTHAM JAMES (Surrogate's Court, New York County, State of New York).---Lucy Wortham James, who died in 1938, created a \$20,000 trust for a national of an enemy country, Japan. The enemy national was to receive the income during his life with the power to appoint the corpus by will, and upon his failure to appoint or if it became impossible to carry out the terms of the trust, the corpus was to revert to the trustee for charitable and benevolent purposes. The Alien Property Custodian vested the Japanese national's interest in the trust and had been receiving the income therefrom. The Japanese national having died after the effective date of the Treaty of Peace between Japan and the United States, his ancillary administrator took the position that the exercise of the power of appointment was valid. The Attorney General contended that the vesting order seizing all the right, title and interest of the Japanese life beneficiary cut off the power of appointment and rendered its attempted exercise ineffective. The Surrogate's Court upheld the Attorney General and directed the corpus be distributed as though there had been a failure to exercise the power. 37/

MATTER OF TRUST OF CARL MECHEL (County Court, Milwaukee County, In Probate).---In a proceeding instituted in 1955 by the trustee to terminate a testamentary trust in accordance with its terms upon the death of the life beneficiary and for distribution of the estate's assets, the grandniece, concededly a national of Germany until 1949, and whose one-half remainder interest in the trust amounting to approximately \$135,000 had been seized by the Custodian in 1943, filed a cross petition challenging the right of the Custodian to seize the assets and claimed them as her own. Her position was grounded on the argument that: the government in not appealing from the provisions of the final decree acquiesced in the transfer of the residue of the estate to the trustee; notice of the contents of the vesting order had not been served upon the trustee or beneficiary prior to its execution and consequently the vesting order is invalid; the "invalidity" of the vesting order can no longer be cured since the power to vest enemy property ceased on January 1, 1947; the grandniece had no property interest to vest until the death of the life tenant in 1955; and payment to the government would constitute seizure without due process of law. The Attorney General urged that the contentions of the grandniece were without merit under the law and irrelevant or inapplicable in any event. The matter came on for hearing in January 1956 and thereafter briefs were submitted by the Attorney General and cross petitioner. A decision is awaited.

BROWNELL v. MERCANTILE TRUST COMPANY, ET AL (United States District Court, Eastern District of Missouri).---The defendants are trustees of a trust fund valued at approximately \$2,000,000. The Attorney General claims to be entitled to approximately \$600,000 of the corpus as the successor in interest to certain German beneficiaries. The trustees, while paying income to the Attorney General, refused to terminate the trust as to the German beneficiaries whose interests were vested and to pay corpus to him, contending that under the language of the trust instrument they have discretion to withhold payments of corpus to any beneficiary until 21 years after the death of the last life tenant. The Attorney General challenged this contention urging that the discretion was exercisable only if a foreign government's laws threatened the free use and enjoyment of the fund. Depositions were taken to establish the donor's intent with respect to the extent of the discretionary authority as to payment of corpus conferred on the trustees and the case was tried on the basis of these depositions and oral testimony. The District Court held that the discretionary authority of the trustees was not limited as urged by the Attorney General and that the trustees' refusal to terminate the trust would not be interfered with unless it could be shown that they acted dishonestly, from a motive other than the accomplishment of the

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37/ New York Law Journal, June 7, 1956, p. 7.

trust purposes or arbitrarily without the exercise of any judgment. No appeal was taken.

ESTATE OF E. OSCAR NEBEL (Orphans Court, Montgomery County, Pa.).---The Custodian in 1943 vested the right of a German national to receive a portion of the net income payable semi-annually for life from a trust created in 1934. The trust contained a spendthrift clause. On his application for an accounting and instructions the trustee urged that (1) spendthrift trusts were immune from seizure under the Trading With the Enemy Act, and (2) any interest of the German national in the income after October 19, 1951 (the date of the Joint Resolution terminating the war between Germany and the United States) was not enemy-owned property. The court rejected both arguments saying "the right to receive the payments was created in 1934 and relates back to that time. Fritz Nebel had nothing new or additional in 1954 which he did not already own in 1934. When the Alien Property Custodian seized the interest in 1943 he took the entire interest that Fritz had in the trust, namely, the income payable semi-annually so long as Fritz lived." The court in accord with decisions in other jurisdictions held that the interest of an enemy alien in a spendthrift trust is subject to seizure, and directed distribution to the Attorney General.

BROWNELL v. THE NEW HAVEN TRUST CO. (Supreme Court of Errors, Conn.).---Anna E. Hartmann died a resident of Connecticut in 1922. Under her will, her estate, now worth approximately \$20,000, was left to her husband for life and upon his death the property was to pass to certain nieces and nephews, or their issue if they predeceased her husband. Mrs. Hartmann's husband died in 1948 and in 1949 the Probate Court entered a decree determining the identity of the nieces and nephews, or their issue, entitled to inherit the estate. Under this decree 11/14ths of the estate was payable to enemy nationals. Accordingly, the Attorney General in 1952 vested the interests of such persons and petitioned the Probate Court to enter a decree determining that such shares should be paid to him under his vesting order. The Probate Court denied this petition, holding that it had no power to modify its prior decree after the time to appeal had expired and that the decree was binding on the Attorney General. On appeal, the Superior Court affirmed on the same grounds. The Attorney General then appealed to the Supreme Court of Errors claiming that his seizure and right to distribution was not inconsistent with the earlier decree, as he is the legal successor to the distributees whose interests were vested; also that the Probate Court's decree of 1949 was entered without notice to him as required by law and thus was not final as to him. The appeal was argued on June 14, 1956, and the matter is now under advisement by the court.

ORME v. THE NORTHERN TRUST COMPANY (Estate of Louisa G. Bigelow)(Circuit Court of Cook County, Ill.).---Decedent died in 1873 leaving her property in trust to three granddaughters for life with remainder to their children, issue or heirs. Four-ninths of the trust corpus having a value in excess of \$1,000,000 has been vested by the Attorney General. This suit was instituted by the sole legatee of one of the granddaughters claiming that under the rule in Shelley's case the entire estate merged in the life tenant. A counterclaim was filed by an adopted child (an adult) of the same granddaughter claiming an interest as a child or issue under the trust. Trial was commenced in June 1955 at which the Attorney General and the trustee, among others, took the position that the rights of the life beneficiaries were limited to life interests by prior judgment, that the bulk of the decedent's property consisted of personalty at the time of her death to which the rule in Shelley's case was not applicable, that the rule was not applicable since the words of the testatrix were words of purchase, and that insofar as the counterclaim of the adopted child was concerned, decedent did not intend to include among her remaindermen adopted children and that the decree of adoption issued by a Colorado Court was invalid on jurisdictional grounds and in any event should not be recognized by the Illinois courts. Extensive argument was completed before a Master appointed to hear the testimony shortly before the close of the fiscal year.

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MATTER OF TRUST ESTATE OF H. RENJES (Circuit Court, First Judicial District, Territory of Hawaii).---The testamentary trust involved in this proceeding was for the benefit of the testator's wife for life, with the remainder to his daughter upon the wife's death. The remainderman predeceased the life beneficiary and left as her heirs two daughters, one of them a resident and citizen of Germany and the other of the United States. The life beneficiary died in 1952 and in April 1953 the Attorney General vested the interest in the trust estate of the German national. The German national sought to intervene on the ground (1) that the Attorney General had no authority to issue a vesting order after the enactment of the Joint Resolution terminating the war with Germany and (2) that the German's interest was contingent and did not become a vestible property right until the death of the life tenant in 1952 and was therefore not subject to the Trading With the Enemy Act, as amended. After trial the court directed the payment of one-half of the corpus of the trust, valued at approximately \$125,000, to the Attorney General. In its opinion, it held that the Attorney General's vesting power did not terminate when the Joint Resolution of October 19, 1951, terminating the state of war with Germany for most purposes, became effective and that the interest of the remainderman vested upon the death of the testator and, even if contingent, was subject to seizure under the Trading With the Enemy Act. The trustees have complied with the court's order and an appeal by the intervenor is now pending before the Supreme Court of Hawaii.

ESTATE OF HENRY PETER RONKENDORF (Superior Court, San Joaquin County, California). Decedent died intestate leaving as the principal asset of his estate two parcels of real property valued at \$100,000. The Attorney General vested the interest of heirs in Germany. Claim to the estate was also made by a distant relative of decedent residing in the United States on the ground that rights of inheritance granted German nationals under the Treaty of Friendship, Commerce and Consular Rights with Germany of 1923 are subject to proof of reciprocal rights of inheritance imposed by §259 of the Probate Code of California, and further that the failure to dispose of the real property within the three-year period provided under the Treaty terminated the interests of the German nationals therein. In a memorandum opinion dated November 17, 1955, the court held that reciprocity need not be established as a requisite to the accrual of rights in real property under the treaty and that the provision thereof permitting an alien not authorized under state law to hold title to real property to sell such property within three years was not operative upon expiration of that period to terminate the interest acquired by an alien heir.

ST. LOUIS UNION TRUST CO. v. GREENOUGH (ESTATE OF ADOLPHUS BUSCH) (Circuit Court, St. Louis, Missouri).---Adolphus Busch died testate in 1913, a resident of St. Louis, Missouri. He was survived by his widow and seven children. His will divided his estate into eight parts and one of such eight parts was left in trust for his daughter, Wilhelmine. Wilhelmine died in 1952, leaving no children or descendants of any deceased child. The will provided that in such case, "said share shall go absolutely to the brothers and sisters of my said daughter, per stirpes, and not per capita." In a proceeding brought by the trustee under the will as to the proper interpretation of the above quoted clause, the Circuit Court held that only those brothers and sisters who survived Wilhelmine and those children and descendants of deceased children who survived Wilhelmine, were entitled to share in the gift. Accordingly, it decreed that the Attorney General was not entitled to share in the gift since his vesting order captured an interest which was derived ultimately through a brother who, although he had survived the testator, died before Wilhelmine. On appeal, the Supreme Court of the State of Missouri affirmed the decision of the Circuit Court. 38/

ESTATE OF LOUISE SCHNEIDER (California District Court of Appeal).---Decedent died in 1945, leaving a will executed in 1943, in which she left \$26,000 in trust to be paid to

38/ 282 S.W. 2d 474.

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various relatives in Germany "if at any time during the continuance of this trust alien residents of Germany shall become legally entitled under the laws of the United States and the State of California to take and inherit under my will and this trust...." The Alien Property Custodian vested the interests of the German nationals in 1946. After trial, the Superior Court held that the gifts were intended for the personal benefit of the beneficiaries and were not subject to seizure by the Custodian. The German nationals also contended, on appeal, that the gifts were subject to a condition precedent (their ability to personally receive) which did not occur until after the end of the war when the powers of the Custodian to seize had ceased. The California District Court of Appeal reversed, holding (1) that the condition specified in the will had occurred prior to the decedent's death so that the interests of the German nationals became indefeasibly vested in them at that time, and (2) that, in any event, even assuming that the interests of the German beneficiaries were contingent, such an interest is a property interest and is subject to seizure under the Trading With the Enemy Act. <sup>39/</sup> On June 6, 1956, the Supreme Court of California refused to review the decision of the District Court of Appeal. <sup>40/</sup>

SECURITY-FIRST NATIONAL BANK OF LOS ANGELES v. BROWNELL (Superior Court, Los Angeles County, California).---John Brockman conveyed interests in real and personal property having a value of \$7,000,000 to the plaintiff bank in trust, income therefrom to be paid to named nieces, nephews and widows of nephews for life and upon their respective 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 distributed to the persons entitled to income. The Attorney General vested interests of enemy nationals entitled to approximately 1/5th of the income and corpus. Suit was instituted by the trustee for construction of the trust agreement. All of the parties to the suit (including certain of the German nationals who were permitted to appear and participate in the proceedings) other than the Attorney General, urged that the vesting order acquired no interests because the gifts to the enemies were subject to a condition precedent requiring personal receipt. The trustee took the position in addition that the interests of the German beneficiaries were only "frozen" during the war and that following the lifting of freezing controls payments could be made directly to such beneficiaries. The decision of the court in December 1954 determined that the vesting action of the Attorney General was ineffective to capture the interests of the enemy nationals and that income payable to them prior to the adoption of General License No. 101 became distributable to the American beneficiaries. Income and corpus becoming payable since the effective date of such general license could be distributed directly to said German beneficiaries. Throughout the fiscal year there was extensive litigation with respect to the findings of fact and a decree of the court was not entered until July 17, 1956. An appeal will be taken by the Attorney General.

#### Insurance Matters

At the beginning of the fiscal year 1956 there were 188 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, upon proof of either the existence or the death of the insured.

The decisions in the cases of Brownell v. Sun Life Insurance Company of Canada by the Supreme Court of the Philippines and Cities Service Company v. McGrath <sup>41/</sup> by the Supreme Court of the United States have resolved the two major legal questions concerning the effect of the Trading With the Enemy Act on insurance policies. Some further litigation

<sup>39/</sup> 140 A.C.A. 771, 296 P. 2d 45.

<sup>40/</sup> 46 A.C. No. 22, Minutes, p. 2, following p. 662.

<sup>41/</sup> 342 U.S. 330.

may arise with respect to insurance matters but should be confined to normal questions of insurance law rather than to the effect of the Trading With the Enemy Act.

The case of Prahl v. Pan-American Insurance Company tried in the Court of First Instance of Venezuela may be the forerunner of a suit in this country to apply the principle enunciated in Cities Service Company v. McGrath.<sup>42/</sup> Prahl's interest, as the insured under an insurance policy written by the Pan-American Insurance Company, was seized by the Attorney General. The insurance company, pursuant to the vesting order, complied with the demand and paid to the Attorney General the insured's interest. Prahl, claiming to have been a resident of Venezuela, temporarily in Germany during the war years, sued the insurance company in Venezuela. The Court of First Instance decided the case in favor of Prahl and entered judgment against the insurance company for the value of the policies in the suit. An Appellate Court affirmed. Both courts refused to give effect to the company's prior payment to the United States Government.

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<sup>42/</sup> Supra.

VIII

ORGANIZATION, FINANCES AND ACCOUNTING

Col. Dallas S. Townsend continued as Assistant Attorney General, Director, Office of Alien Property, through the fiscal year 1956, together with Mr. Paul V. Myron, Deputy Director.

ORGANIZATION

Administrative Units

The various administrative units of the Office of Alien Property and the number of full-time employees assigned to each unit at the close of the fiscal year 1956, are listed below:

<u>Administrative Unit</u>	<u>Number of employees as of June 30, 1956</u>
Office of Assistant Attorney General.....	24
Liquidation Section.....	42
Legal and Legislative Section.....	23
Claims Section.....	103
Litigation Section.....	65
Administrative Section.....	51
Comptroller's Section.....	53
Overseas Office.....	5
Office of Manager, San Francisco.....	6
Office of Manager, Tokyo.....	2
Total.....	<u>374</u>

Geographical Distribution of Personnel

The main office of the Office of Alien Property is in Washington with field offices located in San Francisco, 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 authorization 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 Comptroller's Section of the Office keeps the accounting records on administrative expenses. 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 1956 was in the amount of \$2,800,000 (Public Law 133, 84th Congress, 1st Session, approved July 7, 1955, 1/).

Administrative expenses for the 1956 fiscal year totaled \$2,717,348.85. A statement of these expenses and the means by which the expenses were financed are shown in table 27. Comparative data for previous fiscal years are also shown in the table.

Accounting

A report of Arthur Young & Company, certified public accountants, on its audit of the books of the Office of Alien Property for the fiscal year ended June 30, 1956 is presented at the end of this chapter.

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1/ 69 Stat. 264.

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Table 27.--ADMINISTRATIVE EXPENSES AND MEANS OF FINANCING, FOR THE PERIOD 1942 THROUGH 1952, AND FOR THE FISCAL YEARS ENDED JUNE 30, 1953, 1954, 1955, AND 1956

NOTE.--The statements shown on this table are not identical with those shown in table 27 of the Annual Report, Office of Alien Property, Department of Justice, fiscal year ended June 30, 1955, owing to adjustments made subsequent to June 30, 1955. 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, 1952	July 1, 1952 to June 30, 1953	July 1, 1953 to June 30, 1954	July 1, 1954 to June 30, 1955	July 1, 1955 to June 30, 1956	Total
<b>ADMINISTRATIVE EXPENSES</b>						
Personal services.....	\$32,907,700.50	\$2,988,667.97	\$2,099,509.40	\$2,203,768.65	\$2,301,876.91	\$42,501,523.43
Travel.....	926,195.72	49,300.57	24,144.81	34,407.59	33,250.57	1,067,299.26
Transportation of things..	122,053.67	6,092.01	3,245.62	2,322.21	219.50	133,933.01
Communication services....	540,064.33	43,309.28	18,503.52	21,616.01	22,397.46	645,890.60
Rents and utilities.....	2,711,830.41	169,459.69	119,767.98	114,541.37	126,763.63	3,242,363.08
Printing and binding.....	583,435.07	17,103.40	5,369.04	13,165.11	7,009.57	626,082.19
Other contractual services	1,808,564.27	286,045.52	170,053.79	184,496.94	187,567.44	2,636,727.96
Supplies and materials....	475,933.82	55,817.35	9,458.12	17,115.64	15,579.39	573,904.32
Equipment.....	492,265.72	26,298.05	5,602.72	16,124.92	19,278.63	559,570.04
Refunds, awards and indemnities.....	.....	.....	.....	.....	2,000.00	2,000.00
F. I. C. A. contributions.	4,120.55	2,936.24	1,225.20	3,011.23	1,405.75	12,698.97
<b>Total.....</b>	<b>\$40,572,164.06</b>	<b>\$3,645,030.08</b>	<b>\$2,456,880.20</b>	<b>\$2,610,569.67</b>	<b>\$2,717,348.85</b>	<b>\$52,001,992.86</b>
<b>MEANS OF FINANCING</b>						
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.....	281,437.31	31,432.92	34,815.68	52,085.21	15,061.97	414,833.09
(b) General transfer of cash from vested property funds 1/.....	30,197,101.48	(2,984,199.02)	824,969.78	(1,892,963.52)	2,023,998.19	28,168,906.91
3. Reimbursement received for expenses incurred in representing people residing behind enemy lines in court proceedings or administrative actions.....	345,424.36	(30.00)	(193.00)	.....	638.00	345,839.36
4. Expenses charged to Vested Satellite Assets Fund.....	.....	.....	.....	.....	41,855.20	41,855.20
5. Conservatory and administrative expenses recovered upon payment of claims and transfers of free account balances to War Claims Fund..	4,611,448.76	6,593,781.40	1,563,567.31	4,435,927.73	624,108.62	17,828,913.82
6. Recoveries of expenses from Philippine Alien Property Administration to Oct. 13, 1946, and from Philippine vested property subsequent to June 29, 1951	155,170.10	.....	30,646.02	.....	.....	185,816.12
7. Miscellaneous receipts:						
(a) License fees, receipts from sale of patent catalogs and other receipts.....	679,263.53	4,044.78	3,074.41	15,520.25	11,606.87	713,509.84
(b) Receipts from sale of republished periodicals.....	239,229.81	.....	.....	.....	.....	239,229.81
<b>Total.....</b>	<b>\$40,572,164.06</b>	<b>\$3,645,030.08</b>	<b>\$2,456,880.20</b>	<b>\$2,610,569.67</b>	<b>\$2,717,348.85</b>	<b>\$52,001,992.86</b>

1/ A considerable portion 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

ARTHUR YOUNG & COMPANY  
1001 Connecticut Avenue  
Washington 6, D. C.

January 22, 1957

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

Dear Sir:

We have examined the general accounts, including the Satellites Assets 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, 1956, but we did not review the financial and statistical tables or the text which will be contained in the detailed annual report of the Office of Alien Property for such fiscal 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 comparison of assets recorded with the vesting orders issued therefor during the fiscal year; test-check and confirmation of cash receipts; test-examination of vouchers covering administrative expenses and other disbursements; check of reconciliations and confirmations of year-end bank balances; count of securities and personal property in the custody of employees in offices of the Office of Alien Property in the United States; test-confirmation of vested assets in the custody of others at June 30, 1956; 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. Examinations of the accounts of operating vested enterprises, with a few exceptions of minor importance, have been made by public accountants at various dates during the fiscal year ended June 30, 1956 and we have reviewed their reports on such examinations.

The accounting records of substantially all of the vested enterprises in process of liquidation, and of a few vested enterprises which were in operation at June 30, 1956, were maintained in offices of the Office of Alien Property. We reviewed the available accounting records of substantially all such vested enterprises. Such review included check of the reconciliations and confirmations of bank balances at June 30, 1956 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.

In our opinion, subject to any exceptions which an audit of the vested enterprises in process of liquidation might reveal, the exceptions disclosed as a result of our examination for the fiscal year ended June 30, 1956 were not relatively significant.

/s/ Arthur Young & Company

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EXHIBIT A

SUPPLEMENT TO LISTS OF VESTING ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY,  
MARCH 11, 1942, TO JUNE 30, 1956

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, 1953, 1954 and 1955. The additions consist of published amendments signed during the fiscal year ended June 30, 1956 but relating to vesting orders signed prior to July 1, 1955.

Vesting order No.	Description	Date published in Federal Register
1103	Amendment.....	Dec. 29, 1955
1172	...do.....	Jan. 26, 1956
5765	...do.....	Dec. 2, 1955
8262	...do.....	Nov. 2, 1955
9144	...do.....	Nov. 5, 1955
11645	...do.....	Nov. 26, 1955
12138	...do.....	Jan. 26, 1956
13557	...do.....	June 21, 1956
14772	...do.....	June 1, 1956
14773	...do.....	June 8, 1956
15193	...do.....	Feb. 21, 1956
15381	...do.....	Feb. 21, 1956
15592	...do.....	June 19, 1956
16931	...do.....	Apr. 27, 1956
17320	...do.....	June 21, 1956
17685	...do.....	June 1, 1956
18114	...do.....	June 1, 1956
18329	...do.....	Aug. 13, 1955
18521	Amendment, as amended.....	Dec. 10, 1955
18713	Amendment.....	Oct. 21, 1955
18926	...do.....	Mar. 31, 1956

EXHIBIT B

RULES AND REGULATIONS OF THE OFFICE OF ALIEN PROPERTY IN EFFECT AS OF JUNE 30, 1956

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 (13. 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..... Amended..... ...do..... ...do..... ...do.....	13-9498 17-2483 17-11779 19-1211 21-963
502	Rules of procedure for claims..... Amended..... ...do..... ...do..... ...do..... ...do..... ...do.....	13-9503 16-5105 16-11137 17-5211 17-11836 18-6237 18-8476
503	Availability of records..... Amended..... ...do..... ...do..... ...do.....	13-9507 17-11781 19-1211 19-6566 21-963
504	Vesting orders..... Amended.....	13-9508 21-963
505	Specific prohibitions..... Amended..... ...do..... ...do..... ...do.....	13-9508 17-11781 20-4395 20-7911 21-963
506	Property in process of judicially supervised administration, or in court or administrative proceeding..... Amended..... ...do.....	13-9510 17-11782 19-1212
507	Patents, trade-marks and copyrights..... Amended..... ...do..... ...do.....	13-9511 14-4788 17-11782 17-11842
508	Administration of alien property seized during World War I.....	13-9512
509	Foreign exchange rates..... Amended.....	13-9513 17-11784
510	Reports..... Amended..... ...do.....	13-9513 17-11784 19-1212

Exhibit B - Concluded

Part No.	Subject matter	Federal Register citation
511	Blocked assets: regulations originally issued by the Treasury Department <u>1/</u> ..... Amended..... ...do..... ...do..... ...do..... ...do..... ...do.....	13-9518 15-1029 16-7310 16-10715 17-800 17-11785 18-3687

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 O

LIST OF DISSOLUTION ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY,  
JULY 1, 1955 TO JUNE 30, 1956

Dissolu- tion order No.	Related vesting order No.	Name of corporation ordered dissolved	Date executed	Federal Register citation
110	125, 5290	American Askania Corp.....	7-13-55	20-5153
111	58	Ataka & Co., Ltd.....	7-14-55	20-5238
112	122, 4581	Yokohama Nursery Company, Ltd...	9-15-55	20-7138
113	1630	The Bauer Type Foundry, Inc.....	11-16-55	20-8642
114	202	Steel Union-Sheet Piling, Inc...	12-22-55	20-10093
115	351	Cedar Swamp Road Realty Corp. and The Cornelius Holding Corp.	1-3-56	21-205

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EXHIBIT D

LIST OF RETURN ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY  
JULY 1, 1955 TO JUNE 30, 1956

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
2349	10876	Suzanne A. Zinser.....	\$754.42.....	July 29, 1955
2358	18007	Oscar Moritz Hirschel.....	\$1,359.40.....	July 19, 1955
2448	19311	Karl Herschmann.....	\$67.50; and securities.	July 14, 1955
2451	17043	Takao Nakayama.....	\$927.30.....	.....do.....
2453	3493, 3953	Marion C. Monden, Admx. of Est. Mary Triebels Fausten.	\$2,445.12.....	July 7, 1955
2454	10062	Karl Wech.....	\$214.49.....	July 14, 1955
2455	8914, 16680	Dr. S. Jaffa.....	\$103.10.....	.....do.....
2456	5530	Angelo Capello and Rita Cash....	Interest in an estate..	July 29, 1955
2457	2828	James A. Karakawa.....	\$7,750.24; and real estate.....	Aug. 11, 1955
2458	27, 201	Mary Burruss Weir.....	Patents.....	July 29, 1955
2459	248	Jhr. Henri Reuchlin.....	\$497.38.....	.....do.....
2460	201, 661	Alois Leber.....	Patents.....	.....do.....
2461	11047	Alfred Berglas.....	\$1,309.22.....	.....do.....
2462	9944	Jacob Suchansky and Mrs. Katherine Szuchsansky Tluck.	\$248.62.....	Aug. 19, 1955
2463	3203	Setsuko Furuhamas.....	\$363.09.....	Aug. 11, 1955
2464	9617	Margaret Eggenhofer.....	\$62.85.....	.....do.....
2465	5967	Julius Kauffmann.....	\$2,088.61.....	July 29, 1955
2466	1935	Dante Rossetto.....	\$6,993.04.....	.....do.....
2467	1698	Margherita Rossetto.....	\$3,275.69.....	Aug. 10, 1955
2468	7382	Lisa Engel, Eva Markus and Johuda Engel.	Interest in a trust under will.....	Aug. 26, 1955
2469	16552	Kimiyo Sasada.....	\$179.07.....	Aug. 11, 1955
2470	2431	Frederick Nettel.....	Patent.....	July 29, 1955
2471	5178	Noboru Hanada.....	\$897.75.....	Aug. 11, 1955
2472	976	Alessandro, Licia, Renzo, Amato Domenici, and Amato Domenici as guardian of Gulliano Domenici.	\$1,455.43.....	.....do.....
2473	500A-31	Ida Trier.....	\$137.00; and interest in a copyright.....	July 29, 1955
2474	1311	Louisa Zucker, Sarolta Unger, David Reininger, Arthur E. Unger, Herman Reininger, Anne Reininger Julian, Jacqueline Reininger Brodsky and Beatrice Unger Snow.	\$634.19.....	Aug. 11, 1955
2475	5067	Anna Pohl, Maria Zahrada, Anna Guschall and Maria Eberl.	\$11,480.20.....	Aug. 19, 1955
	1/	Leopoldine Seidl, Helene Ranegger, Johann Schwarzbauer and Maria Nikodem.	\$794.21	
2476	4795	Ernesto Demartini, and Gilda Romani.	\$1,810.88; and securities.....	.....do.....

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
2477	1497	Societe Anonyme de Gestion et d'Exploitation de Brevets ("SAGEB").	\$178,466.00.....	Aug. 10, 1955
2478	1604	Antonina Buscetta.....	\$5,154.59.....	Dec. 21, 1955
2479	18065	Mrs. Elsa Huysen.....	\$571.04.....	Aug. 19, 1955
2480	5530	Rose Ghio.....	Interest in an estate..	Aug. 26, 1955
2481	6786	Martin Bamberger.....	\$1,276.06.....	Aug. 22, 1955
2482	9693	Walter Cohn.....	\$1,560.32.....	.....do.....
2483	4127	Isaac Moldavi.....	\$1,567.22.....	Aug. 26, 1955
2484	248	Jhr. David F. Reuchlin.....	\$497.38.....	Aug. 22, 1955
2485	5905, 9201	E. H. J. Heida and H. J. Heida..	\$429.42; and securities	Aug. 26, 1955
2486	248	E. N. Van Steeden.....	\$1,196.84.....	.....do.....
2487	18224	Toru Terasaki.....	\$639.88.....	.....do.....
2488	4383	Paul K. and Herbert W. O. Stephan.	\$154.87.....	.....do.....
2489	18755	Auguste Kraemer.....	\$304.53; and securities	.....do.....
2490	1220, 7745	Sibylla, Jutta and Armgard Pulvermann.	\$64,083.11; and securities.....	Aug. 31, 1955
2491	611	Tertulliano Girelli.....	\$3,280.51; and securities.....	Aug. 26, 1955
2492	8423	Helen Marie Von Borstel.....	\$550.84.....	Aug. 31, 1955
2493	8430	Paula Glasser, Clara Goldsmith and Fred Kohler.	Interest in a trust under will.....	Apr. 19, 1956
2494	1859	Caterina Maria, Giustina Maddalena Pia and Clotilde Leonilda Pia Tonoli.	Interest in a trust under will.....	Dec. 7, 1955
2495	12774	Ilse Gertrude Gensheimer, a/k/a Ilse Gertrude Crusius and Ilse Gertrude Plum and Carl Philip Gensheimer, a/k/a Philipp Gensheimer.	Interest in a trust indenture.....	Aug. 31, 1955
2496	6487	Max Bissinger.....	\$2,113.45.....	Sept. 14, 1955
2497	1042	Bertha Schulman, Itta Moellerich, Philip H. Orth, Exec. of the Est. of Miriam Friedberger and Julius Brafman, dec'd.	\$10,970.65.....	Sept. 22, 1955
2498	3335	Henny Helene Lizzie Christensen.	\$2,424.32; and interest in a trust under will.	Oct. 12, 1955
2500	9693, 9904	Herbert Huston Bethel.....	\$269.11.....	Sept. 22, 1955
2501	7774	Eduard Baruch, Wally Elaustein, and Emma Zydower.	\$3,000.00.....	Sept. 14, 1955
2502	9068	Mrs. Robert Shaffer.....	\$463.98.....	.....do.....
2503	555	William, George, Joseph and Aron J. Perl.	\$855.22.....	.....do.....
2504	9135	Julie Anklin-Martin and Elisabeth Hoefflin-Martin.	\$724.32.....	.....do.....
2505	19216	Adolph Bielefeldt.....	\$1,422.55.....	.....do.....

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful claimant	Summary description of property returned	Date executed
2506	1813	Mrs. Hildegard Ressler Brandstetter.	\$156.88; and securities	Oct. 4, 1955
2507	3362	Artur or Arthur (von) Gertz.....	\$79.34.....	Sept. 14, 1955
2508	293, 666	Societe Anonyme Andre Citroen...	Patents.....	.....do.....
2509	3177	Charles Joseph Giafferi and Marie Antoinetti Charlotte Bailey, nee Giafferi.	\$2,420.37; and interest in a patent contract..	.....do.....
2510	1778	Augusta Kemmerdinger, a/k/a Augusta Hemmer, Herman Igersheimer, Hanna Winkler, nee Igersheimer and Erna Michaelis, nee Hemmerdinger.	\$792.40.....	Sept. 19, 1955
2511	17128	Rudolf Socha.....	\$584.70.....	Sept. 14, 1955
2512	4613	Akiko Nakanishi.....	\$121.33; and securities	Oct. 13, 1955
2513	5645, 7531	Ladislaus Mezey.....	\$750.14.....	Sept. 19, 1955
2514	2271	Gino Bisetti.....	\$1,884.27.....	.....do.....
2515	1360	Helen Cohen, Sylvia Holtzman, Agnes Hyman, Abraham N. and George Landsman.	\$87.42.....	Sept. 22, 1955
2516	9068	William Troeller.....	Bond.....	Sept. 19, 1955
2517	6952	Margaretha Buchenberger.....	\$174.08.....	Sept. 22, 1955
2518	813	Yoshi S. Miya.....	Securities.....	Sept. 21, 1955
2519	3363	Annie May Nakamura, now known as Mrs. Annie May Umata, and Ruth Nakamura, now known as Mrs. Ruth Kono.	\$1,578.57; and interest in real property and interest in a guardianship estate.....	Sept. 22, 1955
2520	1/	Matilda Kristina Matulic-Markov.	\$354.36.....	.....do.....
2521	18803	James M. Tanaka.....	\$394.24.....	.....do.....
2522	10887	Sonja Ferries, (formerly Sonja G. Neumann), and Hans Winfrid Neumann.	\$191.00.....	Oct. 31, 1955
2523	3555	Cornelia Adriaan Bruyn.....	Motion picture film....	Sept. 22, 1955
2524	16028	Anna Elizabeth Winde.....	\$240.00.....	.....do.....
2526	2326	Furio P. Cannara.....	\$474.72.....	Jan. 25, 1956
2527	9068	Franz Herzmann.....	\$1,314.36.....	Sept. 29, 1955
2528	14944	Masako (Watanabe) Fukumoto.....	\$165.64.....	.....do.....
2529	104	Felix Epstein.....	\$75.73.....	Oct. 4, 1955
2530	3078	Elizabeth Gabriel.....	\$203.82.....	.....do.....
2531	2638	Hilde Sirk, a/k/a Hildegard Sierck.	\$207.19; and interest in stock.....	May 31, 1956
2532	7931	Shizuyo Molly Iriye, a/k/a Mrs. Tateki Iriye.	\$151.12.....	Oct. 4, 1955
2533	664	Carl Wilhelm Hartmann.....	Patent.....	.....do.....
2534	12929, 16325	Jitsuo Nakano.....	\$590.64.....	.....do.....
2535	17829	Rosa Rupprecht-Schmidt.....	\$27.50; and securities.	.....do.....
2536	9068	Mrs. Herta Lazarus.....	\$535.00.....	Sept. 29, 1955

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2537	1724	Ines Diemoz Chamois and Theresa Chamois.	\$2,089.81.....	Oct. 4, 1955
2538	19299	Hedwig Asmus.....	Interest in an estate..	.....do.....
2539	10688	Gerhard Meyer.....	\$3,106.67.....	Mar. 26, 1956
2540	6733	Richard O. Graw, Adm. of the Est. of Markus and Fanny Meyer, dec'd.	\$1,212.59.....	Oct. 14, 1955
2541	4938	Maria-Concetta Guglielmi, a/k/a Concetta Guglielmi Ferrante, Rosa or Rose and Filomena (or Philomena) Guglielmi; Antonio, Domenico, Bernardo and Caterina Iacobellis; Giuseppe, Cesaria, Nicolina, Regina, Michele and Leopoldo Pontrelli; Guisepe and Allegra Scuccimarri.	\$18,022.40; and interest in an estate.....	.....do.....
2542	14094	John Steneck and Sons.....	\$49.83.....	Nov. 8, 1955
2543	7671	Office Des Fabricants D'Outre Mer.	\$2,589.45.....	Oct. 14, 1955
2544	2096, 18593	Igor Strawinsky.....	\$6,365.39; and interest in copyrights.....	Oct. 12, 1955
2545	3438, 3439	Irngard Horn, Alfredo Archenhold and Alma Hirschland, nee Archenhold.	\$5,238.66.....	Oct. 13, 1955
2546	668	Evangelos Themistocleus Tsamourtzis.	Patent.....	.....do.....
2547	7700	Frank August Wirsching.....	\$2,238.77.....	Oct. 14, 1955
2548	13436	Maria Aschenbrenner, Theresia Wineck, Wenzel, Franz and Max Huber.	\$449.80.....	Oct. 24, 1955
2549	1542	Filomena Pignatello.....	\$578.87.....	Oct. 13, 1955
2550	1528	Filomena, Luigi, and Massimo D'Ilario, a/k/a Masimo and Gelsomina D'Ilario.	\$145.50.....	Oct. 24, 1955
2551	2121	Domenik Sloker.....	\$4,829.15.....	Jan. 26, 1956
2552	2473	Dora Waschl.....	\$1,500.00.....	Oct. 24, 1955
2553	5010	Elise Leib.....	\$7,772.29.....	.....do.....
2554	19294	Guaranty Trust Co., N. Y.....	\$300.00.....	Dec. 27, 1955
2555	1/	Celestino Massimo Comotto.....	\$500.00.....	Oct. 24, 1955
2556	409	Pasquale I. Simonelli.....	\$3,629.42.....	.....do.....
2557	2439	Gustave L. Bonwitt and Mrs. Elizabeth Hartogs-Hijman.	Interest in a patent...	.....do.....
2558	4964	Gertrude Pauer.....	\$249.10.....	Oct. 31, 1955
2559	671	Adriaan J. Schipper.....	Patent.....	Oct. 3, 1955
2560	19266	Ernst George Rathenau.....	Bond.....	Oct. 24, 1955
2561	8711, 9068, 13458	Bernard Goerg.....	\$20,915.74.....	.....do.....

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2562	578	Carlace Carmelo, Giuseppe Pasquale, Maria Paolina, Rosina and Rocco Ferdinando Demo and Lucia Grazia; Giacomo Innocenzo and Maria Donato Demo.	\$306.82.....	Oct. 31, 1955
2563	1758	Joseph Meller.....	\$53.50; and interest in a copyright.....	Nov. 8, 1955
2564	6711	Marta Lehmann.....	\$700.00.....	Oct. 31, 1955
2565	3430, 3552	Jean and Louise Gabriel Pierne, Simone Amanieux, (nee Pierne) and Annette Clement, (nee Pierne).	\$29.70; and interest in copyrights.....	.....do.....
2566	17607	Miloje Simic.....	\$1,478.40.....	.....do.....
2567	16112	Frieda Tempke.....	\$198.63.....	Nov. 8, 1955
2568	7961	Elise Zwick.....	Bonds.....	Oct. 31, 1955
2569	8617	Gunther Sachs and Dr. Werner Sachs.	Securities.....	Nov. 17, 1955
2570	664	Kai Petersen.....	Patents.....	Nov. 8, 1955
2571	17659	Sigmund Wasserman and Ernest Schaefer, Co-Exec. of the Will of Herman Frenkel, dec'd.	\$2,504.63.....	Nov. 9, 1955
2572	3950	Susi Luley; Jim Herman Simmons; Hans Ludwig Simmons as Guardian for Minors, Barbara Elizabeth and Angelica Simmons.	\$706.99.....	Nov. 30, 1955
2573	16253, 16541	Toshihiko (Henry) Ono.....	\$811.52.....	Jan. 23, 1956
2574	563	Ida Machi, Aurelio Vicinanza, Elena Callendo.	\$4,752.03; and interest in an estate.....	Nov. 21, 1955
2575	1071	Stefana Ippolito Sicurella, Giuseppa Ippolito Arnone, and Grazia and Calogera Ruggeri.	\$3,597.09.....	Nov. 10, 1955
2576	1696, 2194	Alfa Romeo, S. P. A. ....	\$6,070.83.....	.....do.....
2577	9068	Giacomo Bernardoni.....	\$156.00.....	Nov. 17, 1955
2578	201	Domenico Mastini.....	Patents.....	Nov. 9, 1955
2579	15776	Gertrude Hofer.....	\$676.00.....	Dec. 5, 1955
2580	5905	Mr. J. Luengas.....	\$94.95.....	Nov. 21, 1955
2581	8567, 9068	Marie Erlanger.....	\$394.27.....	Nov. 17, 1955
2582	11474	Mrs. Elise Schmidt von Johnson..	\$428.56.....	.....do.....
2583	17975, 17977, 17978, 17800	Heinz Weiss.....	\$2,532.52; and interest in securities.....	.....do.....
2584	2023	Federico Mastodante.....	\$2,573.72.....	Dec. 1, 1955
2585	16206, 16968	Clarence and Kurt Edward Fritz Ehrhardt.	\$3,472.68.....	Nov. 25, 1955
2586	16967	C. William Riedel.....	\$660.29.....	Dec. 5, 1955
2587	293	Filippo Frangialli.....	Patent.....	Nov. 25, 1955

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2588	500A-7	Walter G. Berl, Exec. of the Est. of Ernst Berl, dec'd.	\$1,913.50; and interest in a copyright.....	Dec. 5, 1955
2589	9068	Frieda Karplus.....	\$108.15.....	Nov. 30, 1955
2590	11986	Leopold Gottwald.....	\$173.26.....	Dec. 5, 1955
2591	671	Werf Conrad en Stork Hijsch N.V.	Patent.....	Nov. 30, 1955
2592	958	Otto Wachtel.....	\$151.64; and interest in a trust under will.	.....do.....
2593	898	John Schiavoni, Adm. of the Est. of Liberato Schiavoni.	\$659.82.....	Jan. 25, 1956
2594	1196	Antonetta, Pietro, Maria and Melina Buoniello.	\$1,177.48.....	Dec. 5, 1955
2595	7723	Johann Wederitsch, Caroline Bauer and Josephine Deutsch.	\$844.02.....	Nov. 30, 1955
2596	12674	Lou Haruye Satoh.....	\$4,622.24.....	Feb. 21, 1956
2597	500A-1	Paul Knepler.....	\$169.50; and interest in a copyright.....	Nov. 30, 1955
2598	18700	Adolf Nussbaum.....	\$113.88.....	.....do.....
2599	3973	Hildegard Boettern, Lillian Vett, as Guardian of Margit Wolfson, Minor.	\$8,517.72; and personal property and securities.....	Dec. 7, 1955
2600	1758	George Dibbern.....	\$586.10; and interest in a copyright.....	Dec. 5, 1955
2601	500A-31, 500A-63, 3430	S. R. L. Dunod, Editeur.....	\$116.39; and copyrights.....	.....do.....
2602	17699	Poul Carl Louis Marius Tvermoes.	\$2,963.44; and securities.....	.....do.....
2603	1252	Fusae Morimoto.....	\$5,694.04; and real property.....	Dec. 21, 1955
2604	13693	Mrs. Take Nekoba.....	\$1,344.74.....	Jan. 23, 1956
2605	6948	George W. Lord, as Surviving Trustee u/w of Mary A. T. Lord.	\$3,582.00.....	Dec. 21, 1955
2606	2096, 18593	Ernst Toch.....	\$3,025.90; and interest in copyrights.....	June 6, 1956
2607	293	Magnesium Production Co., Ltd...	Patent.....	Dec. 5, 1955
2608	3361	Yoichi Abeshima.....	\$1,577.28.....	Dec. 21, 1955
2609	18283 18307	Dora L. Hoerning.....	\$411.43; and securities	.....do.....
2610	17860	Rudolf Girz.....	\$108.91.....	Apr. 24, 1956
2611	3555	Bertha Bosser, as Liquidator of Mondial Filmgesellschaft, m.b.H.	\$821.96; and motion picture films.....	Dec. 21, 1955
2612	8834	Sylvia Elisabeth De Muralt.....	\$1,706.66.....	Feb. 13, 1956
2613	2207	Assunta Dabove Carvo, a/k/a Assunta Caterina Dabove Corvo and Paulo Carvo, a/k/a Paulo Corvo.	\$3,224.32; and securities and personal property.....	Feb. 2, 1956
2614	2785	Enrica Levi, nee Basevi and Gabriella Zamorani, nee Basevi.	\$264.35.....	Dec. 21, 1955

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2615	6487	Clara Hinkel, nee Bissinger.....	\$2,113.45.....	Dec. 21, 1955
2616	17995	Joseph Fabre.....	\$18,126.28.....	Jan. 3, 1956
2617	5931	Wilhelmina Peyer, a/k/a Minna Peyer.	\$260.00.....	.....do.....
2618	17807	William Douglas Noar.....	\$1,382.19.....	Dec. 21, 1955
2619	1437	Theresia Opatril, Christine Kurzmann, Ferdinand Handler.	\$795.96.....	Jan. 23, 1956
2620	10006	Tokiko Satake.....	\$550.00.....	.....do.....
2621	12248	Elvira De Baguer.....	\$3,628.75; and securities.....	.....do.....
2622	1042	Bertha Becker; Salli (a/k/a Salomon) Baum; Joachim and Manfred Hess.	\$815.34.....	Jan. 9, 1956
2623	2214	Elvira Tafuri.....	\$16.17.....	Jan. 23, 1956
2624	5951	Christa-Monika Winkler, nee Wetzstein.	\$679.40.....	Jan. 9, 1956
2625	201	Julius Franz Ziegler.....	Patents.....	Jan. 23, 1956
2626	3265	Josefa Kaufmann.....	\$2,907.99.....	.....do.....
2627	17997	Dr. Ludwig A. Weitmann.....	\$486.00.....	.....do.....
2628	5816	Rosa Levi.....	\$50.00.....	.....do.....
2629	3555	Anna Berg Mayer.....	Motion picture film....	Jan. 25, 1956
2630	11262	Keichi Kagawa.....	\$4,470.00; and securities.....	Jan. 23, 1956
2631	17517	Nancy Sakae Sakoda and Tsutomu Nakano.	\$5,207.00.....	Jan. 25, 1956
2632	293, 666, 2131	Societe Francaise Radio-Electrique.	Patents.....	Jan. 23, 1956
2633	5941	Dorothea Jaeckel, nee Weil.....	\$1,587.88.....	.....do.....
2634	1009	Ernesto, Giuseppe, Achille, Palmiro (a/k/a Domenico) and Vittorio Gentili and Giulia Cufini.	\$772.42; and real property.....	Jan. 25, 1956
2635	1/	Salvatore Dovi, Carmela Dovi, Luigi, Rosina and Anna Dovi.	\$300.00.....	.....do.....
2636	17800, 17997	Dr. Rolf von Paur, Fritz P. Prager and Kurt Lieser.	\$19,835.94.....	Feb. 8, 1956
2637	1852	Hilde Fischer, nee Klinke, Ida Klinke, Rudolf Klinke, Jr.; Irma Kendermann and Anna Klinke.	\$8,601.63.....	Jan. 30, 1956
2638	1124	Caroline Charlotte (Lolette) Invald von Waldtren Sugar.	\$49,054.35; and interest in an estate.....	Jan. 26, 1956
2639	201	Arrigo Pagnacco.....	Patent.....	Jan. 25, 1956
2640	4970	Helen Polka.....	Personal property.....	Jan. 23, 1956
2641	4395	Dora Edinger.....	\$830.93.....	Jan. 25, 1956
2642	2271	Aurelio Bisetti.....	\$1,884.27.....	Jan. 30, 1956
2643	475	Adolf and Peter Eugene Simsich..	\$3,797.60.....	Feb. 2, 1956

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
2644	1662	Angela, Cecilia, and Felice Vercelli and Anita Vercelli Gavazza; Louis, Caesar, and Carlo Vercelli and John Vercelli, Exec. of the Estate of Michele Vercelli.	\$1,310.06.....	Feb. 6, 1956
2645	671	Nicolaas Sluyter.....	Patent.....	Jan. 30, 1956
2646	8048	Alfons Fuchs.....	\$722.20.....	May 17, 1956
2647	17670	Johanne Charlotte Heller.....	\$1,062.50.....	Jan. 30, 1956
2648	1108	Augusta Beatrice Bruggemann.....	\$4,290.49; and securities.....	Mar. 15, 1956
2649	248	Cornelis Gerhard Carel Shutte and Anna Shutte Diepenhorst.	\$4,346.67.....	Feb. 6, 1956
2650	104	Kurt Werner, Guardian for Ina-Susanne Werner, Minor.	\$1,135.94.....	Jan. 25, 1956
2651	530	Marie Kernbichler, Therese Woeber, Franziska, Anton and Rosa Dandl.	\$1,102.94.....	Feb. 21, 1956
2652	10274, 19188	Frida Clara Pauline Fischer.....	\$800.50.....	.....do.....
2653	2569	Alice Beta Munch.....	\$5,520.44.....	.....do.....
2654	3130	Marie Schuebel, nee Keiner.....	\$226.25.....	Feb. 8, 1956
2655	1281, 1282, 13520	Ellen Abel Musgrave Krause Dorendorf.	\$30,417.72.....	.....do.....
2656	13466	Towru Yamada.....	\$1,542.66.....	Feb. 21, 1956
2657	1/	Oscar Theodore and Frederik de Sola.	\$2,238.67.....	Feb. 10, 1956
2658	4031, 4034	Otto Junne, d/b/a Schott Freres.	\$65.94; and copyrights	Feb. 8, 1956
2659	500A-31	J. Arvid Hedvall.....	\$73.11; and interest in a copyright.....	Mar. 1, 1956
2660	1758, 500A-98	Paul Karrer.....	\$1,903.20; and interest in a copyright.....	Feb. 8, 1956
2661	1758, 2099	Fulvia Schanzer, wife of Ripa de Meana and Lodovica Schanzer, wife of Bursiri Vici.	\$1,851.58.....	Feb. 24, 1956
2662	740	Mrs. Lina Frank.....	\$303.80.....	Feb. 21, 1956
2663	6933	Stephan Verebelyi.....	\$806.00.....	Feb. 13, 1956
2664	7142	Virginia B. Handelman.....	\$2,058.67.....	Feb. 21, 1956
2665	1/	Ray Tartakoff.....	\$939.25.....	.....do.....
2666	4684	Andreas, Anna, Anton, Ernst, Heinrich, Joseph, Robert, Lydia, Lydia as Guardian of Franz Erwin and Joseph Reichman, Sr.	\$5,434.81.....	Feb. 24, 1956
2667	17976	Hyalos, S. A.....	\$2,988.00.....	Feb. 21, 1956
2668	2637	Societe Generale des Carburateurs Zenith.	Patents.....	.....do.....

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2669	3882, 4067, 9895	Aimee Von Hoyningen-Huene, as Guardian of and on Behalf of Cecilie Elizabeth Dorothee and Helma Sigrid Von Hoyningen-Huene, Minors.	Interest in trusts under wills and interest in a trust agreement.....	Mar. 8, 1956
2670	2637	Carlota A. Weislein, Erich Reisinger.	\$3,542.63.....	Feb. 21, 1956
2671	4040	Josef Zeleny, Leopoldine Zeleny Kneifel and Rosa Juran Spiegel.	\$885.36.....	.....do.....
2672	104	Ernesto Jorge-Hastedtminck and Elena Hastedt De Bland.	\$3,635.00.....	Feb. 24, 1956
2673	8711, 12251	Anita Brennecke de Puelma.....	\$9,803.96.....	Mar. 1, 1956
2674	16021	Margaret B. Wild, Anthony A., Nicholas M. and Peter T. Kahles.	\$385.47.....	Apr. 30, 1956
2675	5312	Erno Braun, a/k/a Erno Brown and Johanna Brown Schaeffer.	\$2,772.86.....	Mar. 29, 1956
2676	16664, 16736	Masato Nishikawa.....	\$12,348.47.....	.....do.....
2677	7496	Istituto Nazionale per I Cambi con L'Estero, now in liquidation, Liquidator, Ufficio Italiano dei Cambi.	\$3,021,120.00.....	Feb. 24, 1956
2678	515	Rose Ferber, Samuel and Otto Tannenbaum and Karoline Horowitz.	\$173.28.....	Mar. 2, 1956
2679	11100	Margarete von Bendemann-Susman..	\$997.40.....	.....do.....
2680	4034	Trygve Gulbranssen.....	\$4,389.91; and copy-right.....	Mar. 1, 1956
2681	8567	Max Robinsohn.....	Bonds.....	Mar. 2, 1956
2682	17607	Carla Josepha-Louisa Sinn.....	\$489.89.....	Mar. 8, 1956
2683	2489	Paula Stoehr.....	\$12,072.91.....	Mar. 14, 1956
2684	8711	Otto Heyman.....	\$427.46; and bonds.....	Mar. 2, 1956
2685	7403	Mr. Albert and Mrs. Gertrude Stallforth.	\$750.67.....	.....do.....
2686	699	Antonio, Giuseppe, Domenico and Francesco Mandilo.	\$138.28.....	Mar. 8, 1956
2687	10833	Mrs. Lotte Goldschmidt Schulhof.	\$4,082.80.....	.....do.....
2688	3737	Maria Bassani, a/k/a Giovanna Bassani.	\$1,743.78.....	Mar. 14, 1956
2689	1437	Adele Tenner and Maria Zeitlhofer.	\$1,676.31.....	Mar. 8, 1956
2690	975	Teresa Crane, a/k/a Teresa Martini Marescottl.	\$5,000.00.....	Mar. 14, 1956
2692	1/	Carmelo Cannavo.....	\$3,825.43; and interest in mortgages.....	.....do.....
2693	8567	Hilde Mitzlaff.....	\$66.91.....	Mar. 8, 1956
2694	6215	Fritz (Uri), Herbert (Moshe) and Harold Albert Levy.	\$3,631.95.....	Mar. 14, 1956

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2695	7022	Recha Oppenheimer.....	\$618.39.....	Mar. 8, 1956
2696	2067	Theressina and Arturo Martino....	\$683.85.....	Mar. 14, 1956
2697	9068	Mignon Wohnlich, Clarence and Waldemar Neckelmann.	\$1,905.87.....	Mar. 26, 1956
2698	11479	Irene Balzsek and Karoly Gause..	\$3,093.54.....	Mar. 14, 1956
2699	165, 655, 9723, 18918, 18992	Walter Meyerhoff.....	\$98,718.19.....	.....do.....
2700	8258	Adam Dorfel.....	\$755.04.....	.....do.....
2701	2096	Gertrud Schoenberg, as Successor to Arnold Schoenberg, dec'd....	\$3,938.10; and interest in copyrights....	Mar. 19, 1956
2702	4707	Anna Blazej.....	\$108.95.....	Mar. 15, 1956
2703	805	Rosa F. Sabella and Paolo Gulino	\$1,937.26.....	Mar. 14, 1956
2704	9693	Mrs. Paula Oppenheim.....	\$107.64.....	Mar. 22, 1956
2705	18053	Rene Muller.....	\$454.02.....	Mar. 15, 1956
2706	6959, 16108	Theresia Eichhorn.....	\$4,739.47.....	Mar. 19, 1956
2707	3130	Frieda Heidecker.....	\$226.25.....	Mar. 15, 1956
2708	10560	Marie Peyerl.....	\$1,223.03.....	.....do.....
2709	671	Gerbertus H. de Vries.....	Interest in a patent...	.....do.....
2710	18732	Suna, Sakae, Ray and Teruo Fujinaga, Alice Sumuyo Hayakawa and Sachie Wada.	\$173.58.....	Mar. 22, 1956
2711	8617, 8711, 17128	Hermann and Mathilde Weil.....	\$6,860.32.....	Apr. 5, 1956
2712	1/	Ivana Marohnic.....	\$732.48.....	Mar. 26, 1956
2713	666	Saint Freres, S. A. Successor to Etablissements Rotatiss, S.A.R.L.	Patents and an interest in a patent.....	.....do.....
2715	9550	Mary Emma Benoit.....	\$399.23.....	.....do.....
2716	1/	Edith Barta, a/k/a Edith S. Beerman.	\$345.61.....	Mar. 23, 1956
2717	17906	Ernest Stern.....	\$1,060.23.....	Mar. 28, 1956
2718	11717	Juliane Lindner.....	\$6,721.75.....	.....do.....
2719	18642	John William Bleck.....	\$644.61.....	Apr. 5, 1956
2720	8517	Lisa Weber.....	\$12,646.12.....	Mar. 29, 1956
2721	9068	Herta Lazarus.....	\$98.00.....	Apr. 5, 1956
2722	2949	Associazione Nazionale Ex-Combattenti, Sezione Luigi Cadorna and Casa Italiana Ex-Combattenti di Buffalo, New York, Inc.	\$1,847.62.....	Apr. 19, 1956
2724	290	Ludvig Frederik Andersen.....	Patent.....	Apr. 5, 1956

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2725	1501	Lawrence R. Holt, Stat. Adm. of the Est. of Kanjiro Hayashi, dec'd.	\$529.14.....	Apr. 5, 1956
2726	18251	Shizue Sawano.....	\$10,520.44.....	Apr. 24, 1956
2727	201	Benno Schwartz.....	Patents.....	Apr. 5, 1956
2728	1/	Joseph Emile Kienlen, Augustine Anne Braunert, Marie Josephine Wurth, Amelie Victorine Schmitt, Albert Florian Kienlen and Stephanie Amelie Kienlen as Natural Guardian of Her Minor Children Marguerite Jeanne and Emilie Albertine Kienlen.	\$250.00.....	Apr. 9, 1956
2729	4784	Daniel Cohn.....	\$3,674.97.....	Apr. 19, 1956
2731	18154	Hermance Zeitelberger-Matzner, nee Strakosch.	\$19,949.01.....	Apr. 13, 1956
2732	3059	Yoshiro Shibata.....	\$3,034.54; and interest in real property..	.....do.....
2733	4236, 5664	Jetty and Golda Margulies.....	\$1,593.84.....	.....do.....
2734	5705	Tanotsu Hata and Seichi Nakamura, Exec's of the Estate of Sadanosuke Hata.	\$1,675.00; and securities.....	May 31, 1956
2736	9068	Otto Orsikowsky.....	\$1,685.33; and bonds...	Apr. 19, 1956
2737	3943	Grandi Film Storici, S.A.R.L.	\$7,582.39; and copy-rights.....	Apr. 30, 1956
2738	17915, 17836, 17950, 17888, 18118, 17945	George Pick and Rose Godsey, (formerly Rose Pick).	\$1,898.55; and stock...	May 17, 1956
2739	3387	Helene M. Young, Individually, and as Guardian of the Estate of Katherin Joann Young, Minor, and on behalf of Future Issue of Helene M. Young.	\$1,172.85; and interest in a trust under will.	Apr. 30, 1956
2740	4606	Karl Paulin, Agnes Pawliczek....	\$366.46.....	May 17, 1956
2741	8711	Gertrud Julia Bachrach and Ilse Neumark.	\$293.75.....	Apr. 30, 1956
2742	4553	Gertrude Kandel, Ingrid Guggi and Aloisia Maly.	\$2,790.87.....	May 17, 1956
2743	17893, 17901, 17913	Anna Degraun Wynants.....	\$3,036.04.....	Apr. 30, 1956
2744	8711	Helen Crossman Lindley and Edward Searles Lindley.	\$17,015.00; and bonds..	.....do.....

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2745	2741	Oscar Riedl.....	\$486.12; and interest in securities.....	Apr. 30, 1956
2746	7671	Mrs. Edgard Lemal, nee Fernande Quaisin, and Mrs. Louis Vannerum, nee Bertha Lemal.	\$544.76.....	.....do.....
2747	9830	Felicia Rubner.....	\$1,142.81.....	.....do.....
2748	3361	Kenichi Umemoto as Guardian of the Estate of Hirotsugu Abeshima, a Minor.	\$1,477.46.....	.....do.....
2749	15282	Corn Exchange Safe Deposit Co..	\$76.00.....	.....do.....
2750	15496	Josephine Fernandez, Hugo Kretschmann, Hattie Alvarez, Frances Kretschmann and Otilie Lippek.	\$2,012.00.....	May 11, 1956
2751	1758, 4032	Tito R. Schipa.....	\$594.33; and interest in copyrights.....	Apr. 30, 1956
2752	1758, 2981	Alfred Willner, Lillian Figuerea, Rudolphine Strauss, Maria Böhm, Karl Schilling, Otto Mahler, Eleanora and Pauline Steininger, Franz Steininger, Friederike Bauer.	\$15,566.39.....	May 7, 1956
2753	666	Charles Edouard Henroid.....	Patents.....	.....do.....
2754	17903	Arcangeld de Zanna.....	\$537.00.....	.....do.....
2755	27, 68	Anton Ryba, Dr. Josef Reinisch and Dr. Ernst Vinatzer, All as Successors to Antonio Ryba Societa.	\$76.61; and patents and a patent contract.....	.....do.....
2756	18521	State of the Netherlands for the Benefit of: Meyer Pool, Karel Hartogensis, Ernst Bonnist, Rebecca von Dien, nee da Silva, and Sellie Cohen.	Bonds.....	May 31, 1956
2757	293	Henri Boutillon.....	Patent.....	May 11, 1956
2758	9904	N. V. Hollandsche Koopmansbank..	\$53.75.....	May 7, 1956
2759	500A-35, 500A-163	Hilda Von Mises, Philipp Frank, Erich H. Rothe, Richard Courant, Gabor Szego, Charles Loewner, Hans Rademacher, Gottfried E. and Herman O. Noether and Reinhold Henry Furth.	\$4,109.38; and interests in copyrights....	May 17, 1956
2760	19268	Maurice H. Stans.....	\$2,071.56.....	May 11, 1956
2761	674	Alexander A. Jivkovitch.....	Patent.....	.....do.....
2762	16266	Jean J. Pratz and Otilie Pratz German.	\$407.40.....	.....do.....
2763	7021	Albert and Fritz Ludwig Oppenheimer.	\$618.61.....	May 17, 1956
2764	668	Peter and Sophia Klappe.....	Interest in a patent...	May 11, 1956
2765	2434	Zelman Volpert, Eugene J. Rivoche and Marcos Bunimovitch.	Interests in a patent..	.....do.....

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2766	5264	Hatsuko, a/k/a Grace Hatsuko Tanigawa now known as Hatsuko Tanigawa.	\$4,588.82.....	May 28, 1956
2767	5559	Domenico Mala.....	\$4,741.56; and securities.....	May 17, 1956
2768	1501	Yoshio Ichikawa.....	\$15.57.....	.....do.....
2769	3715	Dr. Dvorah Rosen-Jaffe.....	Interest in a trust under will.....	.....do.....
2770	3715	Elishava Rosenbaum, Channa Ber- mann and Trude Guggenheim.	Interest in a trust under will.....	.....do.....
2771	17909	Mrs. H. C. Lize-Vreezen.....	\$262.82.....	.....do.....
2772	14986	Lillian Sachiko Creeson, Stanley Ikuo Arita, Miyochi and Eiko Arita.	\$169.16.....	May 22, 1956
2773	15996	Mrs. Ellie S. Krueger.....	\$239.80.....	.....do.....
2774	4617	Schulem Lazarowitsch.....	\$141.27.....	.....do.....
2775	18521	The State of the Netherlands for the benefit of: Edmond Elsbach, Willy Antoinette Josephine Van Der Velde, nee Wolff, Henri Polak, Dorus Edward Stibbe and J. S. Hirsch.	Bonds.....	May 31, 1956
2776	352	Amsterdamsche Bank, N. V.....	Stock.....	May 22, 1956
2777	1/	Stipe, Ljubica, Darinka, Marija, Ivan and Mate Sinovcic and Luce, Mirko, Ante, Anka, Tereza, Jaka and Nedeltka Sinovcic as Guardian of Rosa and Nikolina Sinovcic, Minors.	\$171.54.....	May 31, 1956
2778	16717	Felix A. Reiss.....	Bonds.....	.....do.....
2779	14094	Olga J. Steneck.....	\$33.00.....	.....do.....
2780	18521	The State of the Netherlands for: William Bendien, Elizabeth Hijman, Paul Stibbe, Jacob Jacobson, Isaak and Rebecca Kisch and M. van deRijn, nee Rozenberg.	Bonds.....	.....do.....
2781	2949	Independent Italian World War Veterans of Scranton, Pa.	\$371.65.....	.....do.....
2782	2283	Ida Bisio, nee Molinari and Lina Bono, nee Molinari.	\$1,516.22; and stock...	May 28, 1956
2783	4702	Mrs. Rose von Seydlitz-Kurzbach.	Interest in a trust under will.....	May 31, 1956
2784	18521	The State of the Netherlands for the benefit of: Salomon and Franz Rens and Moses Nieuwendijk.	Bonds.....	June 14, 1956
2785	4926	Marguerite Zagya.....	\$1,216.20.....	May 31, 1956

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2786	8246	Francesca Giannini, Cesare and Amalia Lazzerini Buchignani, Angelo and Pia Lazzerini, Teresa Lazzerini Tognetti and Ida Lazzerini Stefani, Vincent Buchignani, Eva Buchignani Keithley and Alberto Lazzerini.	\$25,061.53.....	June 25, 1956
2787	1/	Gaetano DeLuca and Domenico Roberto.	\$2,050.68.....	May 31, 1956
2788	18521	The State of the Netherlands for the benefit of: David Davids, Betsy Denes, Hartog Nebig, Henriette Polak and Henriette Gosschalk.	Bonds.....	June 14, 1956
2789	18521	The State of the Netherlands for the benefit of: Henriette Landre, Rose, Leonora and Henriette Gomperts, Rachel and Isaac de Vries, Josephine Drilling, Annette Kiwi and Clara Weyl.	Bonds.....	June 18, 1956
2790	10250	Sara Wertheimer.....	\$310.69.....	May 31, 1956
2791	18521	The State of the Netherlands for the benefit of: C. E. and Rosa Gomperts, Mozes and Betsie Vromen, Dr. Hein Waterman, Olga Spanjaard and Nelly Mulder.	Bonds.....	June 21, 1956
2792	4739	Rosa Klarnar, nee Amort.....	\$225.10.....	May 31, 1956
2793	4695	Dr. Erich Boehm.....	\$26,439.15.....	June 14, 1956
2794	675	St'E Financiere de Transports et Entreprises Industrielles.	Patent.....	May 31, 1956
2795	18521	The State of the Netherlands for the benefit of: Benjamin Swaab, Willem Lodewijk Cohen, Levi Grunwald, Moses Hanemann, and Renee Hijman.	Bonds.....	June 14, 1956
2796	18521	The State of the Netherlands for the benefit of: Louis Zelander, Gato Rudelschein, Frederika Sophie Tal (now deVries), Helene Mimi Wolff and Martina van Zanten.	Bonds.....	June 21, 1956
2797	17903	Alfred Auguste Richter.....	\$179.00.....	.....do.....
2799	290	Electrical Fono Films Co., A/S..	Patent.....	June 14, 1956
2800	290	Electrical Fono Films Co., A/S..	Patent.....	.....do.....
2801	17128	Adolf Gruen, Frederika Lowenthal, and Jacob Meisner.	\$3,149.75.....	June 27, 1956
2802	9811, 11805	Nikolaus Moser.....	\$6,008.79.....	June 14, 1956

See footnote at end of exhibit.

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Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2803	18521	The State of the Netherlands for the benefit of: Mrs. Hilary Hume, Robert and Johan Wertheim, Sophie van Ham, Meyer Pool, Philip van der Heyden, Cato Judith Spanjaard, Isaac van Heeks, Philippus and Moses Querido.	Bonds.....	June 21, 1956
2804	12251	Fundacion Fernando Doggenweiler.	\$8,507.90; and securities.....	June 14, 1956
2805	15318	Freda Johnson.....	\$147.49.....	June 27, 1956
2806	9068	Gerard P. Deacon and Martha Kirschbein, Co-Exec's under will of Moritz Kirschbein, dec'd.	\$1,715.62.....	June 21, 1956
2807	18521	The State of the Netherlands for the benefit of: Lea Polak, Mietje Hildesheim, Harold Rose and Emma van Biema Nijkerk.	Bonds.....	June 29, 1956
2808	16605, 16606	Frieda Mamerow.....	\$774.02.....	June 27, 1956
2809	3078	Leo Meyer.....	\$203.82.....	June 18, 1956
2810	18521	The State of the Netherlands for the benefit of: Emmy Starink-Wijnbergen, Curt Isaacson Lawson, Ilse Cohen (Mrs. James Samuel Clarcke), Franz Heinrich Behrend, Elizabeth and Arthur Heimans, Diana Hertzberger, Betsy Hedeman Joosten, Flora Alice Hirschberg and Wolfgang, Lili, Ruth and Hannah Wagner.	Bonds.....	June 29, 1956
2811	17684	Takayuki Kawamoto.....	\$345.66.....	June 18, 1956
2812	2408	Elizabeth Machek.....	\$1,628.21.....	.....do.....
2813	4101	Wilhelmine and Erich Korner and Hildegard Kahler.	\$145.44.....	June 21, 1956
2814	8711	K. Fred Netter and Ilse Nelson, Exec's of the Estate of Arthur Netter, dec'd.	\$1,175.00.....	June 27, 1956
2815	290	Electrical Fono Films Co., A/S..	Patent.....	.....do.....
2816	18521	The State of the Netherlands for the benefit of: Sabine, Lily, Willy and Jouno Birnbaum, A. Bosman, Clara, Sam and Betty DeVries, Mrs. H. Denekamp, Mrs. A. W. J. Enthoven, Hugo David Elias, Phillippina and Selina Franken and Antonetta Van Der Zanden.	Bonds.....	June 29, 1956
2817	6510	Oscar Newkom.....	\$3,306.00.....	.....do.....

Exhibit D - Continued

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
2818	1771	Antonina Cantale and Sanfilippo Giuseppe Fu Francesco.	\$709.54.....	June 27, 1956
2819	18521	The State of the Netherlands for the benefit of: Dr. H. D. de Haas, Karel Hijmans, Marcus Louis Jacobs, Emma Lievenboom, and Conrad Polak.	Bonds.....	June 29, 1956
2820	15666	Clara Knaisch Kaiser.....	\$663.78.....	.....do.....
2822	201	Eligio Mirone.....	Patent.....	June 27, 1956
2823	11212	Berta Schneider.....	\$800.00.....	June 29, 1956
2824	666	Marcel Chopin.....	Patent.....	.....do.....
2825	18053	Gaston Muller.....	\$7,109.28.....	.....do.....
2827	8567	Leo Robinsohn.....	Securities.....	.....do.....
2828	1/	Betty Pfeifcrova, Vaclav Stransky, Josef Jisa and Marie Lukesova.	\$326.48.....	.....do.....

See footnote at end of exhibit.

EXHIBIT D - CONCLUDED

LIST OF RETURN ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY  
PURSUANT TO SEC. 9(a) OF THE TRADING WITH THE ENEMY ACT  
JULY 1, 1955 - JUNE 30, 1956

Return order No.	Related vesting order No.	Successful Claimant	Summary description of property returned	Date executed
9(a)-39	6604	Gertrud Schlenker.....	\$2,256.12.....	July 13, 1955
-54	17531	Society of the Divine Word.....	\$120.00.....	Oct. 5, 1955
-55	5489, 9821	Wolfgang Gustav Bawlitza.....	\$2,854.26.....	Oct. 12, 1955
-56	15109	Seiichi Ohata.....	\$15,400.99; and real estate.....	Aug. 4, 1955
-57	3866, 8852, 9921, 13584	Teru Shutoku.....	\$43,691.82; and securities.....	Sept. 14, 1955
-58	4485, 4579	Taru a/k/a Taro Takara.....	\$20,142.26.....	Sept. 13, 1955
-59	8319, 9218	Masa Miyai.....	\$34,880.82; a leasehold and insurance policies	Aug. 26, 1955
-60	12652	Fuji Yokomizo.....	\$4,384.60.....	Nov. 9, 1955
-61	3571	Sakae Miyazawa.....	\$16,123.42.....	Feb. 3, 1956
-62	4486, 8773	Riye Onishi.....	\$11,263.35.....	June 14, 1956
-63	18984, 18985	Franz and Ana Christiansen de Prael.	\$7,652.58.....	Feb. 8, 1956
-64	7551	George Walter Engel.....	\$5,205.12.....	Feb. 21, 1956
-65	10055	George Koob.....	\$485.68.....	Mar. 1, 1956
-66	6533	Hedwig Klein.....	\$3,716.37.....	Apr. 9, 1956
-67	9633, 13956, 15781	Albrecht Behrens.....	\$11,367.79; and stock..	Apr. 24, 1956
-68	12747	Koshiro Tofukuji.....	\$61,776.47; and bonds..	May 10, 1956
-69	3827	George Emrich.....	\$5,500.00.....	June 6, 1956
-70	3827	Louis A. Emrich.....	\$5,500.00.....	.....do.....
-71	17128	Carl Overhage.....	\$2,905.00.....	June 14, 1956

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

EXHIBIT E

LIST OF SATELLITE ASSETS VESTING ORDERS ISSUED BY THE OFFICE OF ALIEN PROPERTY  
PURSUANT TO TITLE II OF THE INTERNATIONAL CLAIMS SETTLEMENT ACT OF 1949 1/,  
MAR. 8, 1956 TO JUNE 30, 1956

Vesting order No.	Summary description of property vested	Federal Register citation
SA -1	Debt owing to and gold bars owned by National Bank of Rumania.....	21-1563
-2	Debt owing to National Bank of Rumania.....	21-1750
-3	Debt owing to Colombia Societe Franco-Roumaine de Petrole.....	21-1951
-4	Debt owing to Santierele Navale Galati S. A.....	21-1951
-5	Debt owing to Santierele Navale Galati S. A.....	21-2022
-6	Debts owing to Banca Commerciale Italiana e Rumena.....	21-2264
-7	Debt owing to the Government of Rumania.....	21-2264
-8	Debt owing to Banque d'Escompte de Roumanie S. A.....	21-2265
-9	Debt owing to Cartea Romaneasca S. A.....	21-2265
-10	Debts owing to Dacia-Roumania Societate Generala de Asigurare in Bucuresti.....	21-2266
-11	Debt owing to Pannonia Ungarische Ruckversicherungs Anstalt.....	21-2265
-12	Debt owing to Banque Bulgare de Commerce.....	21-2365
-13	Debt owing to Commercial Bank of Bucarest, Ltd.....	21-2366
-14	Debt owing to the Government of Hungary.....	21-2366
-15	Debt owing to Linile Aeriene Romane Exploatate cu Statul S. A. "L.A.R.E.S.".....	21-2366
-16	Debt owing to Hungarian Commercial Bank of Pest.....	21-2367
-17	Debt owing to Banca de Scont S.P.A.....	21-2421
-18	Debt owing to Banca Urbana S. A.....	21-2422
-19	Debt owing to Saral S. A.....	21-2422
-20	Debt owing to I. G. Deutsch & Sohn.....	21-2505
-21	Debt owing to "Foresta Italo Romana" Societate Anonima Romana Pentru Industria si Comerul Lemnului.....	21-2505
-22	Debt owing to Siebenbuergische Escompte und Wechslerbank A. G.....	21-2506
-23	Debt owing to Nicolas A. Tanachoa & Freres, Societe en Commandite Simple Pour le Commerce D'Automobiles.....	21-2506
-24	Debt owing to Banca Timisoarei si Societate Comerciala pe Actiuni.	21-2580
-25	Debt owing to Banca Timisoarei si Societate Comerciala pe Actiuni.	21-2581
-26	Debt owing to "Albina" Institut de Credit si de Economii.....	21-2581
-27	Debt owing to "Albina" Institut de Credit si de Economii.....	21-2581
-28	Debt owing to "Albina" Institut de Credit si de Economii.....	21-2582
-29	Debt owing to Malinowsky Co., Inc.....	21-2607
-30	Debt owing to the Government of Rumania.....	21-2608
-31	Debt owing to Societe Par Actions "Losso".....	21-2608
-32	Debt owing to Casa Regala, Bucharest, Rumania.....	21-3072
-33	Debt owing to Commissio Termenykivitelies E. S. Aruforgalmi K.F.T.	21-3072
-34	Debt owing to Barrany Es Bartok.....	21-3153
-35	Debts owing to Aquila Romano Americana.....	21-3300
-36	Debts owing to Aquila Romano Americana.....	21-3300
-37	Debts owing to Aquila Romano Americana.....	21-3301
-38	Debt owing to Sulcop S. A. R.....	21-3399
-39	Debt owing to Magyar Rezhengermuvek Reszvenytarsasag Azeloh Chaudoir Gusztav Es Tarsa.....	21-3399
-40	Debt owing to Banque Credit Bulgare S. A.....	21-3399

Exhibit E - Concluded

Vesting order No.	Summary description of property vested	Federal Register citation
SA-41	Debt owing to Banca Romaneasca S. A.....	21-3613
-42	Debt owing to Banca Romaneasca S. A.....	21-3613
-43	Debt owing to Banca Romaneasca S. A.....	21-3614
-44	Debt owing to Banca Romaneasca S. A. Cernauti Branch.....	21-3614
-45	Debt owing to Banca Romaneasca S. A.....	21-3615
-46	Debt owing to Hubert Sigmund Stahl und Metallwaren.....	21-3615
-47	Debt owing to National Bank of Hungary.....	21-3825
-48	Debt owing to National Bank of Hungary.....	21-3825
-49	Debt owing to National Bank of Hungary.....	21-3826
-50	Debt owing to National Bank of Hungary.....	21-3826
-51	Debt owing to National Bank of Hungary.....	21-3826
-52	Debt owing to National Bank of Hungary.....	21-3827
-53	Debt owing to Banque de Credit Roumain S. A.....	21-3827
-54	Debt owing to Banque de Credit Roumain S. A.....	21-3827
-55	Debts owing to Banque de Credit Roumain S. A.....	21-3828
-56	Debt owing to Balian & Co., S. A.....	21-3852
-57	Debt owing to Concordia S. A.....	21-3895
-58	Debt owing to Cusmo S. A.....	21-3895
-59	Debt owing to "Futura" Trading Co., Ltd. of Hungarian Cooperative Unions.....	21-3895
-60	Debt owing to Commercium S. A.....	21-4067
-61	Debt owing to Replacement Insurance Office Priv. Co., Ltd., Budapest.....	21-4536
-62	Debt owing to the Government of Hungary (Ungarische Staatliche Eisen, Stahl-und Maschinenfabriken).....	21-4531
-63	Debts owing to Banque Credit Bulgare S. A.....	21-4531
-64	Debt owing to Creditul Minier, S.A.R.....	21-4538
-65	Debt owing to Creditul Minier, S.A.R.....	21-4538
-66	Debt owing to Creditul Minier, S.A.R.....	21-4538
-67	Debt owing to Creditul Minier, S.A.R.....	21-4539
-68	Debt owing to "Cosmos", S.I.N.C., Emil Herkle & Co.....	21-4842
-69	Debts owing to Acieries et Domaines de Resita S. A.....	21-4843
-70	Debt owing to Acieries et Domaines de Resita S. A.....	21-4843

1/ Public Law 285, 84th Congress, First Session, Approved August 9, 1955. (69 Stat. 568)

EXHIBIT F

INFORMATION REQUIRED BY PUBLIC LAW 859 1/

Claims Filed as of June 30, 1956 2/

Claim No.	Date of filing	Claimant's name	Enemy nationality	Book valuation
40548	10-2-48	Frank Mitsuru Mukai.....	Japanese.....	\$ 298.00
43100	4-29-49	Frank August Wirsching.....	German.....	2,238.77
43969)	5-2-49	Annie May Nakamura Umeta.....	Japanese.....	4,900.00
43970)	5-2-49	Ruth Nakamura Kono.....	..do.....	
45439	6-17-49	Kazuso (Kazo) Shibata.....	..do.....	10,460.61
55611	12-6-49	Yoshiro Shibata.....	..do.....	2,943.50
57579	4-21-50	Keiichi Kagawa.....	..do.....	6,000.00
58465	10-12-50	Hiroshi Miyokoda.....	..do.....	140.00
58795	1-18-51	Lou Haruye Satoh.....	..do.....	4,589.00
59411	7-16-51	Lou Haruye Satoh.....	..do.....	12,518.00
59508	8-7-51	Aiko Nakanishi.....	..do.....	2,167.00
60047	1-14-52	Shizuo Sawano.....	..do.....	2,424.00
61371	12-16-52	Masato Nishikawa.....	..do.....	11,865.00
61524	2-11-53	Shigeko Iseri.....	..do.....	8,650.86
61692	4-13-53	Takayuki Kawamoto.....	..do.....	345.66
62624	4-12-54	George Tanaka.....	..do.....	1,543.00
63855	2-3-55	Yoichi Abeshima.....	..do.....	1,577.50
63856	1-28-55	Hirotsugu Abeshima.....	..do.....	1,400.00
63989	2-7-55	Hatsuko Tanigawa.....	..do.....	4,590.00
64042	2-1-55	Nobuko Mighchi, nee Hamoka.....	..do.....	0.00
		Subtotal.....		78,650.90
		Total as of June 30, 1955.....		7,876,184.72
		Total as of June 30, 1956.....		7,954,835.62

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, 1956 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, fiscal year ended June 30, 1953, Appendix, Exhibit F, p. 148, fiscal year ended June 30, 1954, Appendix, Exhibit F, p. 107 and fiscal year ended June 30, 1955, Appendix, Exhibit F, p. 118.

Exhibit F - Continued

Claims Allowed as of June 30, 1956 3/

Claim No.	Return order	Date executed	Claimant's name	Enemy nationality	Book valuation
5858	2640	1-23-56	Helen Polka.....	German.....	\$ 4,800.00
26061	2429	7-8-55	Helen M. von Brockdorf.....	...do.....	261,315.51
27870	2603	12-21-55	Fusae Morimoto.....	Japanese.....	6,256.17
31980	2669	3-8-56	Aimee von Hoyningen-Huene as Guardian and on behalf of Caccilie Elisabeth Dorothee von Hoyningen-Huene and Helma Sigrid von Hoyningen-Huene.	German.....	400.00
	Partial				
39539	2532	10-4-55	Shizuyo Molly Iriye.....	Japanese.....	151.12
41061	2734	5-31-56	Tamotsu Hata and Seiichi Nakamura, Executors under will of the Estate of Sadanosuke Hata, dec'd.	...do.....	1,150.00
42470	2605	12-21-55	George W. Lord, as Surviving Trustee under the Will of Mary A. T. Lord, dec'd.	German.....	3,582.00
43100	2547	10-14-55	Frank August Wirsching.....	...do.....	2,238.77
43969	2519)	9-22-55	Annie May Nakamura Umeta.....	Japanese.....	4,900.00
43970	2519)	9-22-55	Ruth Nakamura Kono.....	...do.....	
44857	2648	3-15-56	Augusta Beatrice Bruggemann, nee Droge.	German.....	5,000.00
45906	2492	8-31-55	Helen Marie von Borstel.....	...do.....	548.00
55611	2732	4-13-56	Yoshiro Shibata.....	Japanese.....	2,943.50
57579	2630	1-23-56	Keiichi Kagawa.....	...do.....	6,000.00
58448)	2495	8-31-55	Ilse Gertrude Gensheimer.....	German.....	74,364.64
58829)	2495	8-31-55	Carl Philip Gensheimer.....	...do.....	
58795	2596	2-21-56	Lou Haruye Satoh.....	Japanese.....	4,589.00
59359	2457	8-11-55	James A. Karakawa.....	...do.....	2,902.00
59408	2471	8-11-55	Noboru Hanada.....	...do.....	500.00
59508	2512	10-13-55	Akiko Nakanishi.....	...do.....	2,167.00
59573	2469	8-11-55	Kimio Sasada.....	...do.....	149.00
60047	2726	4-24-56	Shizue Sawano.....	...do.....	2,424.00
60969	2449	7-29-55	Kimiko Koike.....	...do.....	888.00
61371	2676	3-29-56	Masato Nishikawa.....	...do.....	11,865.00
61692	2811	6-18-56	Takayuki Kawamoto.....	...do.....	345.66
61837	2573	1-23-56	Toshihiko (Henry) Ono.....	...do.....	810.00
62840	2451	7-14-55	Takao Nakayama.....	...do.....	1,215.00
62878	2534	10-4-55	Jitsuo Nakano.....	...do.....	583.50
63148	2453	7-7-55	Marion C. Monden, nee Fausten..	German.....	2,445.12
	Partial				
63373	2582	11-17-55	Mrs. Elise Schmidt von Johnson.	...do.....	428.50
63855	2608	12-21-55	Yoichi Abeshima.....	Japanese.....	1,577.50

See footnote at end of exhibit.

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Exhibit F - Concluded

Claim No.	Return order	Date executed	Claimant's name	Enemy nationality	Book valuation
63856	2748	4-30-56	Hirotsugu Abeshima.....	Japanese.....	\$ 1,400.00
63989	2766	5-28-56	Hatsuke Tanigawa.....	...do.....	4,590.00
				Subtotal.....	412,528.99
			Total as of June 30, 1955.....		3,633,219.25
			Total as of June 30, 1956.....		4,045,748.24

3/ The claims allowed listed above are those in which return orders were executed on or prior to June 30, 1956, although in some instances the property was not actually returned to the claimant until after that date. They 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, fiscal year ended June 30, 1953, Appendix, Exhibit F, pp. 149-150, fiscal year ended June 30, 1954, Appendix, Exhibit F, pp. 107-108 and fiscal year ended June 30, 1955, Appendix, Exhibit F, p. 119.

EXHIBIT G

LEGISLATION AND RELATED EXECUTIVE AND ADMINISTRATIVE ORDERS  
PERTAINING TO THE OFFICE OF ALIEN PROPERTY  
JULY 1, 1955 TO JUNE 30, 1956

(Public Law 285 - 84th Congress)

(Chapter 645-1st Session)

(H. R. 6382)

AN ACT

To amend the International Claims Settlement Act of 1949, as amended, and for other purposes.

(69 Stat. 562) Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the International Claims Settlement Act of 1949, as amended, is further amended by inserting after the first section thereof the following: "TITLE I".

Sec. 2. The word "Act", wherever it appears in title I in reference to the International Claims Settlement Act of 1949, is amended to read "title".

Sec. 3. The International Claims Settlement Act of 1949, as amended, is further amended by adding at the end thereof the following:

"TITLE II

"Vesting and Liquidation of Bulgarian, Hungarian, and  
Rumanian Property

"Sec. 201. As used in this title the term-

"(1) 'Person' means a natural person, partnership, association, other unincorporated body, corporation, or body politic.

"(2) 'Property' means any property, right, or interest.

"(3) 'Treaty of peace', with respect to a country, means the treaty of peace with that country signed at Paris, France, February 10, 1947, which came into force between that country and the United States on September 15, 1947.

"Sec. 202. (a) In accordance with article 25 of the treaty of peace with Bulgaria, article 29 of the treaty of peace with Hungary, and article 27 of the treaty of peace with Rumania, any property which was blocked in accordance with Executive Order 8389 of April 10, 1940, as amended, and remains blocked on the effective date of this title, and which, as of September 15, 1947, was owned directly or indirectly by Bulgaria, Hungary, and Rumania or by any national thereof as defined in such Executive order, shall vest in such officer or agency as the President may from time to time designate and shall vest when, as, and upon such terms as the President or his designee shall direct. Such property shall be sold or otherwise liquidated as expeditiously as possible after vesting under such rules and regulations as the President or his designee may prescribe. The net proceeds remaining upon completion of the administration and liquidation thereof, including the adjudication of any suits or claims with respect thereto under sections 207 and 208, shall be covered into the Treasury. Notwithstanding the preceding provisions of this subsection, any such property determined by the President or his designee to be owned directly by a natural person shall not be vested under this subsection but shall remain blocked subject to release when, as, and upon such terms as the President or his designee may prescribe. If, at any time within one year from the date of the vesting of any property under this subsection, the President or his designee shall determine that it was directly owned at the date of vesting by a natural person, then the President or his designee shall divest such

Exhibit G - Continued

property and restore it to its blocked status prior to vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe, or if such property has been liquidated, shall divest the net proceeds thereof and carry them in blocked accounts with the Treasury, bearing no interest, in the name of the owner thereof at the date of vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe.

"(b) The net proceeds of any property which was vested in the Alien Property Custodian or the Attorney General after December 17, 1941, pursuant to the Trading With the Enemy Act, as amended, and which at the date of vesting was owned directly or indirectly by Bulgaria, Hungary, or Rumania, or any national thereof, shall after completion of the administration, liquidation, and disposition of such property pursuant to such Act, including the adjudication of any suits or claims with respect thereto under such Act, be covered into the Treasury, except that the net proceeds of any such property which the President or his designee shall determine was directly owned by a natural person at the date of vesting shall be divested by the President or such officer or agency as he may designate and carried in blocked accounts with the Treasury, bearing no interest, in the name of the owner thereof at the date of vesting, subject to release when, as, and upon such terms as the President or his designee may prescribe.

"(c) The determination under this section that any vested property was not directly owned by a natural person at the date of vesting shall be within the sole discretion of the President or his designee and shall not be subject to review by any court.

"(d) The President or his designee may require any person to furnish, in the form of reports or otherwise, complete information, including information with regard to past transactions, relative to any property blocked under Executive Order 8389 of April 10, 1940, as amended, or as may be otherwise necessary to enforce the provisions of this section; and the President or his designee may require of any person the production of any books of account, records, contracts, letters, memoranda, or other papers relative to such property or as may be otherwise necessary to enforce the provisions of this section.

"Sec. 203. Whenever shares of stock or other beneficial interest in any corporation, association, or company or trust are vested in any officer or agency designated by the President under this title, it shall be the duty of the corporation, association, or company or trustee or trustees issuing such shares or any certificates or other instruments representing the same or any other beneficial interest to cancel such shares of stock or other beneficial interest upon its, his, or their books and in lieu thereof to issue certificates or other instruments for such shares or other beneficial interest to the designee of the President, or otherwise as such designee shall require.

"Sec. 204. Any vesting order, or other order or requirement issued pursuant to this title, or a duly certified copy thereof, may be filed, registered, or recorded in any office for the filing, registering, or recording of conveyances, transfers, or assignments of such property as may be covered by such order or requirement; and if so filed, registered, or recorded shall impart the same notice and have the same force and effect as a duly executed conveyance, transfer, or assignment so filed, registered, or recorded.

"Sec. 205. Any payment, conveyance, transfer, assignment, or delivery of property made to the President or his designee pursuant to this title, or any rule, regulation, instruction, or direction issued under this title, shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same; and no person shall be held liable in any court for or in respect of any such payment, conveyance, transfer, assignment, or delivery made in good faith in pursuance of and in reliance on the provisions of this title, or of any rule, regulation, instruction, or direction issued thereunder.

"Sec. 206. The district courts of the United States are given jurisdiction to make and enter all such rules as to notice and otherwise, and all such orders and decrees, and to issue such process as may be necessary and proper in the premises to enforce the provisions of this title, with a right of appeal from the final order or decree of such court as provided in sections 1252, 1254, 1291, and 1292 of title 28, United States Code.

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Exhibit G - Continued

"Sec. 207. (a) Any person who has not filed a notice of claim under subsection (b) of this section may institute a suit in equity for the return of any property, or the net proceeds thereof, vested in a designee of the President pursuant to section 202 (a) and held by such designee. Such suit, to which said designee shall be made a party defendant, shall be instituted in the District Court of the United States for the District of Columbia or in the district court of the United States for the district in which the claimant resides, or, if a corporation, where it has its principal place of business, by the filing of a complaint which alleges-

"(1) that the claimant is a person other than Bulgaria, Hungary, or Rumania, or a national thereof as defined in Executive Order 8389 of April 10, 1940, as amended; and

"(2) that the claimant was the owner of such property immediately prior to its vesting, or is the successor in interest of such owner by inheritance, devise, or bequest.

If the court finds in favor of the claimant, it shall order the payment, conveyance, transfer, assignment, or delivery to said claimant of such property, or the net proceeds thereof, held by said designee or the portion thereof to which the court shall determine said claimant is entitled. If suit shall be so instituted, then such property, or, if liquidated, the net proceeds thereof, shall be retained in the custody of said designee until any final judgment or decree which shall be entered in favor of the claimant shall be fully satisfied, or until final judgment or decree shall be entered against the claimant or suit otherwise terminated.

"(b) Any person who has not instituted a suit under the provisions of subsection (a) of this section may file a notice of claim under oath for the return of any property, or the net proceeds thereof, vested in a designee of the President pursuant to section 202 (a) and held by such designee. Such notice of claim shall be filed with said designee and in such form and containing such particulars as said designee shall require. Said designee may return any property so claimed, or the net proceeds thereof, whenever he shall determine-

"(1) that the claimant is a person other than Bulgaria, Hungary, or Rumania, or a national thereof as defined in Executive Order 8389 of April 10, 1940, as amended; and

"(2) that the claimant was the owner of such property immediately prior to its vesting, or is the successor in interest of such owner by inheritance, devise, or bequest.

Any person whose claim is finally denied in whole or in part by said designee may obtain review of such denial by filing a petition therefor in the United States Court of Appeals for the District of Columbia Circuit. Such petition for review must be filed within sixty days after the date of mailing of the final order of denial by said designee and a copy must be served on the said designee. Within forty-five days after service of such petition for review, or within such further time as the court may grant for good cause shown, said designee shall file an answer thereto, and shall certify and file with the court a transcript of the entire record of the proceedings with respect to such claim. The court may enter judgment affirming the order of the designee; or, upon finding that such order is not in accordance with law or that any material findings upon which such order is based are unsupported by substantial evidence, may enter judgment modifying or setting aside the order in whole or in part, and (1) directing a return of all or part of the property claimed, or (2) remanding the claim for further administrative proceedings thereon. If a notice of claim is filed under this subsection, the property which is the subject of such claim, or, if liquidated, the net proceeds thereof, shall be retained in the custody of said designee until any final order of said designee or any final judgment or decree which shall be entered in favor of the claimant shall be fully satisfied, or until a final order of said designee or a final judgment or decree shall be entered against the claimant, or the claim or suit otherwise terminated.

"(c) The sole relief and remedy of any person having any claim to any property vested pursuant to section 202 (a) shall be that provided by the terms of subsection (a) or (b) of this section, and in the event of the liquidation by sale or otherwise of such property,

Exhibit G - Continued

shall be limited to and enforced against the net proceeds received therefrom and held by the designee of the President. The claim of any person based on his ownership of shares of stock or other proprietary interest in a corporation which was the owner of property at the date of vesting thereof under section 202 (a) shall be allowable under subsection (a) or (b) of this section if 25 per centum or more of the outstanding capital stock or other proprietary interest in the corporation was owned at such date by nationals of countries other than Bulgaria, Hungary, Rumania, Germany, or Japan. But no such claim of a national of a foreign country shall be satisfied except after certification by the Department of State that the country of the national accords protection to nationals of the United States in similar types of cases.

"(d) The designee of the President may retain or recover from any property, or the net proceeds thereof, returned pursuant to subsection (a) or (b) of this section an amount not exceeding that expended or incurred by him for the conservation, preservation, or maintenance of such property or proceeds.

"Sec. 208. (a) Any property vested in the designee of the President pursuant to section 202 (a), or the net proceeds thereof, shall be equitably applied by such designee in accordance with this section to the payment of debts owed by the person who owned such property immediately prior to its vesting in such designee. No debt claim shall be allowed under this section-

"(1) if it is asserted against Bulgaria, Hungary, or Rumania (including the government or any political subdivisions, agencies, or instrumentalities thereof); or

"(2) if it is based upon an obligation expressed or payable in any currency other than the currency of the United States; or

"(3) if it was not due and owing-

"(A) on October 9, 1940, in the event the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Rumania;

"(B) on March 4, 1941, in the event the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Bulgaria; or

"(C) on March 13, 1941, in the event that the property in respect of which such debt claim is filed was owned immediately prior to vesting by a national of Hungary.

Any defense to the payment of such claim which would have been available to the debtor shall be available to the designee, except that the period from and after December 7, 1941, shall not be included for the purpose of determining the applicability of any statute of limitations. Debt claims allowable under this section shall include only those of natural persons who were citizens of the United States at the dates their debtors became obligated to them; those of other natural persons who are and have been continuously since December 7, 1941, residents of the United States; those of corporations organized under the laws of the United States or any State, Territory, or possession thereof, or the District of Columbia; and those acquired by the designee of the President under this title. Successors in interest by inheritance, devise, bequest, or operation of law of debt claimants, other than persons who would themselves be disqualified hereunder from allowance of a debt claim, shall be eligible for payment to the same extent as their principals or predecessors would have been.

"(b) The designee of the President under this title shall fix a date or dates after which the filing of debt claims in respect of any or all debtors shall be barred, and may extend the time so fixed, and shall give at least sixty days' notice thereof by publication in the Federal Register. In no event shall the time extend beyond the expiration of one year from the date of the last vesting in the designee of the President of any property of a debtor in respect to whose debts the date is fixed. No debt shall be paid prior to the expiration of one hundred and twenty days after publication of the first such notice in respect of the debtor, nor in any event shall any payment of a debt claim be made out of any property or proceeds in respect of which a suit or proceeding for return pursuant to this title is pending.

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Exhibit G - Continued

"(c) The designee shall examine the claims, and such evidence in respect thereof as may be presented to him or as he may introduce into the record, and shall make a determination, with respect to each claim, of allowance or disallowance, in whole or in part. The determination of the designee that a claim is within either paragraph (1) or (2) of subsection (a) of this section shall be final and shall not be subject to judicial review, and such claim shall not be considered a debt claim for any purpose under this section.

"(d) Payment of debt claims shall be made only out of such money included in, or received as net proceeds from the sale, use, or other disposition of, any property owned by the debtor immediately prior to its vesting in the designee of the President, as shall remain after deduction of (1) the amount of the expenses of the designee (including both expenses in connection with such property or proceeds thereof, and such portion as the designee shall fix of his other expenses), and of taxes, as defined in section 212, paid by the designee in respect of such property or proceeds; and (2) such amount, if any, as the designee may establish as a cash reserve for the future payment of such expenses and taxes. If the money available hereunder for the payment of debt claims against the debtor is insufficient for the satisfaction of all claims allowed by the designee, ratable payments shall be made in accordance with subsection (g) of this section to the extent permitted by the money available and additional payments shall be made whenever the designee shall determine that substantial further money has become available, through liquidation of any such property or otherwise. The designee shall not be required, through any judgment of any court, levy of execution, or otherwise, to sell or liquidate any property vested in him, for the purpose of paying or satisfying any debt claim.

"(e) If the aggregate of debt claims filed as prescribed does not exceed the money from which, in accordance with subsection (d) of this section, payment may be made, the designee shall pay each claim to the extent allowed, and shall serve by registered mail, on each claimant whose claim is disallowed in whole or in part, a notice of such disallowance. Within sixty days after the date of mailing of the designee's determination, any debt claimant whose claim has been disallowed in whole or in part may file in the District Court of the United States for the District of Columbia a complaint for review of such disallowance naming the designee as defendant. Such complaint shall be served on the designee. The designee, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings with respect to the claim in question. Upon good cause shown such time may be extended by the court. Such record shall include the claim as filed, such evidence with respect thereto as may have been presented to the designee or introduced into the record by him, and the determination of the designee with respect thereto, including any findings made by him. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the designee, or could not reasonably have been adduced before him or was not available to him. The court shall enter judgment affirming, modifying, or reversing the designee's determination, and directing payment in the amount, if any, which it finds due.

"(f) If the aggregate of debt claims filed as prescribed exceeds the money from which, in accordance with subsection (d) of this section, payment may be made, the designee shall prepare and serve by registered mail on all claimants a schedule of all debt claims allowed and the proposed payment to each claimant. In preparing such schedule, the designee shall assign priorities in accordance with subsection (g) of this section. Within sixty days after the date of mailing of such schedule, any claimant considering himself aggrieved may file in the District Court of the United States for the District of Columbia a complaint for review of such schedule, naming the designee as defendant. A copy of such complaint shall be served upon the designee and on each claimant named in the schedule. The designee, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings with respect to such schedule. Upon good cause shown such time may be extended by the court. Such record shall include the claims in question as filed, such evidence with respect thereto as may have been presented to the designee or introduced into the record by him, any findings or other determinations made by the designee with

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respect thereto, and the schedule prepared by the designee. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the designee or could not reasonably have been adduced before him or was not available to him. Any interested debt claimant who has filed a claim with the designee pursuant to this section, upon timely application to the court, shall be permitted to intervene in such review proceedings. The court shall enter judgment affirming or modifying the schedule as prepared by the designee and directing payment, if any be found due, pursuant to the schedule as affirmed or modified and to the extent of the money from which, in accordance with subsection (d) of this section, payment may be made. Pending the decision of the court on such complaint for review, and pending final determination of any appeal from such decision, payment may be made only to an extent, if any, consistent with the contentions of all claimants for review.

"(g) Debt claims shall be paid in the following order of priority: (1) Wage and salary claims, not to exceed \$600; (2) claims entitled to priority under sections 3466 and 3468 of the Revised Statutes (31 U. S. C., Secs. 191 and 193), except as provided in subsection (h) of this section; (3) all other claims for services rendered; for expenses incurred in connection with such services, for rent, for goods and materials delivered to the debtor, and for payments made to the debtor for goods or services not received by the claimant; (4) all other debt claims. No payment shall be made to claimants within a subordinate class unless the money from which, in accordance with subsection (d) of this section, payment may be made permits payment in full of all allowed claims in every prior class.

"(h) No debt of any kind shall be entitled to priority under any law of the United States or any State, Territory, or possession thereof, or the District of Columbia, solely by reason of becoming a debt due or owing to the United States as a result of its acquisition by the designee of the President under this title.

"(i) The sole relief and remedy available to any person seeking satisfaction of a debt claim out of any property vested in the designee under section 202 (a), or the proceeds thereof, shall be the relief and remedy provided in this section, and suits for the satisfaction of debt claims shall not be instituted, prosecuted, or further maintained except in conformity with this section. No person asserting any interest, right, or title in any property or proceeds acquired by the designee shall be barred from proceeding pursuant to this title for the return thereof, by reason of any proceeding which he may have brought pursuant to this section; nor shall any security interest asserted by the creditor in any such property or proceeds be deemed to have been waived solely by reason of such proceeding. Nothing contained in this section shall bar any person from the prosecution of any suit at law or in equity against the original debtor or against any other person who may be liable for the payment of any debt for which a claim might have been filed hereunder. No purchaser, lessee, licensee, or other transferee of any property from the designee shall, solely by reason of such purchase, lease, license, or transfer, become liable for the payment of any debt owed by the person who owned such property prior to its vesting in the designee. Payment by the designee to any debt claimant shall constitute, to the extent of payment, a discharge of the indebtedness represented by the claim.

"Sec. 209. The officer or agency designated by the President under this title to entertain claims under section 207 (b) and section 208 shall have power to hold such hearings as may be deemed necessary; to prescribe rules and regulations governing the form and contents of claims, the proof thereof, and all other matters related to proceedings on such claims; and in connection with such proceedings to issue subpoenas, administer oaths, and examine witnesses. Such powers, and any other powers conferred upon such officer or agency by section 207 (b) and section 208 may be exercised through subordinate officers designated by such officer or agency.

"Sec. 210. No suit may be instituted pursuant to section 207 (a) after the expiration of one year from the date of vesting of the property in respect of which relief is sought. No return may be made pursuant to section 207 (b) unless notice of claim has been filed within one year from the date of vesting of the property in respect of which the claim

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is filed.

"Sec. 211. No property or proceeds shall be returned under this title, nor shall any payment be made or judgment awarded in respect of any property vested in any officer or agency designated by the President under this title unless satisfactory evidence is furnished to said designee, or the court, as the case may be, that the aggregate of the fees to be paid to all agents, attorneys at law or in fact, or representatives, for services rendered in connection with such return or payment or judgment does not exceed 10 per centum of the value of such property or proceeds or of such payment. Any agent, attorney at law or in fact, or representative, believing that the aggregate of the fees should be in excess of such 10 per centum may, in the case of any return of, or the making of any payment in respect of, such property or proceeds by the President or such officer or agency as he may designate, petition the district court of the United States for the district in which he resides for an order authorizing fees in excess of 10 per centum and shall name such officer or agency as respondent. The court hearing such petition or a court awarding any judgment in respect of any such property or proceeds, as the case may be, shall approve an aggregate of fees in excess of 10 per centum of the value of such property or proceeds only upon a finding that there exist special circumstances of unusual hardship which require the payment of such excess. Any person accepting any fee in excess of an amount approved under this section, or retaining for more than thirty days any portion of a fee, accepted prior to such approval, in excess of the fee as approved, shall be guilty of a violation of this title.

"Sec. 212. (a) The vesting in any officer or agency designated by the President under this title of any property or the receipt by such designee of any earnings, increment, or proceeds thereof shall not render inapplicable any Federal, State, Territorial, or local tax for any period before or after such vesting.

"(b) The officer or agency designated by the President under this title shall, notwithstanding the filing of any claim or the institution of any suit under this title, pay any tax incident to any such property, or the earnings, increment, or proceeds thereof, at the earliest time appearing to him to be not contrary to the interest of the United States. The former owner shall not be liable for any such tax accruing while such property, earnings, increment, or proceeds are held by such designee, unless they are returned pursuant to this title without payment of such tax by the designee. Every such tax shall be paid by the designee to the same extent, as nearly as may be deemed practicable, as though the property had not been vested, and shall be paid only out of the property, or earnings, increment, or proceeds thereof, to which they are incident or out of other property acquired from the same former owner, or earnings, increment, or proceeds thereof. No tax liability may be enforced from any property or the earnings, increment, or proceeds thereof while held by the designee except with his consent. Where any property is transferred, otherwise than pursuant to section 207 (a) or 207 (b) hereof, the designee may transfer the property free and clear of any tax, except to the extent of any lien for a tax existing and perfected at the date of vesting, and the proceeds of such transfer shall, for tax purposes, replace the property in the hands of the designee.

"(c) Subject to the provisions of subsection (b) of this section, the manner of computing any Federal taxes, including without limitation by reason of this enumeration, the applicability in such computation of credits, deductions, and exemptions to which the former owner is or would be entitled, and the time and manner of any payment of such taxes and the extent of any compliance by the designee with provisions of Federal law and regulations applicable with respect to Federal taxes, shall be in accordance with regulations prescribed by the Secretary of the Treasury to effectuate this section. Statutes of limitations on assessments, collections, refund, or credit of Federal taxes shall be suspended with respect to any vested property or the earnings, increment, or proceeds thereof, while vested and for six months thereafter; but no interest shall be paid upon any refund with respect to any period during which the statute of limitations is so suspended.

"(d) The word 'tax' as used in this section shall include, without limitation by reason

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of this enumeration, any property, income, excess-profits, war-profits, excise, estate, and employment tax, import duty, and special assessment; and also any interest, penalty, additional amount, or addition thereto not arising from any act, omission, neglect, failure, or delay on the part of the designee.

"Sec. 213. Prior to covering the net proceeds of liquidation of any property into the Treasury pursuant to section 202 (a), the designee of the President under this title shall determine-

"(1) the amount of his administrative expenses attributable to the performance of his functions under this title with respect to such property and the proceeds thereof. The amount so determined, together with an amount not exceeding that expended or incurred for the conservation, preservation, or maintenance of such property and the proceeds thereof, and for taxes in respect of same, shall be deducted and retained by the designee from the proceeds otherwise covered into the Treasury; and

"(2) that the time for the institution of a suit under section 207 (a), for the filing of a notice of claim under section 207 (b), and for the filing of debt claims under section 208 has elapsed.

The determinations of the designee under this section shall be final and conclusive.

"Sec. 214. No property conveyed, transferred, assigned, delivered, or paid to the designee of the President under this title, or the net proceeds thereof, shall be liable to lien, attachment, garnishment, trustee process, or execution, or subject to any order or decree of any court, except as provided in this title.

"Sec. 215. Whoever shall willfully violate any provision of this title or any rule or regulation issued hereunder, and whoever shall willfully violate, neglect, or refuse to comply with any order of the President or of a designee of the President under this title, issued in compliance with the provisions of this title shall be fined not more than \$5,000, or, if a natural person, imprisoned for not more than five years, or both; and the officer, director, or agent of any corporation who knowingly participates in such violation shall be punished by a like fine, imprisonment, or both.

Approved August 9, 1955.

EXECUTIVE ORDER 10644

ADMINISTRATION OF TITLE II OF THE INTERNATIONAL CLAIMS SETTLEMENT  
ACT OF 1949, AS AMENDED, RELATING TO THE VESTING AND LIQUIDATION  
OF BULGARIAN, HUNGARIAN, AND RUMANIAN PROPERTY

By virtue of the authority vested in me by Title II of the International Claims Settlement Act of 1949, as added by Public Law 285, 84th Congress, approved August 9, 1955 (69 Stat. 562), and by section 301 of title 3 of the United States Code, and as President of the United States, it is ordered as follows:

Section 1. The Attorney General, and, as designated by the Attorney General for this purpose, any Assistant Attorney General are hereby designated and empowered to perform the functions conferred by the said Title II of the International Claims Settlement Act of 1949 upon the President, and the functions conferred by that title upon any designee of the President.

Section 2. The Attorney General is hereby designated as the officer in whom property shall vest under the said Title II.

Section 3. As used in this order, the term "functions" includes duties, powers,

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responsibilities, authority, and discretion, and the term "perform" may be construed to include "exercise".

(Signed) Dwight D. Eisenhower  
Dwight D. Eisenhower

The White House  
November 7, 1955

(F. R. Doc. 55-9123; Filed, Nov. 8, 1955; 12:08 p.m.)

(20 F. R. 8363, November 9, 1955)

ATTORNEY GENERAL'S ORDER NO. 106-55

DESIGNATION OF ASSISTANT ATTORNEY GENERAL, DIRECTOR, OFFICE  
OF ALIEN PROPERTY, TO PERFORM CERTAIN FUNCTIONS IN ADMINIS-  
TRATION OF TITLE II OF INTERNATIONAL CLAIMS SETTLEMENT ACT  
OF 1949, AS AMENDED

By virtue of the authority vested in the Attorney General by section 1 of Executive Order No. 10644 of November 7, 1955, I hereby designate the Assistant Attorney General, Director, Office of Alien Property, Department of Justice, to perform the functions conferred by Title II of the International Claims Settlement Act of 1949, as added by Public Law 285, 84th Congress (69 Stat. 562), upon the President, and the functions conferred by that title upon any designee of the President.

(Signed) Herbert Brownell, Jr.  
Herbert Brownell, Jr.  
Attorney General

November 23, 1955.

(F. R. Doc. 55-9820; Filed, Dec. 5, 1955; 9:05 a.m.)

(20 F. R. 8993, December 7, 1955)

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STATEMENT OF ORGANIZATION AND DELEGATIONS OF FINAL AUTHORITY  
OF THE OFFICE OF ALIEN PROPERTY

The above Statement and Delegations (18 F. R. 7895), as amended, are hereby amended to read as follows:

1. Establishment and Functions. The Office of Alien Property, Department of Justice, was established by the Attorney General to administer functions vested in him relating to the control or vesting of foreign owned property, the administration of property vested under the Trading with the Enemy Act, as amended, including allowance and payment of claims asserted with respect thereto, and litigation connected with any of the foregoing functions. The Attorney General has also designated the Office of Alien Property to carry out the administration of Title II of the International Claims Settlement Act of 1949, including the vesting, administration and liquidation of blocked property of Bulgaria, Hungary, Rumania and certain nationals of these countries, the allowance and payment of claims asserted with respect to such vested property and the conduct of litigation connected therewith. The administration of the aforesaid Title II by the Office of Alien Property also includes the divesting of property of certain nationals of Bulgaria, Hungary and Rumania vested under the Trading with the Enemy Act, as amended.

2. Direction. The Office of Alien Property is under the supervision and direction of an Assistant Attorney General, who is Director of the Office of Alien Property and is responsible to the Attorney General. The Director acts for and on behalf of the Attorney General. All of the authority, rights, privileges, powers, duties, and functions of the Office of Alien Property may be exercised by the Director or by any agencies, instrumentalities, agents, delegates, or other personnel appointed or designated by him.

3. Authority under the Trading with the Enemy Act, as amended. (a) Authority under the Trading with the Enemy Act, as amended, was delegated to the Alien Property Custodian by the President pursuant to the following Executive Orders:

- (1) Executive Order 9095 of March 11, 1942, 7 F. R. 1971, as amended by Executive Order 9193 of July 6, 1942, 7 F. R. 5205, 3 CFR, 1943 Cum. Supp.; and Executive Order 9567 of June 8, 1945, 10 F. R. 6917, 3 CFR, 1945 Supp.; and modified by Executive Order 9760 of July 23, 1946, 11 F. R. 7999, 3 CFR, 1946 Supp.
- (2) Executive Order 9142 of April 21, 1942, 7 F. R. 2985, 3 CFR, 1943 Cum. Supp.
- (3) Executive Order 9325 of April 7, 1943, 8 F. R. 1682, 3 CFR, 1943 Cum. Supp.
- (4) Executive Order 9725 of May 16, 1946, 11 F. R. 5381, 3 CFR, 1946 Supp.

(b) The Office of Alien Property Custodian was terminated, and all powers and authority vested in or transferred to the Alien Property Custodian or the Office of Alien Property Custodian were transferred to or vested in the Attorney General by Executive Order 9788 of October 14, 1946, 11 F. R. 11981, 3 CFR, 1946 Supp.

(c) Jurisdiction formerly exercised by the Secretary of the Treasury under the Trading with the Enemy Act, as amended, over certain assets which were blocked by Executive Order 8389 of April 10, 1940, 5 F. R. 1400, as amended, 3 CFR, 1943 Cum. Supp., was trans-

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ferred to the Attorney General by Executive Order 9989 of August 20, 1948, 13 F. R. 4891, 3 CFR, 1948 Supp. By Executive Order 10348 of April 26, 1952, 17 F. R. 3769, 3 CFR, 1952 Supp., the aforesaid Executive Orders and all delegations, regulations, rulings, instructions and licenses under said Orders were continued in force according to their terms for the duration of the national emergency proclaimed by Proclamation 2914 of December 16, 1950, 15 F. R. 9029, 3 CFR, 1950 Supp.

(d) By Executive Order 10244 of May 17, 1951, 16 F. R. 4689, 3 CFR, 1951 Supp., the President designated the Attorney General to exercise functions relating to the settlement of intercustodial disputes regarding enemy property conferred by the Act of September 28, 1950 (64 Stat. 1079; 50 U.S.C. App. Sup. 40).

(e) Certain functions under the Trading with the Enemy Act, as amended, relating to the Philippines, which were conferred on the President by the Philippine Property Act of 1946, as amended (60 Stat. 418, 64 Stat. 1116, 22 U.S.C. and Sup. 1382), were delegated to the Philippine Alien Property Administration by the following orders:

- (1) Executive Order 9789 of October 14, 1946, 11 F. R. 11981, 3 CFR, 1946 Supp.
- (2) Executive Order 9818 of January 7, 1947, 12 F. R. 133, 3 CFR, 1947 Supp.
- (3) Executive Order 9921 of January 10, 1948, 13 F. R. 171, 3 CFR, 1948 Supp.

(f) The Philippine Alien Property Administration was terminated by Executive Order 10254 of June 15, 1951, 16 F. R. 5289, 3 CFR, 1951 Supp., and all powers and authority vested in or transferred to the Philippine Alien Property Administration or the Philippine Alien Property Administrator were transferred to or vested in the Attorney General.

(g) By section 2 of Executive Order 10587 of January 13, 1955, 20 F. R. 361, the President delegated to the Attorney General all functions under section 32(h) of the Trading with the Enemy Act other than that of designating successors in interest thereunder. By section 3 of that Order the Attorney General was authorized to designate any officer or agency of the Department of Justice to carry out the functions delegated to him.

(h) By Order No. 100-55, dated March 15, 1955, the Attorney General placed all the foregoing powers and authority in the Office of Alien Property, Department of Justice, subject, however, to the provisions of Order No. 75-55, dated February 25, 1955.

4. Authority Under Title II of the International Claims Settlement Act of 1949. (a) By section 1 of Executive Order 10644 of November 7, 1955, 20 F. R. 8363, the President designated and empowered the Attorney General, and any Assistant Attorney General designated by the Attorney General, to perform the functions conferred on the President and any designee of the President by Title II of the International Claims Settlement Act of 1949, added by Public Law 285, 84th Congress, approved August 9, 1955 (69 Stat. 562). By section 2 of this Executive Order the President also designated the Attorney General as the officer in whom property shall vest under the said Title II.

(b) Pursuant to section 1 of the said Executive Order 10644 the Attorney General, by Order No. 106-55, of November 23, 1955, 20 F. R. 8993, designated the Assistant Attorney General, Director, Office of Alien Property, Department of Justice, to perform the functions conferred upon the President and any designee of the President by the said Title II of the International Claims Settlement Act of 1949.

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5. Organization. The Office of Alien Property is composed of the following principal subdivisions, with functions and authority as indicated:

(a) Office of the Director. This Office consists of the Director, the Deputy Director, the Second Assistant to the Director, an Intercustodial and Foreign Funds Officer, and the Hearing Examiners.

- (1) The Director exercises the functions and authority noted in paragraphs 3 and 4 of this Notice.
- (2) The Deputy Director is first assistant to the Director. He may exercise any of the authority, rights, privileges, powers, duties, and functions of the Director in the absence of the Director or in the event of his inability to act, or at any other time, to the extent delegated to him. In performing the aforesaid duties the Deputy Director will act for and on behalf of the Attorney General.
- (3) The Second Assistant to the Director, in the event of the absence or inability to act of both the Director and the Deputy Director, shall be Acting Director. As Acting Director, he shall exercise any of the authority, rights, privileges, powers, duties, and functions of the Director.
- (4) The Intercustodial and Foreign Funds Officer is responsible for the administration of controls with respect to property over which jurisdiction is exercised by virtue of Executive Order 9989 and transactions relating to such property; and for the conduct of negotiations with respect to intercustodial conflicts and the implementation of agreements with respect to such conflicts. The Intercustodial and Foreign Funds Officer is also responsible for the investigation, processing and preparation of vesting and divesting recommendations and orders under Title II of the International Claims Settlement Act of 1949; for obtaining compliance with vesting orders issued under that Title and for the authorization of transfers of vested funds and divested funds to the Treasury Department under that Title.
  - (i) The Intercustodial and Foreign Funds Officer is authorized to exercise such powers and authority as may be necessary and appropriate in the performance of his functions.
  - (ii) The Intercustodial and Foreign Funds Officer is authorized to take final action with respect to specific licensing matters, by granting or denying applications for specific licenses, and by amending, modifying, renewing, or revoking existing specific licenses with respect to the property over which jurisdiction is exercised by virtue of Executive Order 9989. In the exercise of the foregoing authority, such official will act for and on behalf of the Director or the Deputy Director, and will sign in the following form:

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Issued by direction and on behalf of the  
(Deputy) Director, Office of Alien Property

By \_\_\_\_\_  
(Title)

- (iii) The Intercustodial and Foreign Funds Officer is authorized to issue any demand, direction or instruction directed to any person, firm, or corporation or to take any other action necessary to effectuate a vesting order issued under Title II of the International Claims Settlement Act of 1949;
  - (iv) The Intercustodial and Foreign Funds Officer is authorized to take custody of any property or interest therein which is vested in, or is transferable or deliverable to, the Attorney General under Title II of the International Claims Settlement Act of 1949; to accept payment, conveyance, transfer, assignment or delivery made to or for the account of the Attorney General pursuant to said Title II; and to execute receipts, surrenders, releases or other instruments to evidence such action;
  - (v) The Intercustodial and Foreign Funds Officer is authorized to waive compliance with any vesting order issued under Title II of the International Claims Settlement Act of 1949 which vests a debt in a specific amount to the extent of normal service charges not to exceed \$250.00 asserted by a claimant who would be entitled to a return of the amount of such charges if the vesting order were enforced according to its terms;
  - (vi) The Intercustodial and Foreign Funds Officer is authorized to direct the execution and delivery of transfers of property vested under Title II of the International Claims Settlement Act of 1949.
- (5) The Hearing Examiners, consisting of a Chief Hearing Examiner and such other hearing examiners as may from time to time be qualified and appointed pursuant to the requirements of section II of the Administrative Procedure Act, hear contested claims and issue recommended decisions with respect thereto under sections 9(a), 20, 32, and 34 of the Trading with the Enemy Act, as amended, and sections 207(b) and 208 of Title II of the International Claims Settlement Act of 1949. The Hearing Examiners handle such other matters not inconsistent with their duties as hearing examiners as may be assigned by the Director or the Deputy Director. The Hearing Examiners are hereby severally delegated authority to exercise the powers conferred upon hearing examiners by the Rules of Procedure for Claims of the Office of Alien Property (8 CFR).
- (b) Legal and Legislative Section. Under the supervision of the Chief, Legal and Legislative Section, this Section advises on all legal and legislative matters generally affecting the operations of the Office of Alien Property. This Section also is responsible for all matters relating to the liquidation

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Exhibit G - Continued

of banking and insurance institutions under the control of the Office and all matters relating to the administration of patents, and rights or interests therein or related thereto vested under the Trading with the Enemy Act, as amended, or controlled thereunder by 8 CFR, Part 507.

- (1) The Chief, Legal and Legislative Section is authorized to exercise such powers and authority as may be necessary and appropriate in the performance of his functions.
  - (2) The Chief, Legal and Legislative Section, is authorized:
    - (i) To issue licenses with respect to vested patents, applications for patents, and rights or interests therein or related thereto; and to fix royalty schedules pertaining thereto;
    - (ii) To make demand for and accept payment of royalties and other moneys due the Attorney General with respect to vested patents, applications for patents, licenses and rights or interests therein or relating thereto; and to execute receipts, surrenders, releases or other instruments to evidence such action;
    - (iii) To execute powers of attorney and sign all papers for the necessary conduct of the business of the Office of Alien Property before the United States Patent Office.
- (c) Litigation Section. Under the supervision of the Chief, Litigation Section, this Section conducts all litigation concerning the Office. This Section is responsible for collection, custody and administration with respect to vested interests in estates and trusts and vested rights under contracts of life insurance and annuity.
- (1) The Chief, Litigation Section, is authorized to exercise such powers and authority as may be necessary and appropriate in the performance of his functions.
  - (2) The Chief, Litigation Section, is authorized:
    - (i) To issue any demand, direction or instruction directed to any person, firm or corporation or take any other action necessary to effectuate a vesting order;
    - (ii) To take custody of any property or interest therein which is vested in, or is transferable or deliverable to, the Attorney General under the Trading with the Enemy Act, as amended, or Title II of the International Claims Settlement Act of 1949; to accept payment, conveyance, transfer, assignment, or delivery made to or for the account of the Attorney General pursuant to said Act or Title; to exercise any right of election to surrender or release any vested insurance policy contract rights or interests therein against payment of cash surrender value; and to execute receipts, surrenders, releases or other instruments to evidence such action.

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- (d) Claims Section. Under the supervision of the Chief, Claims Section, this Section processes all claims under the Trading with the Enemy Act, as amended, or under Title II of the International Claims Settlement Act of 1949 for return of property or payment of debts of former owners of vested property and related attorney fee claims.
- (1) The Chief, Claims Section, is authorized to exercise such powers and authority as may be necessary and appropriate in the performance of his functions, including particularly the powers conferred upon him by the Rules of Procedure of the Office of Alien Property for Claims (8 CFR).
  - (2) In the exercise of such authority, insofar as it relates to a position taken by the Claims Section prior to allowance or final disallowance of a claim, the Chief, Claims Section, shall sign in his own name and title.
- (e) Liquidation Section. Under the supervision of the Chief, Liquidation Section, this Section is responsible for matters relating to the operation or liquidation of business enterprises which have been supervised or vested, or in which interests have been supervised or vested, for the management and liquidation of vested real and personal property and for all matters relating to the administration of trade-marks and copyrights and rights or interests therein or related thereto vested under the Trading with the Enemy Act, as amended, or controlled thereunder by 8 CFR, Part 507. This Section also performs certain functions in connection with effectuating returns of vested property.
- (1) The Chief, Liquidation Section, is authorized to exercise such powers and authority as may be necessary and appropriate in the performance of his functions.
  - (2) The Chief, Liquidation Section, is authorized:
    - (i) To issue licenses with respect to vested copyrights and rights or interests therein or related thereto; and to fix royalty schedules pertaining thereto;
    - (ii) To approve requests for loans of vested motion picture films and to enter into agreements concerning the use thereof;
    - (iii) To make demand for and accept payment of royalties and other moneys due the Attorney General with respect to vested copyrights, trade-marks, films, licenses and rights or interests therein or relating thereto; and to execute receipts, surrenders, releases or other instruments to evidence such action.
  - (3) The Chief, Liquidation Section, and within this section the Chief, Collection and Custody Unit and the Assistant Chief, Collection and Custody Unit, are severally authorized:
    - (i) To issue any demand, direction or instruction directed to any person, firm, or corporation or to take any other action necessary to effectuate a vesting order.

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- (ii) To take custody of any property or interest therein which is vested in, or is transferable or deliverable to, the Attorney General under the Trading with the Enemy Act, as amended, or Title II of the International Claims Settlement Act of 1949; to accept payment, conveyance, transfer, assignment or delivery made to or for the account of the Attorney General pursuant to said Act or Title; and to execute receipts, surrenders, releases or other instruments to evidence such action;
  - (iii) To waive compliance with any vesting order which vests a debt in a specific amount to the extent of normal service charges not to exceed \$250.00 asserted by a claimant who would be entitled to a return of the amount of such charges if the vesting order were enforced according to its terms;
  - (iv) To direct the execution and delivery of transfers of vested property.
- (f) Comptroller's Section. Under the supervision of the Comptroller, this Section maintains accounting records regarding vested property; prepares financial reports of the Office of Alien Property; deposits for collection with the Treasurer of the United States currency, checks, and drafts paid to or received by the Office of Alien Property; transfers the proceeds to the account of the Attorney General with the Treasurer of the United States, and makes disbursements by the issuance of checks in payment of taxes, expenses of and claims allowed by the Office of Alien Property. This Section also performs certain other functions in connection with effectuating returns of vested property.
- (1) The Comptroller is authorized to exercise such powers and authority as may be necessary and appropriate in the performance of his functions.
  - (2) The Disbursing Officer, within the Comptroller's Section, is authorized to collect moneys for the Office of Alien Property; to deposit for collection with the Treasurer of the United States currency, checks, and drafts paid to or received by the Office of Alien Property; to transfer the proceeds to the account of the Attorney General with the Treasurer of the United States; and to make disbursements by issuance of checks in payment of taxes, necessary and proper expenses of the Office of Alien Property and duly allowed claims. In the exercise of such authority, he is authorized to act in his own name and title.
- (g) Administrative Section. Under the supervision of the Chief, Administrative Section, this Section is responsible for internal administrative functions, maintains statistical records of the Office of Alien Property and prepares official reports.
- (1) The Chief, Administrative Section, is authorized to exercise such powers and authority as may be necessary and appropriate in the performance of his functions.
  - (2) Within this Section, the Records Officer and the Assistant to the Records Officer are severally authorized to authenticate, certify

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Exhibit G - Continued

and attest copies of books, records, papers, and documents in the official custody of the Office of Alien Property; to subscribe the name of the Director or the Deputy Director to such certificates, and to affix the seal of the Office of Alien Property.

- (h) Philippine Office. Under the supervision of the Manager, Philippine Office, this Office is responsible for all matters in the Philippine Islands affecting the Office of Alien Property including the coordination of the activities in the Philippines of all Sections of the Office of Alien Property.
- (1) The Manager, Philippine Office, is authorized to exercise any of the rights, privileges, powers, duties, and functions of the Office of Alien Property, or of the Director, Office of Alien Property, with respect to property or interests located in the Philippines, or which, prior to vesting were located in the Philippines, including particularly and without limitation:
- (i) To collect all moneys for the Office of Alien Property in the Philippines; to make disbursements by issuance of checks in payment of necessary and proper expenses of the Manila Office and duly allowed claims against the Office of Alien Property;
- (ii) To authenticate, certify, and attest copies of books, records, papers, and documents in the official custody of the Office of Alien Property, as successor to the Philippine Alien Property Administration, and to affix the seal of the Office of Alien Property.
- (i) Overseas Office. This Office, under the Chief, Overseas Office, administers all functions of the Office of Alien Property in Europe.
- (j) Tokyo Office. This Office, under the Chief, Tokyo Office, administers all functions of the Office of Alien Property in Japan.

6. Form of Signature. Except for the Director, Deputy Director, and as otherwise indicated in paragraph 5 of this Notice, the designated officials of the Office of Alien Property, in exercising authority conferred on them, will sign in the following form:

(Name)  
Assistant Attorney General  
Director, Office of Alien Property

By \_\_\_\_\_  
(Title)

7. Location of Offices. The Office of Alien Property maintains offices as follows:

- (a) Washington, D. C. Federal Home Loan Bank Building  
101 Indiana Avenue, N. W., Washington 25, D. C.
- (b) Philippine Office. Manila, P. I.
- (c) Overseas Office. Munich, Germany

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Exhibit C - Concluded

(d) Tokyo Office. American Embassy, Tokyo, Japan

8. Information

- (a) General. Requests for general information should be addressed to the Office of Alien Property, Department of Justice, Washington 25, D. C., unless the Philippine, Overseas or Tokyo Office is nearer, in which event requests may be addressed to such Office.
- (b) Sales. Notices of Public offerings of vested property are given by publication in appropriate newspapers and trade journals and by mail to persons on the mailing lists of the Office of Alien Property. The mailing lists are maintained by the Comptroller's Section and names may be placed on such lists on request.
- (c) Patents and Copyrights Program. Vested interests in certain properties of these types have been made available for use by the American public. Requests for information with respect to patents should be addressed to the Legal and Legislative Section, Office of Alien Property, Washington 25, D. C. Requests for information with respect to copyrights should be addressed to the Liquidation Section, Office of Alien Property, Department of Justice, Washington 25, D. C.

(40 Stat. 411, 55 Stat. 839, 60 Stat. 50, 925, 64 Stat. 1079, 50 U. S. C. App. and Sup. 1-40; 60 Stat. 418, 64 Stat. 1116, 22 U. S. C. and Sup. 1382; 69 Stat. 562; E. O. 8389, April 10, 1940, 5 F. R. 1400, as amended, 3 CFR, 1943 Cum. Supp.; E. O. 9142, April 21, 1942, 7 F. R. 2985, 3 CFR, 1943 Cum. Supp.; E. O. 9193, July 6, 1942, 7 F. R. 5205, 3 CFR, 1943 Cum. Supp.; E. O. 9567, June 8, 1945, 10 F. R. 6917, 3 CFR, 1945 Supp.; E. O. 9725, May 16, 1946, 11 F. R. 5381, 3 CFR, 1946 Supp.; E. O. 9788, October 14, 1946, 11 F. R. 11981, 3 CFR, 1946 Supp.; E. O. 9818, January 1, 1947, 12 F. R. 133, 3 CFR, 1947 Supp.; E. O. 9921, January 10, 1948, 13 F. R. 171, 3 CFR, 1948 Supp.; E. O. 9989, August 20, 1948, 13 F. R. 4981, 3 CFR, 1948 Supp.; Proc. 2914, December 16, 1950, 15 F. R. 9029, 3 CFR, 1950 Supp.; E. O. 10244, May 17, 1951, 16 F. R. 4639, 3 CFR, 1951 Supp.; E. O. 10254, June 15, 1951, 16 F. R. 5829, 3 CFR, 1951 Supp.; E. O. 10348, April 26, 1952, 17 F. R. 3769, 3 CFR, 1952 Supp.; E. O. 10587, January 13, 1955, 20 F. R. 361; E. O. 10644, November 7, 1955, 20 F. R. 8363)

Executed at Washington, D. C., February 17, 1956.

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

(Official Seal)

(F. R. Doc. 56-1431; Filed, Feb. 23, 1956; 8:50 a.m.)  
(21 F. R. 1241, February 24, 1956)

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NOTE ON LIST OF EMPLOYEES

In the interest of economy, approved by the Joint Committee 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.

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