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# *Annual Report*

OFFICE OF

**ALIEN PROPERTY**

**DEPARTMENT OF JUSTICE**

FISCAL YEAR ENDED JUNE 30, 1959

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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, 1959. This report is made pursuant to section 6, of the Trading with the Enemy Act, as amended.

Respectfully,

William P. Rogers  
Attorney General

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, 1959. This is the seventeenth annual report of proceedings under the Trading with the Enemy Act, as amended, submitted by the Office of Alien Property and its predecessor agency, the Office of Alien Property Custodian, in accordance with section 6 of the Act.

Respectfully,

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

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## POLICIES AND PROGRAMS

Section 39 of the Trading with the Enemy Act, as amended, prohibits the return of World War II vested German and Japanese assets to the former owners thereof and provides that the net proceeds remaining upon the completion of administration, liquidation and disposition pursuant to the provisions of the Act of any such property or interest therein shall be covered into the Treasury at the earliest practicable date for deposit into the War Claims Fund.

The Office of Alien Property is making a determined effort to meet the requirements of this congressional directive through a number of varied programs. While the processing and adjudication of title and debt claims and the defense of lawsuits for the return of property continue to be a major responsibility of the Office, there are other related programs which are most important to an efficient and speedy completion of the administration, liquidation and disposition of alien property. These include the sales and liquidation of vested assets, the licensing of patents, copyrights and trademarks and the collection of royalties thereon, the supervision of estates and trusts and the resolution of intercustodial conflicts pursuant to the Brussels Agreement. The Office is also administering a foreign funds control program and completing the administration of the Philippine alien property program.

Furthermore, pursuant to Public Law 285, 84th Congress, 1st Session, approved August 9, 1955 (69 Stat. 562) the Office of Alien Property is charged with the responsibility for the vesting and administration of all blocked property in the United States owned directly or indirectly by the Governments of Hungary, Bulgaria and Rumania, or their nationals, except blocked property owned directly by natural persons. Property vested under the Trading with the Enemy Act which was directly owned at the date of vesting by natural persons who on that date were residents of Hungary, Bulgaria or Rumania is divested by the Office of Alien Property to blocked accounts in the Treasury unless the divestee is resident outside the Iron Curtain in which case the property is directly divested to him.

### Value of Vested Property

During the fiscal year 1959 the Office collected more than \$7,000,000 representing the proceeds of the sale and liquidation of vested property and income therefrom.

Exclusive of Philippine property and property vested under Public Law 285, the total cash receipts from property seized during World War II amounted to approximately \$516,000,000 as of June 30, 1959. The property which was returned in kind to successful claimants and litigants is estimated to have had a value of about \$33,000,000. The property remaining unliquidated at the end of June 1959 is estimated to be worth approximately

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\$138,000,000. Thus the total value of all property vested, including increment thereon, is about \$687,000,000.

After deductions for direct and administrative expenses, payment of claims and the transfer of \$228,750,000 to the War Claims Fund there remained at June 30, 1959 property with an estimated valuation of some \$279,000,000 of which \$141,000,000 consists of cash in the United States Treasury. As of the same date there were pending in the various Federal and State courts suits and proceedings which, together with the administrative claims to be adjudicated in accordance with the requirements of the Administrative Procedure Act, involved property valued at more than \$250,000,000.

### ADMINISTRATION, LIQUIDATION AND DISPOSITION OF VESTED PROPERTY

#### CLAIMS

As of June 30, 1959, there had been filed with the Office on approved forms a total of 67,521 claims relative to World War II vestings of property, of which 19,839 were title claims and 47,682 were debt claims. At the start of the 1959 fiscal year there still remained to be processed 4,056 title claims and 8,468 debt claims. During the year 25 title claims and one debt claim were filed. The total amount of cash and appraisable property returned or paid under the title claims program and under section 9(a) of the Trading with the Enemy Act has now reached the sum of approximately \$79,200,000. The total amount of debt claims paid has now reached the sum of \$2,780,000.

The Office processed 1,003 title claims during the 1959 fiscal year which resulted in the return to former owners of \$1,728,000 in cash and appraisable property plus various interests in property of unappraisable nature, such as patents, copyrights, interests in patent contracts and copyright contracts. Over the same period 7,685 debt claims were disposed of administratively. Of these claims 1,539 were allowed in the aggregate amount of \$5,472,379.99, but because of the insolvency of 42 of the debtors' accounts, payments totalling only \$184,217.35 were made. The remaining 6,146 debt claims, involving approximately \$10,000,000 were disallowed, withdrawn or disposed of through consolidation.

During the fiscal year thirty Final Schedules of claims allowed and proposed pro rata payments were issued in insolvent estates, pursuant to section 34(f) of the Act, as amended. These schedules involved 6,893 dismissed claims totalling \$49,422,585.58, and 1,357 allowed claims totalling \$2,983,947.14. Pro rata payments totalling \$70,265.27 were made to claimants.

Since 1957 the Office has been processing claims under the so-called "looted securities" program. A total of 1,035 looted securities claims certifications were filed. At the end of the current fiscal year 7 of these claims certifications were still pending. It is anticipated

that the "looted securities" part of the claims program will be terminated during fiscal 1960.

During the 1959 fiscal year in respect to the programs pertaining to Hungarian, Bulgarian and Rumanian assets vested pursuant to Public Law 285, otherwise known as the "Satellite Assets" program, 10 title claims and 11 debt claims were filed. Twenty-six "satellite assets" debt claims, totalling \$4,817,458.91, were allowed during the fiscal year. However, because of the insolvency of debtors' accounts, only claims totalling \$10,796.43 have been paid. Three "satellite assets" debt claims, totalling \$14,285,000, were dismissed or withdrawn.

SUITS AND OTHER JUDICIAL PROCEEDINGS

The Office of Alien Property was involved in a total of 488 suits and other types of judicial proceedings during the fiscal year 1959. At the close of the fiscal year 1958 there were pending 421 cases. During the year 67 cases were filed in the courts and 171 cases were disposed of through legal proceedings which left 317 cases pending at the end of the fiscal year 1959. The claims proceedings under section 9(a) which have heretofore been reported under this Chapter are now included in the statistics under the chapter on Claims. The litigation activity during fiscal 1959 is shown in Table 1 which follows:

Table 1.--SUITS AND OTHER JUDICIAL PROCEEDINGS IN WHICH THE OFFICE OF ALIEN PROPERTY WAS INVOLVED, FISCAL YEARS 1958 and 1959

Type of litigation	Cases pending as of July 1, 1958	Cases active during year	Cases Pending as of June 30, 1959
Total.....	421	488	317
1. Actions for return of property or payment of debts, brought under Sec. 9(a) and 34 of the Act, as amended.....	63	86	67 1/
2. Matters involving estates and trusts.....	270	284	179
3. Insurance collections.....	3	3	1
4. Miscellaneous.....	85	115	70 2/

1/ Includes five Section 9(a) cases involving Philippine vested property.  
2/ Includes two cases involving Philippine vested property.

OPERATION OF BUSINESS ENTERPRISES

The Office of Alien Property vested substantial or controlling interests in 434 business enterprises of which 98 were continued in operation under the supervision of the Office. The sale of 69 enterprises,

the return of the vested interests in 25 enterprises, the merger of two vested enterprises, and the expiration of the patents of one patent-holding company leave remaining as of June 30, 1959, two companies in active operation, i.e., Carl Zeiss, Inc. and General Aniline and Film Corporation, and minority interests requiring public sale in four active business enterprises. The Arabol Mfg. Co., 14% common stock and 5 1/2% preferred stock; Cervecería Nacional Dominicana C. por A., 12.69% common stock; Neumann Endler Incorporated, 23% and Bostrum, Inc., 25%. Details of the operation of General Aniline and Film Corporation follow:

**GENERAL ANILINE AND FILM CORPORATION**

Interest of the Office

The Office of Alien Property holds in the name of the Attorney General 540,894 (91.2%) of the 592,742 outstanding shares of common "A" capital stock and all of the 2,050,000 outstanding shares of the common "B" capital stock of the Corporation.

Management

There were several changes in the officers of the Corporation during the fiscal year 1959. On December 1, 1958, Mr. J. H. Hilldring resigned as President and was elected Chairman of the Board and Chief Executive Officer. At the same time Mr. P. M. Dinkins resigned as Vice President and Manager of Dyestuff and Chemical Division and was elected President of the Corporation. On January 28, 1959, Mr. J. Werner was elected Vice President of the Corporation, while Mr. C. T. White resigned from this position on March 1, 1959. On April 29, 1959, Mr. Dinkins was elected President and Chief Executive Officer while Mr. Hilldring was elected Chairman of the Board of Directors. Mr. D. W. Douglas was elected a member of the Board on April 14, 1959.

Business Operations

**DYESTUFF & CHEMICAL DIVISION.**---This division of GAF has undergone tremendous expansion in the postwar period. A rundown of its varied products include: dyestuffs and pigments for textiles, paper, leather, paint and plastics; intermediates for dyes, pharmaceuticals and surface active agents; detergents, wetting agents and emulsifiers for household use, industrial cleaning, insecticides, etc.; chlorine, caustic soda and related products; acetylene based chemicals for plastics, synthetic fibres, cosmetics, pharmaceuticals, beverage clarifiers, solvents, adhesives, etc.; specialty chemicals such as optical bleaches, ultraviolet absorbers, corrosion inhibitors, carbonyl iron powders, Ethylene Oxide, Ethylene Glycol, and Diethylene Glycol.

The ethylene oxide-ethylene glycol plant, completed in 1958, has operated at designed capacity and no major process difficulties were experienced. An ethylene oxide purification column was installed during the year for use in producing high quality ethylene oxide for captive use and

for sale. Operation of the chlorine-caustic plant, started in 1957, has been improved and this unit is now showing a reasonable return on investment. Cooling facilities for the rectifiers were installed to enable the plant to operate at design capacity during summer months.

Facilities were completed at Huntsville, Alabama, for the production of nickel carbonyl and purified nickel powder under contracts with the U. S. Army Signal Corps.

ANSCO DIVISION.---This division produces a line of photographic products including cameras, black and white roll film; sheet film for portraiture; industrial and commercial photography; graphic arts film used for photo engraving; film packs; X-ray film for medical, dental and industrial use; aerial film and other special films for military photography; color film in rolls and sheets; 16mm and 35mm motion picture film; Printon for prints from color transparencies; paper for contact and enlargement prints; photographic chemicals for processing of black and white and color photographs; sundries such as flash equipment, developing and printing outfits.

OZALID DIVISION.---The major products of this division are diazo sensitized materials and machines for making whiteprints. Other products include paper and aluminum plates used in offset duplicating, as well as audio visual equipment and supplies; microline equipment and supplies including cameras, viewers, enlargers, printers and film for microfilming systems.

In January 1959 the Corporation joined with Douglas Aircraft Company in the formation of DataGraphic Systems, Inc., a corporation organized for the purpose of developing new machines, materials, techniques and systems in the microfilm and reproduction field.

RESEARCH AND PATENTS.---During the fiscal year 1959 the Corporation expended \$6,048,017 on basic research and process development. Of the 3,666 patents owned by the Corporation, 1,554 were issued in the United States, while of the 2,025 pending patent applications, 497 were domestic.

#### Financial Information

Net sales continued to show a substantial increase during the fiscal year 1959 compared to 1958, as they have each succeeding year. Net sales reached \$150,271,097 compared to \$136,348,000 during fiscal year 1958. After allowance of \$8,412,351 for Federal income taxes, the Corporation earned \$7,298,256 during 1959 compared to \$4,811,381 during the fiscal year 1958. No dividends were declared or paid on the outstanding shares of capital stock during the year.

The book value of the Attorney General's interest in net worth of the Corporation rose to \$116,707,001 at June 30, 1959, compared to \$109,858,012 at June 30, 1958.

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GENERAL ANILINE & FILM CORPORATION AND DOMESTIC SUBSIDIARIES, CONSOLIDATED COMPARATIVE  
BALANCE SHEETS, 1/ MARCH 31, 1942, JUNE 30, 1958, AND JUNE 30, 1959

Balance sheet items	Mar. 31, 1942 2/	June 30, 1958	June 30, 1959
<b>ASSETS 3/</b>			
Located in the United States:			
Cash.....	\$9,292,036	\$8,042,215	\$7,924,683
Receivables.....	4,647,030	13,469,905	15,738,766
Inventory.....	16,393,039	50,751,304	49,557,832
Investments.....	8,251,488	14,120,879	23,316,302
Fixed assets.....	20,561,635	71,196,594	70,536,553
Intangibles.....	1	1	1
Deferred charges.....	1,031,612	3,283,114	3,364,734
Claims and deposits.....	542,639	784,139	651,619
<b>Total assets in the United States..</b>	<b>60,719,480</b>	<b>161,648,151</b>	<b>171,090,490</b>
Located in former allied and neutral countries.....	433,846	2,153,505	2,258,890
Located in former enemy and enemy-occupied countries 4/.....	7,597,289	.....	.....
<b>Total assets.....</b>	<b>68,750,615</b>	<b>163,801,656</b>	<b>173,349,380</b>
<b>LIABILITIES AND NET WORTH</b>			
<b>Liabilities:</b>			
Owing to residents of United States....	28,040,882	46,062,004	48,182,432
Owing to residents of former allied, neutral and enemy-occupied countries..	460,400	245,265	347,490
Owing to residents of former enemy countries.....	57,600	.....	.....
Owing to Attorney General (vested)....	.....	.....	.....
<b>Total liabilities.....</b>	<b>28,558,882</b>	<b>46,307,269</b>	<b>48,529,922</b>
<b>Net worth.....</b>	<b>40,191,733</b>	<b>117,494,387</b>	<b>124,819,458</b>
<b>Total liabilities and net worth....</b>	<b>68,750,615</b>	<b>163,801,656</b>	<b>173,349,380</b>
Book value of shares vested in Attorney General 5/.....	36,369,890	109,858,012	116,707,001
Book value of shares owned by others....	3,821,843	7,642,375	8,112,457

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

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.

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 becomes \$119,354,193 and the book value of the unvested shares becomes \$5,465,265.

LIQUIDATION

For the year ending June 30, 1959, the Office of Alien Property received a total of \$7,106,676.63 as income on vested property and from the proceeds of the liquidation of vested property, as follows:

Table 2.--CASH RECEIPTS, JULY 1, 1958 TO JUNE 30, 1959

<u>Income on Property</u>		
Dividends and Interest	\$ 230,093.73	
Rents	10,007.78	
Mineral Royalties	42,033.91	
Mortgage Income	338.44	
Royalties Pre War Copyright Contracts	120,984.26	
Royalties Post-Vesting Copyright Licenses	25,524.90	
Royalties Trademark Licenses	16,254.75	
Royalties Patent Contracts	103,496.10	\$ 548,733.87
<u>Receipts from Estates, Trusts and Insurance</u>		
Cash from Estates	393,931.60	
Cash from Trusts	785,925.21	
Cash from Insurance Contracts	23,001.98	1,202,858.79
<u>Property Liquidated</u>		
Sale of Miscellaneous Securities	2,264,643.27	
Security Redemptions	73,027.35	
Vested Debts	46,897.24	
Liquidation of Enterprises	163,045.39	
Realty Sales	107,584.63	
Personalty Sales	6,171.94	
Mortgages Liquidated	13,343.00	2,674,712.82
<u>From Liquidation of Vested Banks</u>		
		589,000.00
<u>Received from Intercustodial Agreements</u>		
		1,823,000.00
<u>Miscellaneous - Judgments, Tax Refunds, etc.</u>		
		268,371.15
<b>Total</b>		<b>\$7,106,676.63</b>

The following table indicates the progress of the liquidation program for the year ended June 30, 1959 and the property remaining to be disposed of as of that date:

Table 3.---UNLIQUIDATED VESTED PROPERTY - JUNE 30, 1959

Type of Property	On Hand 7/1/58	Items Rec'd	Items Disposed of	On Hand 6/30/59
Substantial interests in active business enterprises.....	3		1	2
Minority interests in business enterprises, requiring public offering .....	5		1	4
Business enterprises in liquidation.....	33	1	10	24
Miscellaneous securities(blocks)	1368	153	909	612
Parcels of real property.....	41	14	31	24
Mortgages on real property.....	4	2	3	3
Mineral leases .....	56		27	29
Lots of tangible personal property.....	14	1	12	3
Banks.....	4		2	2

INTERESTS IN ESTATES AND TRUSTS AND INSURANCE CONTRACTS

At the beginning of the fiscal year the Office of Alien Property was administering vested interests in 672 estates, trusts and insurance contracts. During the year 62 cases were closed out leaving a total of 610 such cases remaining on June 30, 1959. The pending cases consist of 142 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 417 open cases in which the Office has one or more life interests from which income is collected periodically or remainder interests which the Office is required to protect or preserve by periodic review of the Trustee's accounts pending the maturity of such interests, and 51 insurance contract cases from which we receive periodic remittances.

During the fiscal year the Office received \$1,205,000 in cash distributions and income from vested interests in estates, trusts and insurance contracts in addition to property in kind consisting principally of securities.

For the entire period commencing March 11, 1942 to June 30, 1959 distributions and income from estates and trusts have amounted to \$56,106,000 in cash together with property in kind having an estimated value of \$21,510,000. The vested interests remaining to be collected are estimated to be worth in excess of \$15,000,000.

**RECAPITULATION**

Table 4, which follows, shows the value of all property vested on which a valuation has been placed and the disposition of property no longer under the control of the Office.

Table 5, which follows, indicates the estimated value of vested property on which a valuation has been placed still under the control of the Office.

**Table 4. ---DISPOSITION OF VESTED PROPERTY**

Total vested property including value at date of vesting plus appreciation .....	\$687,000,000
<b>LESS:</b>	
Property returned to non-hostile persons.....	\$ 79,200,000
Debt claims paid.....	2,780,000
Funds transferred to War Claims Fund.....	228,750,000
Funds transferred to the Treasury Department pursuant to Lombardo and Reverse Lend-Lease agreements.....	1,460,000
Funds transferred into Treasury under sec. 202(b) of P.L. 285.....	290,000
Funds divested and covered into Treasury under sec. 202(b) of P. L. 285.....	520,000
Cash and other property transferred to foreign governments per inter-custodial agreements.....	9,500,000
Direct expenses not allocated to specific types of property.....	29,500,000
Conservatory and administrative expenses.....	56,000,000
<b>Total Deductions.....</b>	<b>\$408,000,000</b>
<b>Property remaining June 30, 1959.....</b>	<b>\$279,000,000</b>

**Table 5. ---CASH AND ESTIMATED VALUE OF ASSETS IN KIND AS OF JUNE 30, 1959**

Cash .....	\$140,733,000
General Aniline and Film Corporation (stock).....	116,700,000
Other business enterprises.....	2,809,000
Estates and trusts.....	15,000,000
Miscellaneous securities.....	2,917,000
Real estate and personal property .....	841,000
<b>Total</b>	<b>\$279,000,000</b>

PROPERTY NOT INCLUDED IN VALUATION

The Office has under its administration and control various types of vested property (intangible) which has not been included in the valuation of total vested property since it is not practicable to value these properties. The following summary indicates the approximate number of these properties still under the Office's administration at June 30, 1959.

<u>Type of Property</u>	<u>Number of items</u>
Patents .....	2,961
Interests in patent contracts.....	88
Copyrights.....	300,000
Interests in copyright contracts.....	397
Trademarks.....	291
Interests in trademark contracts .....	10
Motion picture film (000's of feet).....	33,395

The Office of Alien Property continues to administer a large number of industrial and intellectual properties consisting of patents, copyrights, and trademarks, together with contracts and license agreements pertaining thereto.

The copyright program includes the administration of several hundred thousand copyrighted scientific, literary and artistic works, motion pictures and musical compositions.

Responsibility for regulating the transactions of trademarks of nationals of East Germany is retained by the Office.

PATENTS AND PATENT APPLICATIONS

The Office had vested a total of 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.

Patents granted by the United States Patent Office expire 17 years from date of issue. Accordingly, a number of patents expire each year. The total patents expired and returned to former owners during the fiscal year 1959 is 1593. In the same period the Office received 5 patents from a wholly owned corporation that had been dissolved. After deducting expired patents and returns of vested patents the Office held 2961 patents at the close of the fiscal year.

LICENSING POLICY

Patents formerly owned by nationals of Germany and Japan under which there were no conflicting bona fide non-enemy rights outstanding at the time of vesting, are licensed on a revocable, non-exclusive, royalty-free basis. Patents vested from Italian nationals are licensed by the Office

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on a non-exclusive, non-discriminatory, royalty-bearing basis. Where claims for return 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. The Office collects the royalties until such time as the patents and accumulated royalties may be returned to their former owners. When vested Italian patents are returned to their former owners, they 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 non-exclusive, royalty-bearing basis on terms acceptable to this Office.

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 non-exclusive, 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 non-enemy-owned patents are licensed on a non-exclusive, royalty-bearing basis, the royalty terms to be agreed upon by the license applicant and this Office.

The Office has issued the following number of licenses on vested patents:

	Cumulative total to June 30, 1959	Licensed during period July 1, 1958 to June 30, 1959
Number of licenses granted.....	1/3 3,500	3
Number of patents and applications licensed (counting each patent as many times as it was licensed)....	16,144	3

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

**PATENT CONTRACTS**

The Office has acquired interests in a large number of patents, in addition to those directly vested, through the vesting of foreign interests in patent contracts. A total of 1,218 interests in 894 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, and 17 had joint interests vested.

### COLLECTION OF ROYALTIES

As of June 30, 1959, the Office had collected a net total of \$26,729,655.81 in royalties due under vested patents and patent contracts. Of this amount, \$103,496.10 was collected during the fiscal year.

### COPYRIGHTS

The Office has vested thousands of copyrights, claims and rights to copyrights, and the interests in 634 pre-war contracts covering thousands of works. As a result of its licensing program and the administration of pre-war contracts, the Office has collected a total of \$5,059,613.26 in royalties through June 30, 1959. During the fiscal year 1959 the Office received \$146,509.16 from this source.

In administering pre-war 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 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, 1959, the Office had collected \$4,327,857 from exploitation of literary works and musical compositions under pre-war contracts in which foreign interests have been vested. Of this amount approximately \$3,788,649.02 was received from music and \$539,207.98 from books and periodicals.

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 1959 covering approximately 375 scientific books and periodicals. In addition, there were 124 licenses covering the exploitation of vested motion pictures and a number of other licenses covering musical compositions. During the fiscal year 1959, 13 new licenses were issued and many outstanding licenses were amended to include additional vested works or to extend the life of licenses. An additional 185 individual works were licensed during the fiscal year ended June 30, 1959.

The Office has 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 close of the fiscal year, the Office retained the exploitation rights in vested film identified and inventoried amounting to approximately 25,000,000 feet.

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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 picture and the type of exploitation licensed. It 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-footage is \$2.50 per foot.

#### TRADEMARKS

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

The basic trademark vesting program and the objectives of policy relating to trademarks adopted during World War II are discussed in an earlier Annual Report. <sup>1/</sup> As a result of this policy of selective vesting, only about 600 registered trademarks, interests in trademark contracts, and residual trademark rights were vested. Most of these trademarks and trademark rights were owned prior to vesting by nationals of Germany. At the close of the fiscal year 1959 the Office still held the interests in 291 trademarks and in 10 trademark contracts. The Office has collected 2,055,960.99, after deduction for direct expenses, as royalties from trademark agreements outstanding at the time of vesting.

A primary objective in the disposition of vested trademark interests has been to prevent consumer deception through mis-use of trademarks. Consequently, those vested 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 trademark. Trademarks 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 trademarks 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 trademarks may be used and the manner of use.

#### INTERCUSTODIAL

During fiscal year 1959, 325 intercustodial conflicts with The Netherlands were resolved. Conflicts involving approximately \$5,400,000

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

of Dollar cover accounts held by Dutch banks in the United States prior to vesting were settled and agreements dealing with approximately \$952,000 of vested assets of 30 Dutch business enterprises were implemented. In addition, pursuant to the Brussels Agreement, The Netherlands Government delivered to the Office certain United States issued securities and U. S. currency, none of which had been vested previously. The Office also received reimbursement for assets of a Dutch business enterprise released during the 1958 fiscal year. Twenty conflicts were implemented under the agreement with Canada, Denmark and Norway. Cases subject to the agreements with Belgium and Luxembourg were under discussion with the Governments of those countries.

During the fiscal year, in the resolution of intercustodial conflicts, the Office paid out the sum of approximately \$1,200,000 and retained, received and concluded agreements to receive a total of approximately \$2,600,000.

#### FOREIGN FUNDS CONTROL

The World War II blocking controls under Executive Order 8389, as amended, were continued over the war-time assets of Iron Curtain countries and their nationals. The controls were maintained over the World War II 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 continued its policy of unblocking by license the blocked assets of persons who have fled from the foregoing countries and have established permanent residence outside the Iron Curtain areas. The Office also continued its policy of issuing specific licenses permitting the withdrawal of \$50 per month from blocked assets of residents of blocked countries for the purpose of purchasing in the United States and exporting food, clothing and medicines, provided an export license is obtained from the Department of Commerce under the Export Control Law.

#### PUBLIC LAW 285 PROGRAM

During the fiscal year 1959 the Office issued 269 divesting orders under the program covered by Section 202(b) of the International Claims Settlement Act providing for the divesting of property which was vested after December 17, 1941, pursuant to the Trading with the Enemy Act, as amended, and which at the date of vesting was owned directly by natural persons who were nationals of Bulgaria, Hungary or Rumania. To date under this program the Office has issued a total of 541 divesting orders, as a result of which \$522,288.48 has been deposited in the Treasury in blocked accounts, bearing no interest, in the names of the owners at the time of vesting, \$43,600 was paid directly to former owners who had

established permanent residence outside communist-dominated areas, and unliquidated assets estimated to be worth \$1,400,000 were divested directly to such former owners.

During the fiscal year, pursuant to Section 202(a) of Title II of the International Claims Settlement Act of 1949, the Office issued 26 vesting orders for a total value of \$872,038. To date under this program the Office has issued the following number of vesting orders with the values designated:

	<u>Number of Vesting Orders</u>	<u>Value of Assets Vested</u>
Bulgaria	37	\$ 2,536,802
Hungary	124	2,378,020
Rumania	103	21,188,807
Unknown nationals of Bulgaria, Hungary and Rumania	9	50,711
<b>Totals</b>	<b>273</b>	<b>\$26,154,340</b>

Pursuant to Sections 202(a) and (b) of the International Claims Settlement Act of 1949, as amended, as of June 30, 1959, the following funds have been covered into the Treasury representing the net proceeds of vested Bulgarian, Hungarian and Rumanian assets to be used to pay eligible American claimants as provided for under Title III:

Bulgarian Claims Fund	\$ 2,396,948
Hungarian Claims Fund	838,245
Rumanian Claims Fund	<u>20,659,765</u>
<b>Total</b>	<b>\$23,894,958</b>

Additional funds will be covered into the Treasury as they become available.

PHILIPPINE VESTED PROPERTY

Executive Order 10254 of June 15, 1951, effecting the transfer of the administration of vested property located in the Philippine Islands from the Philippine Alien Property Administration to the Office of Alien Property, stipulated that all necessary expenses incurred in the administration of this 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 provided that the proceeds of Philippine vested property after liquidation and provision for the disposition of claims and suits, be turned over to the Government of the Philippines.

Condensed Philippine Property Balance Sheet as of June 30, 1959

<b>ASSETS</b>		
Cash in U. S. Treasury	\$3,250,905.43	
Cash in First National City Bank, Manila	1,427,795.39	\$4,678,700.82
Vested assets (unliquidated)		<u>157,226.80</u>
<b>Total Assets</b>		<b>\$4,835,927.62</b>

LIABILITIES AND EQUITY

Unliquidated obligations		\$ 5,254.38
Undistributed credits		675.00
Equity of U. S. Government:		
Vested property	\$ 157,226.80	
Realization account	3,342,811.18	
Income account	1,257,156.52	
Free account balances available for transfer to Philippine Government	106,607.45	
Reserve for expenses provided by 20% charge against principal and income collections	\$2,087,184.86	
Less: Unallocated expenses chargeable thereto	<u>2,120,988.57</u>	(33,803.71)
<b>Total Liabilities and Equity</b>		<b>\$4,835,927.62</b>

( ) Denotes red figure

ORGANIZATION, FINANCES AND ACCOUNTING

Col. Dallas S. Townsend continued as Assistant Attorney General, Director, Office of Alien Property, through the fiscal year 1959, 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 1959, are as follows:

<u>Administrative Unit</u>	<u>Number of employees as of June 30, 1959</u>
Office of Assistant Attorney General.....	22
Liquidation Section.....	8
Legal and Legislative Section .....	12
Claims Section.....	40
Litigation Section.....	40
Administrative Section.....	22
Comptroller's Section.....	24
Overseas Office.....	3
Office of Manager, Tokyo.....	<u>1</u>
 Total.....	 172

The main office of the Office of Alien Property is in Washington, with an office located in Tokyo, Japan. The headquarters of the Overseas Office is in Munich, Germany, with a sub-office in Berlin, Germany.

#### FINANCES AND ACCOUNTING

Administrative expenses 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 keeps the accounting records on administrative expenses. An annual audit of the books and records is conducted by a firm of certified public accountants.

#### Finances

The regular authorization by the Congress for general administrative expenses for the fiscal year 1959 was in the amount of \$2,500,000 (Public Law 85-474, 85th Congress, approved June 30, 1958). This Act was supplemented by Public Law 86-30, 86th Congress, approved May 20, 1959, which authorized the amount of \$200,000 to provide for pay increases.

Administrative expenses for the 1959 fiscal year totalled \$2,573,932.19.

#### Accounting

The report of Peat, Marwick, Mitchell & Company, certified public accountants, on the audit of the books of the Office for the fiscal year ended June 30, 1959, follows:

ACCOUNTANTS' REPORT

Peat, Marwick, Mitchell & Co.  
The American Security Building  
Washington, D. C.

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

We have examined the 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, 1959, but we did not review the financial and statistical information and statements which will be contained in the detailed annual report of the Office of Alien Property for such year. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Such examination included test-comparison of assets, recorded at principal balances or nominal amounts, with the vesting orders issued therefor; count of securities and personal property on hand in the Washington, D. C., office of the Office of Alien Property; test-confirmation of vested assets in the custody of others at June 30, 1959; test-check and confirmation of recorded cash receipts; test-examination of vouchers covering administrative expenses and other disbursements; confirmation of balances with the United States Treasury Department and other depositories; 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.

The accounting records of substantially all of the vested enterprises in process of liquidation and of an operating vested enterprise of minor importance were maintained by the Office of Alien Property. We reviewed the available accounting records of enterprises so maintained. Our review included check of the reconciliations and confirmation of bank balances in the United States, count or confirmation of securities held in the United States, and review of disposals of assets (other than sales made in the regular course of business) during the fiscal year; but we did not audit the accounts of such enterprises. The accounts of the operating enterprises whose accounting records were not maintained by the Office of Alien Property have been examined by public accountants during the fiscal year. Reports of such public accountants have been submitted for our inspection.

In our opinion, the individual exceptions disclosed as a result of our examination for the year ended June 30, 1959 are not regarded as relatively significant.

s/ Peat, Marwick, Mitchell & Co.

Washington, D. C.  
January 26, 1960

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EXHIBIT A

ADMINISTRATIVE EXPENSES AND MEANS OF FINANCING  
FOR THE PERIOD APRIL 21, 1942 TO JUNE 30, 1959

	April 21, 1942 to June 30, 1955	July 1, 1955 to June 30, 1956	July 1, 1956 to June 30, 1957	July 1, 1957 to June 30, 1958	July 1, 1958 to June 30, 1959	TOTAL
<b>ADMINISTRATIVE EXPENSES</b>						
Personal services	\$40,199,646.52	\$2,294,789.71	\$ 2,357,771.15	\$2,406,061.53	\$2,101,283.27	\$49,359,552.18
Travel	1,034,048.69	33,134.62	31,342.17	26,256.69	19,261.14	1,144,043.31
Transportation of things	133,713.51	218.93	119.61	818.53	541.76	135,412.34
Communication services	623,493.14	22,330.53	22,513.25	21,786.98	16,253.94	706,377.84
Rents and utilities	3,115,599.45	126,538.70	129,127.71	138,137.22	127,256.44	3,636,659.52
Printing and binding	619,081.82	6,204.41	10,067.54	11,001.65	15,305.26	661,660.68
Other contractual services	2,449,110.52	186,391.20	184,955.54	164,027.05	155,796.13	3,140,280.44
Supplies and materials	558,324.93	14,933.86	8,621.50	17,482.02	7,347.90	606,710.21
Equipment	540,263.71	19,079.12	7,154.72	776.72	60.20	567,334.47
Refunds, awards and indemnities	-0-	2,000.00	1,640.00	-0-	500.00	4,140.00
F.I.C.A. contributions	11,293.22	1,476.68	1,363.16	1,527.32	418.68	16,079.06
Grants, subsidies and contributions	-0-	-0-	-0-	141,827.99	129,907.47	271,735.46
<b>Total Expenses</b>	<b>\$49,284,575.51</b>	<b>\$2,707,097.76</b>	<b>\$ 2,754,676.35</b>	<b>\$2,929,703.70</b>	<b>\$2,573,932.19</b>	<b>\$60,249,985.51</b>
<b>MEANS OF FINANCING</b>						
<b>Administrative Revenues and Recoveries</b>						
Recoveries of expenses from vested enterprises and other properties	\$ 399,771.12	\$ 15,061.97	\$ 33,274.53	\$ 7,576.58	\$ 6,691.70	\$ 462,375.90
Received under periodical republication program	239,229.81	-0-	-0-	-0-	-0-	239,229.81
Reimbursement of expenses incurred for representing persons residing behind enemy lines in court or administrative proceedings, vested under Section 5 of Executive Order 9193	345,201.36	638.00	-0-	(195.16)	(1,409.00)	344,235.20
World War I administrative deductions and expenses recovered	215,823.46	1.63	975.70	-0-	-0-	216,800.79
License fees and sales of patent catalogs and abstracts	374,526.31	832.97	2,092.45	434.75	347.45	378,233.93
Philippine vested property expenses to October 13, 1946 recovered from Philippine Alien Property Administration	124,214.14	-0-	-0-	-0-	-0-	124,214.14
Administrative expense subsequent to June 29, 1951 recovered from Philippine Vested Property Fund	61,601.98	-0-	-0-	-0-	-0-	61,601.98
Conservatory and administrative expenses recovered from vested accounts upon payment of claims and transfers of free account balances to War Claims Fund and to the Bulgarian, Hungarian and Rumanian Claims Funds	17,204,725.20	624,188.62	20,411,124.58	6,572,249.70	4,450,321.13	49,262,609.23
Expenses charged to Vested Satellite Assets Fund	-0-	41,855.20	107,118.62	59,613.44	25,730.09	234,317.35
Miscellaneous receipts	111,553.20	10,772.27	3,270.06	5,925.20	7,613.36	139,134.09
World War I Administrative Expense Fund made available by Executive Order 9142	4,063,088.71	-0-	-0-	-0-	-0-	4,063,088.71
World War II Vested Property Fund 1/	26,144,840.22	2,013,747.10	(17,803,179.59)*	(3,715,900.81)*	(1,915,362.54)*	4,724,144.38
<b>Total</b>	<b>\$49,284,575.51</b>	<b>\$2,707,097.76</b>	<b>\$ 2,754,676.35</b>	<b>\$2,929,703.70</b>	<b>\$2,573,932.19</b>	<b>\$60,249,985.51</b>

(\*) Denotes recoveries in excess of expenses paid during a specified fiscal year.

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 specific vested properties for which expenses were incurred.

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EXHIBIT B

INFORMATION REQUIRED BY PUBLIC LAW 859<sup>1/</sup>

Claims Filed as of June 30, 1959<sup>2/</sup>

Claim No.	Date of Filing	Claimant's Name	Enemy Nationality	Book Valuation
52470	11-17-49	Kazuo Takimoto.....	Japanese...	\$ 2,800.00
57621	4-25-50	Keiso Ondo.....	do.....	0.00
57670	4-28-50	Masato Kawashima.....	do.....	964.00
57726	5-8-50	Katsumi Kawashima.....	do.....	53.00
57743	5-10-50	David H. Imahara.....	do.....	5,000.00
58007	7-3-50	Roy G. Taketa.....	do.....	405.52
59500	8-3-51	Tetsuo L. Hashimoto.....	do.....	331.00
61209	10-24-52	Takeshi Inokuchi.....	do.....	4,876.00
61738	4-21-53	Toshiyo Sakayeda.....	do.....	993.00
63221	12-2-54	Satako Tamai.....	do.....	1,528.50
63246	12-9-54	William M. Mattori.....	do.....	5,926.00
63306	12-28-54	Kazuo Satake, Administrator of..... Estate of Iwajiro Satake	do.....	5,694.00
			Subtotal...	\$ 28,568.02
		Total as of June 30, 1958.....		8,340,711.10
		Total as of June 30, 1959.....		\$8,369,279.12

1/ 81st Cong., 2d sess., approved Sept. 29, 1950; 64 Stat. 1080, 50 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, 1959 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, pp. 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, fiscal year ended June 30, 1955, Appendix, Exhibit F, p. 118, fiscal year ended June 30, 1956, Appendix, Exhibit F, p. 113, fiscal year ended June 30, 1957, Appendix, Exhibit G, p. 125, and fiscal year ended June 30, 1958, Appendix, Exhibit G, p. 102.

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Claims Allowed as of June 30, 1959<sup>3/</sup>

Claim No.	Return Order	Date Executed	Claimant's Name	Enemy Nationality	Book Valuation
12964	3916	2-13-59	Rose Rikimaru Yusa.....	Japanese..	\$ 2,350.00
41497*	3921	1-30-59	Masatoshi Osako.....	do.....	517.50
42842	4030	6-16-59	Edward Garfield.....	German....	120,484.00
48077	3884	12-16-58	Shigeto Honda.....	Japanese..	4,609.00
52470	3910	1-26-59	Kazuo Takimoto.....	do.....	2,800.00
56677	3794	8-7-58	Tom T. Matsumoto.....	do.....	12,343.08
57621	3887	12-16-58	Keiso Ondo.....	do.....	0.00
57726	3889	1-7-59	Katsumi Kawashima.....	do.....	53.00
57984	3900	1-30-59	Junichi Fujinaka.....	do.....	1,345.70
58007	3989	4-16-59	Roy G. Taketa.....	do.....	405.52
58217	3802	8-15-58	Ayame Taga.....	do.....	1,004.00
59411**	3942	2-27-59	Lou Haruye Satoh.....	do.....	0.00
59500	3976	4-6-59	Tetsuo L. Hashimoto.....	do.....	331.00
60596	3798	8-15-58	Katsumi Yoshida.....	do.....	190.00
61209	3961	3-24-59	Takeshi Inokuchi.....	do.....	4,876.00
61391	3781	7-31-58	Takeshi Yorizane.....	do.....	287.84
61738	3850	10-28-58	Toshiyo Sakayada.....	do.....	993.00
62373	3779	7-21-58	Toshiwa Ide.....	do.....	4,095.00
63221	3854	10-28-58	Satako Tamai.....	do.....	1,528.50
63246	3894	1-7-59	William M. Hattori.....	do.....	5,926.00
63306	3863	10-31-58	Kazuo Satake, Administrator... of Estate of Iwajiro Satake	do..... Subtotal..	5,694.00 169,833.14
Total as of June 30, 1958.....					4,709,093.39
Total as of June 30, 1959.....					\$4,878,926.53

\* Partial allowance

\*\* Remainder of claim

3/ The claims allowed listed above are those in which return orders were executed on or prior to June 30, 1959, 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, fiscal year ended June 30, 1955, Appendix, Exhibit F, p. 119, fiscal year ended June 30, 1956, Appendix, Exhibit F, pp. 114-115, fiscal year ended June 30, 1957, Appendix, Exhibit G, p. 126, and fiscal year ended June 30, 1958, Appendix G, p. 103.

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