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Annual Report

OFFICE OF
ALIEN PROPERTY
DEPARTMENT OF JUSTICE

FISCAL YEAR ENDED JUNE 30, 1960

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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, 1960. This report is made pursuant to section 6 of the Trading with the Enemy Act, as amended.

Respectfully,

Robert F. Kennedy
Attorney General

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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, 1960. This is the eighteenth 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,

Paul V. Myron
Acting 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.

Pursuant to the provisions of Section 39 the Office closes out to the War Claims Fund the cash balances in all vested German and Japanese accounts which are free from claims and litigation. The Office has heretofore advanced from the Attorney General's account in the United States Treasury to the War Claims Fund \$228,750,000 which must be recovered from German and Japanese vested accounts. At this time over 28,000 of these accounts, containing balances of some \$210,000,000, have been closed out. There remain about 6,000 German and Japanese accounts with balances of cash and unliquidated assets which either must be closed out to the War Claims Fund or returned to successful claimants. Furthermore, there are some 2400 accounts other than German and Japanese which must be disposed of either through returns of property to non-enemy owners, transfers to the Treasury Department under Public Law 285 or otherwise.

The processing and adjudication of title and debt claims and the prosecution and defense of lawsuits involving alien property constitute the major responsibilities of the Office. Over \$200,000,000 of the remaining German and Japanese accounts are involved in pending suits and proceedings in the various Federal and State courts throughout the United States or in administrative claims under procedures for processing and disposition which comply fully with the Administrative Procedure Act. To the extent that the Government is successful in this litigation the balances in these accounts will become available for transfer to the War Claims Fund.

Other programs which are important to the efficient and speedy completion of the administration, liquidation and disposition of alien property 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, the resolution of intercustodial conflicts pursuant to the Brussels Agreement and the administration of foreign funds and vested Philippine property.

Furthermore, pursuant to Public Law 285, 84th Congress, 1st Session, approved August 9, 1955 (69 Stat. 562) the Office of Alien Property is responsible also for the vesting and administration of all blocked property in the United States owned directly or indirectly

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by the Governments of Bulgaria, Hungary 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 Bulgaria, Hungary or Rumania is divested by the Office of Alien Property into blocked accounts in the Treasury of the United States unless the divestee is resident outside the Iron Curtain in which case the property is divested directly to him.

Value of Vested Property

During the fiscal year 1960 the Office collected more than \$4,800,000 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 \$520,000,000 as of June 30, 1960. The property which was returned in kind to successful claimants and litigants is estimated to have had a value of about \$34,000,000. The property remaining unliquidated at the end of June 1960 is estimated to be worth approximately \$142,000,000. Thus the total value of all property vested, including increment thereon, is about \$696,000,000.

After deduction 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, 1960 property with an estimated valuation of some \$279,000,000 of which \$137,000,000 consists of cash in the United States Treasury.

ADMINISTRATION, LIQUIDATION AND DISPOSITION OF VESTED PROPERTY

CLAIMS

As of June 30, 1960, there had been filed with the Office on approved forms a total of 67,530 claims relative to vestings of property of which 19,842 were title claims and 47,688 were debt claims. At the start of the 1960 fiscal year, there still remained to be processed 3,087 title claims and 796 debt claims. During the year 6 title claims and 3 debt claims were filed and 407 debt claims, which had been dismissed, were reopened. 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 \$80,290,000. The total amount of debt claims paid has now reached the sum of \$4,410,000.

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The Office processed 370 title claims during the 1960 fiscal year which resulted in the return to the former owners of \$1,090,000 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 921 debt claims were disposed of administratively. Of these claims, 673 were allowed in the aggregate amount of \$12,195,000 but because of the insolvency of certain debtors' accounts, payments totalling only \$1,630,000 were made. The remaining 248 debt claims, involving approximately \$1,000,000 were disallowed, withdrawn or disposed of through consolidation.

During the fiscal year, 20 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 571 allowed claims totalling approximately \$9,465,000. Pro-rata payments totalling approximately \$1,601,000 were made to claimants.

During the 1960 fiscal year in respect to the program pertaining to Bulgarian, Hungarian and Rumanian assets vested pursuant to Title II of the International Claims Settlement Act of 1949, as amended, otherwise known as the "Satellite Assets" program, 1 title claim and 3 debt claims were filed. Ten "satellite assets" debt claims totalling \$5,445,214 were allowed during the fiscal year. However, because of the insolvency of certain debtors' accounts, payments of only \$90,169.37 were made. Two "satellite assets" debt claims totalling \$100,000 were dismissed or withdrawn.

During the fiscal year, 5 Final Schedules of claims allowed and proposed pro-rata payments were issued in "satellite assets" insolvent estates, pursuant to Section 208(f) of the International Claims Settlement Act of 1949, as amended. These Schedules involved 22 allowed claims totalling \$5,001,300. Pro-rata payments totalling \$87,196.28 were made to claimants during the fiscal year.

DEBT CLAIM LITIGATION UNDER SECTION 34 OF THE TRADING WITH THE ENEMY
ACT AND SECTIONS 207 AND 208 OF THE INTERNATIONAL CLAIMS SETTLEMENT
ACT OF 1949

On July 1, 1959, 8 complaints for review under Section 34 of the Trading with the Enemy Act were pending of which 7 were in the United States District Court for the District of Columbia and 1 in the Court of Appeals for the District of Columbia. During the 1960 fiscal year, 18 complaints for review were filed under Section 34 of the Trading with the Enemy Act, 1 under Section 207 of the International Claims Settlement Act of 1949 and 1 under Section 208 of the

International Claims Settlement Act of 1949.

In the course of the 1960 fiscal year, 5 of the Section 34 complaints for review and the 1 Section 207 complaint were disposed of, leaving outstanding on June 30, 1960, 21 complaints for review under Section 34 and 1 under Section 208.

SUITS AND OTHER JUDICIAL PROCEEDINGS

The Office of Alien Property was involved in a total of 373 suits and other types of judicial proceedings during the fiscal year 1960. At the close of the fiscal year 1959 there were pending 317 cases. During the year 56 cases were filed in the courts and 134 cases were disposed of through legal proceedings, which left 239 cases pending at the end of fiscal year 1960. The litigation activities during the fiscal year 1960 are shown in Table 1 which follows:

Table 1. SUITS AND OTHER JUDICIAL PROCEEDINGS IN WHICH THE OFFICE OF ALIEN PROPERTY WAS INVOLVED, FISCAL YEARS 1959 and 1960

Type of Litigation	Cases pending as of July 1, 1959	Cases active during year	Cases pending as of June 30, 1960
Total	317	373	239
1. Actions for return of property or payment of debts, brought under Secs. 9(a) and 34 of the Act, as amended.....	76	96	62
2. Section 17 proceedings.....	28	38	26
3. Matters involving estates and trusts and miscellaneous lawsuits.....	213	239	151

The most important litigation in the Office and perhaps the largest case involving the United States Government is Societe Internationale, etc. (I. G. Chemie)/also known as "Interhandel"/ v. Kennedy, et al. (United States District Court for the District of Columbia).

This is an action under Section 9(a) of the Trading with the Enemy Act by a Swiss holding company to recover approximately 93% of the stock of General Aniline & Film Corporation valued at approximately \$123,000,000. The District Court dismissed the complaint in December 1953 because of the plaintiff's failure to produce papers and documents as ordered. 1/ The Court of Appeals affirmed the dismissal but granted a period of grace within which the plaintiff could comply. 2/ The Supreme Court denied a petition for certiorari. 3/ After the expiration of the period of grace the District Court concluded that the production made by the plaintiff was not complete and that full disclosure could not be made under Swiss law and affirmed its earlier dismissal. The Court of Appeals affirmed, 4/ and the Supreme Court granted certiorari. 5/ On June 16, 1958, the Supreme Court reversed the order of dismissal and remanded the case to the District Court for further proceedings. 6/

After remand to the District Court, proceedings were instituted to modify the order of reference to remove from the authority of the Special Master the trial of the issues of law and fact in this case and to leave within his functions only the supervision of discovery and other pretrial matters. This motion was denied and, upon appeal to the Court of Appeals under the Interlocutory Appeals Act, the Court of Appeals by a divided court affirmed the denial. 7/ The Supreme Court denied certiorari on November 14, 1960. 8/

In the fall of 1958 I. G. Farbenindustrie in Liquidation sought to intervene in the District Court action to assert and have adjudicated its prevesting ownership interest in the vested shares of stock. This motion was denied on December 19, 1958, because Farben, as an admitted enemy, was barred from asserting any interests which it might have in vested property under the Trading with the Enemy Act. No appeal was taken.

Prior to the granting of certiorari by the Supreme Court, proceedings before the International Court of Justice were instituted against the United States by the Swiss Government to have that Court

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- 1/ 111 F. Supp. 435; 15 F.R.D. 83.
 - 2/ 222 F. 2d 532.
 - 3/ 350 U.S. 937.
 - 4/ 243 F. 2d 254.
 - 5/ 355 U.S. 812.
 - 6/ 357 U.S. 197.
 - 7/ 278 F. 2d 268.
 - 8/ 364 U.S. 895.

adjudge that the United States was under an obligation to restore to the plaintiff its assets in this country or, in the alternative, for an adjudication that the dispute should be submitted to judicial settlement, arbitration, or conciliation in accordance with outstanding treaties. The United States interposed preliminary objections to the petition of the Swiss Government challenging the jurisdiction of the International Court of Justice. These preliminary objections were heard at The Hague in November 1958. By its decision of March 21, 1959, the International Court upheld one of the five objections of the United States, namely, that the petition of the Swiss Government was not yet admissible before the Court because I. G. Chemie had not yet exhausted its judicial remedies in the courts of the United States. The Court did not reach the objection to its jurisdiction which had been based upon the Connally Reservation. ^{9/}

In the latter part of 1959 General Aniline & Film Corporation proposed to its stockholders a resolution to amend its certificate of incorporation to remove the redemption features from the A shares. The purpose of such amendment was to permit the use of those shares in the acquisition of plants and other properties deemed necessary for the growth and continued competitive status of the company. This proposal failed because the Attorney General was enjoined by the District Court on motion of the plaintiff from voting his stock in favor of that resolution. The District Court ruled that the removal of the redemption features from the A stock would alter or change the character of the vested property in a manner prohibited by Section 9(a) of the Trading with the Enemy Act.

Beginning in the summer of 1958, after the reversal of the order of dismissal and the remand of the case to the District Court, the plaintiff produced for the inspection of the Attorney General some 246,000 papers and documents of the H. Sturzenegger & Cie Bank. The inspection of these papers still continues. In May 1960 the Attorney General sought, through the State Department, authorization from the Swiss Government for his officials and employees to enter upon Swiss soil to perform official functions there in the form of examining and copying the books of H. Sturzenegger & Cie. to the limited extent that such books were being made available. This application is still pending.

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 70

^{9/} Interhandel Case, ICJ Reports 1959, p. 6.

LIQUIDATION

For the year ending June 30, 1960, the Office of Alien Property received a total of \$4,841,000 as income on vested property and from the proceeds of the liquidation of vested property, as follows:

Table 2.---CASH RECEIPTS, JULY 1, 1959 TO JUNE 30, 1960

<u>Income on Property</u>		
Dividends and Interest	\$ 200,482	
Rents	8,015	
Mineral Royalties	19,813	
Mortgage Income	240	
Royalties Copyright Contracts and Licenses	105,485	
Royalties Trademark Licenses	18,850	
Royalties Patent Contracts	<u>193,373</u>	\$ 546,258
<u>Receipts from Estates, Trusts and Insurance</u>		
Cash from Estates	720,358	
Cash from Trusts	169,668	
Cash from Insurance Contracts	<u>40,813</u>	930,839
<u>Property Liquidated</u>		
Sale of Business Enterprises	151,171	
Sale of Miscellaneous Securities	1,176,432	
Security Redemptions	120,935	
Vested Debts	59,210	
Liquidation of Enterprises	57,627	
Realty Sales	232,181	
Mortgages Liquidated	<u>37</u>	1,797,593
<u>From Liquidation of Vested Banks and Insurance Company</u>		
		773,750
<u>Received from Intercustodial Agreements</u>		
		403,464
<u>Miscellaneous - Judgments, Tax Refunds, Claims, etc.</u>		
		<u>389,096</u>
Total		<u>\$4,841,000</u>

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The following table indicates the progress of the liquidation program for the year ended June 30, 1960 and the property remaining to be disposed of as of that date:

Table 3.---UNLIQUIDATED VESTED PROPERTY - JUNE 30, 1960

Type of Property	On Hand 7/1/59	Items Rec'd	Items Disposed of	On Hand 6/30/60
Substantial interests in active business enterprises	2			2
Minority interests in business enterprises, requiring public offering.....	4		1	3
Business enterprises in liquidation	24		2	22
Miscellaneous securities (blocks)	612	185	418	379
Parcels of real property.....	24	9	13	20
Mortgages on real property	3			3
Mineral leases.....	29	1	23	7
Lots of tangible personal property.....	3			3
Banks.....	2			2

INTERESTS IN ESTATES, TRUSTS AND INSURANCE CONTRACTS

At the beginning of the fiscal year the Office of Alien Property was administering vested interests in 610 estates, trusts and insurance contracts. During the year 64 cases were closed out leaving a total of 546 such cases remaining on June 30, 1960. The pending cases consist of 114 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 389 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 Trustees' accounts pending the maturity of such interests; and 43 insurance contract cases from which we receive periodic remittances.

During the fiscal year the Office received approximately \$930,000 in cash distributions and income from vested interests in estates, trusts and insurance contracts in addition to property in kind consisting principally of securities.

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For the entire period commencing March 11, 1942 to June 30, 1960 distributions and income from estates and trusts have amounted to approximately \$57,000,000 in cash, together with property in kind having an estimated value of \$21,610,000. The vested interests remaining to be collected are estimated to be worth approximately \$14,000,000.

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 4---DISPOSITION OF VESTED PROPERTY

Total vested property including value at date of vesting plus appreciation.....	\$696,000,000
LESS:	
Property returned to non-hostile persons.....	\$ 80,290,000
Debt claims paid	4,410,000
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.....	732,000
Funds divested and covered into Treasury under sec. 202(b) of P. L. 285	800,000
Cash and other property transferred to foreign governments per inter-custodial agreements.....	10,078,000
Direct expenses not allocated to specific types of property.....	32,850,000
Conservatory and administrative expenses.....	<u>57,630,000</u>
Total Deductions	<u>\$417,000,000</u>
Property remaining June 30, 1960	\$279,000,000

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 5---CASH AND ESTIMATED VALUE OF ASSETS IN KIND AS OF
JUNE 30, 1960

Cash	\$137,000,000
General Aniline and Film Corporation (stock)	123,000,000
Other business enterprises	2,500,000
Estates and Trusts	14,000,000
Miscellaneous securities.....	2,000,000
Real estate and personal property	<u>500,000</u>
Total	\$279,000,000

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 administration of the Office of Alien Property at June 30, 1960.

<u>Type of Property</u>	<u>Number of Items</u>
Patents	1,765
Interests in patent contracts	28
Copyrights	300,000
Interests in copyright contracts	392
Trademarks	275
Interests in trademark contracts	10
Motion picture film (000's of feet).....	33,000

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.

PATENTS, PATENT APPLICATIONS AND PATENT CONTRACTS

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 1960 is 1,196. After deducting expired patents and returns of vested patents the Office held 1,765 patents at the close of the fiscal year.

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, 1960, the Office had collected a net total of \$26,923,029.33 in royalties due under vested patents and patent contracts. Of this amount, \$193,373.52 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 \$5,165,098.88 in royalties through June 30, 1960. During the fiscal year 1960 the Office received \$105,485.62 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

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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 a result of the licensing program for the exploitation of vested copyright works there were licenses outstanding at the end of the fiscal year 1960 covering approximately 373 scientific books and periodicals. In addition, there were 127 licenses covering the exploitation of vested motion pictures and a number of other licenses covering musical compositions. During the fiscal year 1960, 7 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 90 individual works were licensed during the fiscal year ended June 30, 1960.

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. ^{1/} 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 1960 the Office still held the interests in 275 trademarks and in 10 trademark contracts. The Office has collected \$2,074,811.88, after deduction for direct expenses, as royalties from trademark agreements outstanding at the time of vesting.

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

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 in the manner of use.

INTERCUSTODIAL

During fiscal year 1960, in the resolution of intercustodial conflicts, the Office paid out the sum of approximately \$575,000 and retained, received and concluded agreements to receive a total of approximately \$400,000.

FOREIGN FUNDS CONTROL

The World War II blocking controls under Executive Order 8389, as amended, were continued over the wartime assets of Iron Curtain countries and their nationals. The controls were maintained over the World War II blocked property of (1) Bulgaria and Hungary and persons in any of these countries on January 1, 1945; (2) Czechoslovakia, 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 \$100 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 1960, the Office issued 157 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. As of June 30, 1960, the Office had issued 699 divesting orders whereby a total of \$800,000 was divested into blocked accounts in the Treasury or paid directly to former owners.

During the fiscal year 1960, pursuant to Section 202(a) of Title II of the International Claims Settlement Act of 1949, the Office issued 18 vesting orders for a total value of \$726,046.81. 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	38	\$ 2,573,740
Hungary	140	3,066,791
Rumania	104	21,189,144
Unknown nationals of Bulgaria, Hungary and Rumania	<u>9</u>	<u>50,711</u>
Totals	291	\$ 26,880,386

Pursuant to Section 202(a) and (b) of the International Claims Settlement Act of 1949, as amended, as of June 30, 1960, 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	\$ 2,713,720
Hungarian Claims Fund	1,405,205
Rumanian Claims Fund	<u>21,323,443</u>
Total	\$ 25,142,368

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

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ORGANIZATION, FINANCES AND ACCOUNTING

Colonel Dallas S. Townsend continued as Assistant Attorney General, Director, Office of Alien Property, through the fiscal year 1960, 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 1960, are as follows:

<u>Administrative Unit</u>	<u>Number of employees as of June 30, 1960</u>
Office of the Assistant Attorney General.....	31
Claims Section.....	14
Litigation Section.....	9
Special Litigation Section.....	11
Comptroller's Section.....	15
Overseas Office.....	<u>1</u>
Total.....	81

The main office of the Office of Alien Property is in Washington, D. C. with an Overseas Office in Munich, 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 Comptroller's Section of the Office. The Comptroller's Section also 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 1960 was in the amount of \$1,500,000 (Public Law 86-84, 86th Congress, approved July 13, 1959).

Administrative expenses for the 1960 fiscal year totalled \$1,454,823.39.

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, 1960, follows:

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ACCOUNTANTS' REPORT

Peat, Marwick, Mitchell & Co.
The American Security Building
Washington 5, D. C.

Mr. Paul V. Myron
Acting Director, Office of Alien Property
Department of Justice, Washington 25, 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, 1960, 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, 1960; 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 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 have been examined by independent public accountants during the fiscal year. Reports of such independent 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, 1960 are not regarded as relatively significant.

/s/ Peat, Marwick, Mitchell & Co.

Washington, D. C.
January 24, 1961

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EXHIBIT A

Office of Alien Property
Department of Justice

STATEMENT OF ADMINISTRATIVE EXPENSES AND MEANS OF FINANCING
FOR THE PERIOD APRIL 21, 1942 TO JUNE 30, 1960

Based on administrative expenses and revenues as
recorded on the books at June 30, 1960

	April 21, 1942 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	July 1, 1959 to June 30, 1960	TOTAL
ADMINISTRATIVE EXPENSES						
Personal services	\$42,494,436.23	\$ 2,357,771.15	\$2,406,061.53	\$2,092,965.36	\$1,155,150.85	\$50,506,385.12
Travel	1,067,183.31	31,342.17	26,260.19	18,721.73	24,350.57	1,157,857.97
Transportation of things	133,932.44	119.61	818.53	29.06	2,608.89	137,508.53
Communication services	545,823.67	22,513.25	21,786.98	15,909.64	10,008.23	715,041.77
Rents and utilities	3,242,138.15	129,127.71	138,137.22	127,068.93	80,448.42	3,716,920.43
Printing and binding	625,286.23	10,067.54	11,001.65	9,223.45	11,444.85	667,026.73
Other contractual services	2,635,501.72	184,955.54	154,027.05	150,843.15	96,041.00	3,241,368.46
Supplies and materials	573,258.79	8,621.50	17,482.02	7,949.83	3,493.33	610,805.47
Equipment	559,342.83	7,154.72	776.72	297.10	- 0 -	567,571.37
Refunds, awards and indemnities	2,000.00	1,640.00	- 0 -	500.00	500.00	4,640.00
F.I.C.A. contributions	12,769.90	1,363.16	1,527.32	441.38	450.00	16,551.76
Grants, subsidies and contributions	- 0 -	- 0 -	141,827.99	129,382.94	70,327.25	341,538.18
Total Expenses	\$51,991,873.27	\$2,754,676.35	\$2,929,707.20	\$2,563,335.58	\$1,454,823.39	\$61,694,215.79
MEANS OF FINANCING						
Administrative Revenues and Recoveries						
Recoveries of expenses from vested enterprises and other properties received under periodical republishing program	\$ 414,833.09	\$ 33,274.53	\$ 7,576.58	\$ 6,691.70	\$ 14,213.91	\$ 476,589.81
Reimbursement of expenses incurred for representing persons residing behind enemy lines in court or administrative proceedings, vested under Section 5 of Executive Order 9193	239,229.81	- 0 -	- 0 -	- 0 -	- 0 -	239,229.81
World War I administrative deductions and expenses recovered	345,839.36	- 0 -	(195.16)	(1,409.00)	(63.00)	344,172.20
License fees and sales of patent catalogs and abstracts	215,825.09	975.70	- 0 -	- 0 -	- 0 -	216,800.79
Philippine vested property expenses to October 13, 1945 recovered from Philippine Alien Property Administration	375,359.28	2,092.45	434.75	347.45	181.95	378,415.88
Administrative expense subsequent to June 29, 1951 recovered from Philippine Vested Property Fund	124,214.14	- 0 -	- 0 -	- 0 -	- 0 -	124,214.14
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	61,601.98	- 0 -	- 0 -	- 0 -	- 0 -	61,601.98
Expenses charged to Vested Satellite Assets Fund	17,828,913.82	20,411,124.58	6,572,249.70	4,450,321.13	5,173,616.95	54,436,226.18
Miscellaneous receipts	41,855.20	107,118.62	59,613.44	25,730.09	1,649.10	235,966.45
Total Revenues and Recoveries	122,325.47	3,270.06	5,925.20	7,613.36	8,666.41	147,800.50
Total	\$19,769,997.24	\$20,557,855.94	\$6,645,604.51	\$4,489,294.73	\$5,198,265.32	\$56,661,017.74
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:	28,158,587.32	(17,803,179.59)	(3,715,897.31)	(1,925,959.15)	(3,743,441.93)	970,109.34
Total	\$51,991,673.27	\$ 2,754,676.35	\$2,929,707.20	\$2,563,335.58	\$1,454,823.39	\$61,694,215.79

() Denotes Red Figure

EXHIBIT B

INFORMATION REQUIRED BY PUBLIC LAW 859^{1/}
 Claims Filed as of June 30, 1960^{2/}

Claim No.	Date of Filing	Claimant's Name	Enemy Nationality	Book Valuation
27466	9-22-47	Tsutomu Akata.....	Japanese.....	\$ 10.53
57670	4-28-50	Masato Kawashima.....	do.....	964.00
57743	5-10-50	David Hiromu Imahara.	do.....	5,000.00
58296	8-29-50	Tsutomu Fujinaka.....	do.....	1,900.00
58502	10-23-50	Izumi Shimizu.....	do.....	4,340.00
60582	4-21-52	Hiromi Hanafusa.....	do.....	215.00
61137	10-6-52	Minoru Sawada.....	do.....	3,940.00
62879	8-9-54	Kazuo Tatsuta.....	do.....	892.00
63656	1-28-55	Mrs. Haruko Tsukamoto Muranaka.....	do.....	380.22
			Subtotal	\$ 17,641.75
			Total as of June 30, 1959	<u>8,369,279.12</u>
			Total as of June 30, 1960	\$8,386,920.87

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, fiscal year ended June 30, 1958, Appendix, Exhibit G, p. 102, and fiscal year ended June 30, 1959, Appendix, Exhibit B, p. 21.

EXHIBIT B - CONCLUDED

Claims Allowed as of June 30, 1960^{3/}

Claim No.	Return Order	Date Executed	Claimant's Name	Enemy Nationality	Book Valuation
7831	4068	9-21-59	Minoru Okida.....	Japanese	\$ 1,000.00
27466	4095	11-23-59	Tsutomu Akata.....	do.....	10.53
42020	4142	6-8-60	Yukuko Saito.....	do.....	10,800.00
57670	4049	7-21-59	Masato Kawashima.....	do.....	964.00
57678	4056	8-4-59	Masami Kondo.....	do.....	166.00
57743	4032	7-10-59	David Hiromu Imahara.	do.....	5,000.00
58296	4125	5-12-60	Tsutomu Fujinaka.....	do.....	1,900.00
58502	4139	5-6-60	Izumi Shimizu.....	do.....	4,340.00
60582	4144	6-7-60	Hiromi Hanafusa.....	do.....	215.00
61137	4152	6-28-60	Minoru Sawada.....	do.....	3,940.00
61837	4119	2-12-60	Toshihiko (Henry) Ono	do.....	6,875.00
61838	4119	2-12-60	Fumiko (Ruby) Ono		
			Kuwano.....	do.....	6,875.00
62879	4136	4-27-60	Kazuo Tatsuta.....	do.....	892.00
63656	4137	4-29-60	Mrs. Haruko Tsukamoto		
			Muranaka.....	do.....	380.22
				Subtotal	\$ 43,357.75
				Total as of June 30, 1959	<u>4,878,926.53</u>
				Total as of June 30, 1960	<u>\$4,922,284.28</u>

^{3/} The claims allowed listed above are those in which return orders were executed on or prior to June 30, 1960, 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, fiscal year ended June 30, 1958, Appendix G, p. 103, and fiscal year ended June 30, 1959, Appendix, Exhibit B, p. 22.