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# *Annual Report*

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

FISCAL YEAR ENDED JUNE 30, 1967

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, 1967. This report is made pursuant to Section 6 of the Trading with the Enemy Act, as amended.

Respectfully,

Ramsey Clark  
Attorney General

LETTER OF TRANSMITTAL TO THE ATTORNEY GENERAL

Office of Alien Property  
Department of Justice  
Washington, 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, 1967. This is the twenty-fifth 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,

EDWIN L. WEISL, JR.  
Director, Office of Alien Property

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ANNUAL REPORT  
OF  
OFFICE OF ALIEN PROPERTY  
DEPARTMENT OF JUSTICE  
FOR  
FISCAL YEAR ENDING JUNE 30, 1967

POLICIES AND PROGRAMS

The Office of Alien Property is charged with the responsibility of completing the administration, liquidation and disposition of the remaining vested property of the United States.

To the extent possible, vested property is reduced to cash by sale or liquidation at the earliest practicable date. Pending its sale or disposition, the property is administered in the national interest in a manner designed to conserve and increase its value.

The disposition of the proceeds of the sale or liquidation of vested property has been determined by the Congress through the enactment of various amendments to the Trading with the Enemy Act. Section 32 permits return to certain non-hostile persons; Section 34 provides for the payment of debt claims to American creditors of enemy nationals; Section 39 directs the transfer of the net proceeds of all German and Japanese property to the War Claims Fund; Sections 41, 42 and 43 divest the Attorney General's interest (1) in all remainders that had not vested in possession by the end of 1961, (2) in unaccrued installments of income from estates, trusts, annuities and similar properties, and (3) in all copyrights and trademarks not previously returned or disposed of.

The processing and adjudication of title and debt claims and the prosecution and defense of lawsuits in the Federal and state courts continued to be the major duties of the Office during the year. Other important programs included the sale and liquidation of vested assets, the supervision and issuance of notices of divestment of vested interests in estates and trusts, the resolution of intercustodial conflicts pursuant to the Brussels Intercustodial Agreement, and the transfer of the unclaimed net proceeds of vested property to the Treasury Department for deposit in the War Claims Fund.

In addition to administering and disposing of property vested under the Trading with the Enemy Act, as amended, the Office has since 1955 been administering the "Satellite Assets" program under Title II of Public Law 285 60 Stat. 562. This program was completed during the year by the final transfer of net cash vested under the program to the United States Treasury for credit to the Hungarian and Rumanian Claims Funds.

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VALUE OF VESTED PROPERTY

As of June 30, 1967, the cumulative total of cash receipts from vested property amounted to approximately \$866,000,000. After deductions for administrative expenses, taxes, payment of title and debt claims and cumulative total advances of \$464,250,000 to the War Claims Fund, there remained in the United States Treasury at the end of the fiscal year a balance of approximately \$63,000,000, as shown in Table 1, which follows:

TABLE 1

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

AS AT JUNE 30, 1967

CASH RECEIPTS

Cash receipts from vested property:		
Principal	\$780,897,134.08	
Income	<u>82,114,425.02</u>	\$863,011,559.10
Cash receipts from non-vested property		2,160,743.47
Expenses recovered from Satellite Assets Fund		397,348.72
Transfer from Safekeeping Funds		<u>48,313.94</u>
Total Receipts		<u>\$865,617,965.23</u>

CASH DISBURSEMENTS

Transfers to War Claims Commission *		\$464,250,000.00
Payment of title and debt claims, Sec. 9(a) suits and compromise settlements		197,310,603.72
Administrative expenses		61,327,737.79
Direct expenses, taxes, repairs, intercustodial payments, war production royalties, etc.		78,273,378.40
Cash transferred to U. S. Treasury under Sec. 202(b) of International Claims Settlement Act		<u>1,636,369.34</u>
Total Disbursements		<u>\$802,798,089.25</u>
Balance June 30, 1967		<u>\$ 62,819,875.98</u>

\* and its successor, Foreign Claims Settlement Commission.

In addition to the cash in the U. S. Treasury, the Office was administering unliquidated property estimated to be worth about \$1,000,000. Also, through the years the Office has returned to title claimants and successful litigants unliquidated property valued at approximately \$33,000,000. Thus, the value of all property vested, including the increment thereon, reached a grand total of about \$900,000,000.

As of June 30, 1967, there still remained under the control of the Office property estimated to be worth \$64,000,000, as shown in Table 2, below:

TABLE 2

CASH AND ESTIMATED VALUE OF ASSETS ON HAND  
AS OF JUNE 30, 1967

---

Cash .....	\$63,000,000
Miscellaneous properties and interests in properties .....	<u>1,000,000</u>
TOTAL	\$64,000,000

---

VESTED PROPERTY ACCOUNTS

Individual accounts are set up on the books of the Office in the name of the pre-vesting owner. These accounts reflect the property vested, together with the cash realized therefrom.

As cash is received, it is deposited in the U. S. Treasury in an account established for the Office and is credited on the books of the Office to the individual accounts of the pre-vesting owners.

Pursuant to the provisions of Section 39 of the Trading with the Enemy Act, as amended, the Office is required to cover into the War Claims Fund in the Treasury the cash balances in all vested German and Japanese accounts as they become free from claims and litigation.

At the time Section 39 was added to the Trading with the Enemy Act, as amended, the War Claims Commission, now the Foreign Claims Settlement Commission, was established by the War Claims Act of 1948 and authorized to make adjudications and awards on certain classes of World War II claims, primarily those of American prisoners of war and civilian internees mistreated by the enemy during their imprisonment. The administrative expenses of the War Claims Commission and the awards which the Act authorized were to be paid out of the War Claims Fund.

At the request of the War Claims Commission and the Foreign Claims Settlement Commission, the Office advanced to the War Claims Fund sums aggregating \$464,250,000. These advances were made before the administration of the German and Japanese property had been completed and were based on estimates that this amount would be recoverable from the net proceeds of German and Japanese accounts as they became free from claims and litigation.

At the end of the fiscal year, 32,560 such accounts had been closed and balances totalling some \$457,000,000 had been applied against these advances.

The remaining German and Japanese vested property is recorded in 184 accounts, containing cash and unliquidated property estimated to be worth about \$68,000,000. When the entire \$464,250,000 in advances has been recovered, the net balances available in the remaining accounts will then be covered directly into the War Claims Fund in the Treasury.

In addition to the German and Japanese accounts, there are 3 accounts of other nationals with cash and unliquidated property valued at about \$1,200,000 which will be disposed of either through returns of property to eligible claimants, by transfer to the Treasury Department pursuant to Public Law 87-846, or otherwise.

#### ADMINISTRATION AND LIQUIDATION OF VESTED PROPERTY

Vested property is liquidated or sold as soon as practicable after vesting. The general policy of the Office, however, has been not to sell patents, copyrights, trademarks and property of nationals of countries other than Germany and Japan. Furthermore, under the injunctive provisions of Section 9(a) of the Trading with the Enemy Act, the Office may not sell or liquidate vested property against which a suit for return is pending.

In fiscal 1967 the Office collected a total of \$1,198,591.25. Of this amount \$963,345.24 was derived from vested interests in estates and trusts; \$121,543.51 from the administration and sale of miscellaneous securities; \$63,565.94 from the repayment of advances to a vested corporation; \$30,130.34 from the Satellite Assets Fund as reimbursement of expenses paid from alien property funds; \$13,869.33 from Canada under the Brussels Intercustodial Agreement; and \$6,136.89 from miscellaneous sources.

At the end of the fiscal year some \$1,000,000 worth of miscellaneous property had not been reduced to cash. The remaining copyrights which have not been divested pursuant to Public Law 87-846, approved October 22, 1962, carried at a nominal value of \$1.00 each, are not included in the miscellaneous property valuations.

### Estates, Trusts and Insurance Contracts

When interests in estates and trusts are vested, the Attorney General succeeds to the rights of the former owners. It is the responsibility of the Office, therefore, to make certain that distribution of the assets by the administrator, executor, trustee or other fiduciary is correct and in conformity with the terms of the will, agreement, trust instrument or court decree.

Section 205, Title II, of Public Law 87-846, approved October 22, 1962, divested interests in estates, trusts, insurance contracts and similar interests which were not payable or deliverable to the Attorney General, or vested-in-possession in him, prior to December 31, 1961. The statute requires the Attorney General to give notice of divestment to former owners or custodians of the divested interests. The notice cannot be given until the files containing the facts relating to divestment are brought up to date. Each affected estate or trust must be reviewed to determine whether the interest has been retained or divested, and information respecting the named beneficiaries' criminal records must be obtained, since the statute prohibits divestment in favor of war criminals.

During the fiscal year the Office completed its administration of the vested interests in 32 estates and trusts and insurance policies through collection and divestment. There remain 25 open interests in cases of this type.

With the \$963,345.24 received during the fiscal year from distributions and income from estates, trusts and insurance contracts, the total receipts of the Office from this category exceed \$61,000,000.

### Intercustodial Disputes with Foreign Countries

During World War II the principal allied governments established programs seizing enemy assets within their jurisdictions. As a result of such seizures many jurisdictional problems involving conflicting claims to the same asset have arisen among enemy property custodians of the allied governments. In order to settle such intercustodial conflicts amicably and without litigation, the Attorney General and the Secretary of State have been jointly authorized to conclude and implement agreements between the United States and foreign governments.

Under agreements made with Canada, Denmark, the Netherlands and Norway, pursuant to Public Law 81-857 and Executive Order No. 10244 (May 17, 1951), provision was made for the division of external German assets claimed by two or more allies. The conflicts involved millions of dollars worth of property, consisting of securities issued in one allied country but physically located in another, business enterprises international in character

and bank accounts involving deposits in one allied country against which the bank of deposit has set up an account in a bank in another country to cover its liability in the currency of the latter country.

At the beginning of the fiscal year, 11 conflicts were pending with foreign countries. During the year, 7 were settled, leaving a total of 4 conflicts to be resolved at the end of fiscal year 1967.

#### Patents

More than 50,000 patents were vested during World War II. Patents granted by the United States Patent Office expire seventeen years from date of issue. All patents have either been returned to the former owners, have expired, or have been written off as worthless.

#### Copyrights

As a result of an amendment to the Trading with the Enemy Act (Public Law 87-846, 76 Stat. 1115), which became effective on January 21, 1963, the rights and interests of the Attorney General in foreign-owned copyrights and pre-vesting copyright contracts were divested as a matter of grace, and rights in licenses granted by the Alien Property Custodian or the Attorney General were transferred to the persons entitled thereto. Copyright interests in certain literary works by high-ranking Nazi officials were excepted, including Mein Kampf, by Adolf Hitler; the Diaries of Paul Joseph Goebbels; Memoirs of Alfred Rosenberg; Otto Skorzeny's Secret Missions; and the extensive Photographic Collection of Heinrich Hoffmann, official photographer of the Nazi Party. Also excepted was the scientific German motion picture, Meiosis-In the Sperm Cells of the Grasshopper, psophus stridulus L, which is exclusively licensed for educational purposes until August 9, 1978. The Hoffmann collection was transferred to the General Services Administration for the interest and benefit of the United States on March 1, 1966.

All unpaid royalties or other income which accrued prior to the day of divestment on vested copyrights and pre-vesting copyright contracts are payable to the Attorney General. As a result, the Office has collected some \$5,596,720.36 as of June 30, 1967, of which \$4,495.79 was received during the fiscal year.

#### DISPOSITION OF VESTED PROPERTIES

A very substantial part of the remaining German and Japanese property is involved in suits and proceedings in various Federal and state courts in the United States, or in administrative claims under procedures for

processing and disposition which comply generally with the Administrative Procedure Act. To the extent that the Government is successful in this litigation and that administrative claims are denied, these funds will become available for transfer to the War Claims Fund.

#### Suits and Other Judicial Proceedings

The Office of Alien Property represented the Attorney General in judicial proceedings in various Federal courts throughout the United States during the fiscal year. These proceedings included 12 cases carried over from fiscal 1966 and 2 new cases which were filed in the courts during fiscal year 1967. Of the total of 14 cases, 7 were closed during fiscal 1967, leaving 7 cases pending at the end of the fiscal year. These figures include cases involving title to property and one complaint for review under Section 34 of the Trading with the Enemy Act which was pending in the United States District Court for the District of Columbia. This complaint for review was still pending in the District Court as of June 30, 1967.

The Office also represented the Attorney General in 17 estates and trusts cases in various state courts throughout the United States. These cases were carried over from the previous fiscal year. 8 cases were terminated. At June 30, 1967, there were 9 cases pending in the state courts.

The most important cases in litigation during the year were: Honda, et al. v. Katzenbach; Okamoto, et al. v. Katzenbach; and Kondo, et al. v. Katzenbach, Civil Actions Nos. 1179-64, 1591-64 and 1630-64, respectively (U.S.D.C.D.C.). These class actions were commenced by several thousand holders of yen certificates of deposit for the purpose of obtaining payments totalling approximately \$20,000,000 on their certificates from available funds of the Yokohama Specie Bank which total about \$11,000,000 and which were vested under the Trading with the Enemy Act. The claims of nearly all of these plaintiffs were dismissed on the ground of abandonment when they failed to submit the original certificates of deposit upon which their claims were based, as they had been requested to do by the Office of Alien Property. None of the plaintiffs had timely filed complaints for review in accordance with the requirements of Section 34(f) of the Act and, therefore, they were not included in the compromise settlement of Abe, et al. v. Kennedy (U.S.D.C.D.C.) involving similar claims.

This litigation was opposed by the Office of Alien Property on jurisdictional grounds under Section 34(f) of the Act, which imposes an absolute bar on the litigation of these claims at this late date. Plaintiffs contended, however, that the Government is estopped from asserting Section 34(f) as a bar since the dismissal of their claims because of their failure to submit their certificates of deposit was unreasonable. The position of the

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Government was sustained by the District Court by entry of an order on March 31, 1965 dismissing the complaint on jurisdictional grounds. The Court of Appeals for the District of Columbia affirmed on January 13, 1966.

The Supreme Court, however, analogized the debt claims legislation to proceedings in bankruptcy, and pointed out that one who files a late claim in bankruptcy proceeding is not absolutely barred from all recovery, but may share in any assets remaining after the timely creditors have been paid. Stating that the congressional purpose in allowing debt claim suits would be best served by giving a similar treatment to the limitations provision of Section 34, the Court held that the limitations period was "tolled" pending disposition of the prior and timely Abe-Aratani action brought by persons with similar debt claims, and that plaintiffs were entitled to have their own debt claims satisfied out of any vested assets remaining after disposition of the timely suit. In reaching this result, the Court stressed that the Government was a mere stakeholder of money which would otherwise go to the War Claims Fund under the provisions of Section 39 of the Act for distribution to other claimants, and that the usual rules regarding the "jurisdictional" nature of statutes of limitation were inapplicable.

J. Robert Bonnar, et al. v. United States (In the U. S. Court of Claims, No. 293-63). Plaintiffs, all American citizens, are former shareholders or successors in interest of former shareholders of General Dyestuff Corporation, whose shares were vested in 1942 by the Alien Property Custodian pursuant to the Trading with the Enemy Act. Plaintiffs contend that they were the beneficial owners of the stock and seek damages of \$22 million. It is the Government's position in this litigation that the plaintiffs were not the beneficial owners of the stock at the time of vesting, and that the stock was actually being held for the beneficial interest of the German concern, I. G. Farben. By the close of fiscal 1967 plaintiffs had completed presentation of their case in chief, and several of the Government's witnesses had testified.

#### Administrative Claims

The administrative return of vested property is authorized by Section 32 of the Trading with the Enemy Act, as amended. Generally speaking, vested property can be returned to non-enemy governments, citizens of allied and neutral countries not voluntarily resident in enemy countries during the war period, corporations of non-hostile countries that are not enemy controlled, certain American citizens regardless of their residence during the war, enemy citizens who continuously resided outside enemy or enemy-occupied territory since December 7, 1941 and who were not engaged in business in such territory, victims of enemy persecution who would otherwise be ineligible because of enemy citizenship or residence in enemy territory and the government, nationals and residents of Italy who were previously ineligible because of their earlier enemy status.

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Section 34 permits the payment of certain debt claims to creditors of the former enemy owners of vested property. Such creditors must be citizens of the United States or the Philippine Islands or residents of this country since December 7, 1941. Debt claims against property subject to a title claim or Section 9 suit are not generally paid until the title claim or suit has been terminated. Upon the allowance of a title claim under Section 32 to a non-resident or to a foreign corporation, notice of intention to return must be published in the Federal Register at least 30 days prior to making the return. During this period, creditors of title claimants may attach the property.

As of June 30, 1967, there had been filed with the Office of Alien Property a total of 67,589 claims of which 19,905 were title claims and 47,684 were debt claims. At the start of the 1967 fiscal year, there remained to be processed 42 title claims and 10 debt claims. Two title claims were reopened during the fiscal year. 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 \$217,534,000 as shown in Table 3, below. This total includes cash payments of about \$184,534,000 and appraisable property valued at about \$33,000,000.

The Office processed 4 title claims during the 1967 fiscal year, which resulted in a return to former owners of \$1,647,000 in cash.

During the fiscal year 1 debt claim was disposed of administratively by allowance in the total sum of \$1,142.95.

The recent decision of the United States Supreme Court in Honda v. Clark on April 10, 1967, 386 U. S. 484, requires reconsideration of about 6,400 claims filed with the Office of Alien Property by Japanese-Americans for payment on their yen certificates of deposit issued by the American and Hawaiian Branches of the Yokohama Specie Bank. Payment will be made to eligible claimants from vested funds of the Yokohama Specie Bank, amounting to approximately \$11,000,000 which are held by the Office of Alien Property. These 6,400 claims were either withdrawn or dismissed as abandoned by claimants after the Office of Alien Property announced that yen certificate of deposit claims could be paid only at the postwar rate of 361.55 yen per dollar. The application of the postwar rate of exchange was contested by litigation in Abe v. Kennedy by the Yokohama Specie Bank claimants who had perfected their claims, with the result that these claimants received approximately 26 cents on their yen for both principal and interest under the terms of a settlement. The Supreme Court in the Honda case has taken the position that the Yokohama Specie Bank claimants who had abandoned or withdrawn their claims should receive payment on their claims on the same basis as that accorded the claimants in the Abe settlement.

At the close of the fiscal year there were 40 title and 6,355 debt claims for further processing.

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Table 3, 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 3  
DISPOSITION OF VESTED PROPERTY

Total vested property including value at date of vesting plus appreciation .....		\$900,000,000
LESS:		
Property returned to non-hostile persons .....	\$217,534,000	
Debt claims paid .....	13,460,000	
Funds transferred to War Claims Fund .....	464,250,000	
Funds transferred to the Treasury		
Department pursuant to Lombardo and		
Reverse Lend-Lease Agreements .....	2,080,000	
Refunds of overpayments .....	156,000	
Funds transferred into Treasury under		
Section 202(b) of Public Law 285 .....	736,000	
Funds divested and covered into Treasury		
or paid direct to individuals under		
Section 202(b) of Public Law 285 .....	1,045,000	
Cash and other property transferred to foreign		
governments per intercustodial agreements ...	15,385,000	
Direct expenses not allocated to specific		
types of property .....	60,026,000	
Conservatory and administration expenses .....	61,328,000	
Total Deductions .....		<u>\$836,000,000</u>
Property remaining June 30, 1967 .....		\$ 64,000,000

SATELLITE ASSETS PROGRAM UNDER PUBLIC LAW 285

Section 202(b) of Title II of the International Claims Settlement Act of 1949, as amended, provided 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. Since the beginning of the program, the Office has issued 838 divesting orders whereby a total of more than \$1,000,000 has been divested into blocked accounts in the Treasury or paid directly to former owners.

Pursuant to Section 202(a) of Title II of the International Claims Settlement Act, the Office has issued, as of June 30, 1967, 292 vesting orders with a value of \$26,672,316, as follows:

	<u>Number of Vesting Orders</u>	<u>Value of Assets Vested</u>
Bulgaria	39	\$ 2,645,960
Hungary	140	2,786,501
Rumania	104	21,189,144
Unknown nationals of Bulgaria, Hungary and Rumania	9	50,711
	<hr/>	<hr/>
Total	292	\$ 26,672,316

The proceeds derived from those vesting orders and the disposition of the funds obtained are shown in Table 4, which follows:

TABLE 4

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
UNDER PUBLIC LAW 285

AS AT JUNE 30, 1967

CASH RECEIPTS

Cash receipts from vested property:	
Principal	\$26,580,019.64
Income	<u>27,906.78</u>
Total Receipts	<u>\$26,607,926.42</u>

CASH DISBURSEMENTS

Transfers to Rumanian Claims Fund in U. S. Treasury	\$20,946,797.13
Transfers to Bulgarian Claims Fund in U. S. Treasury	2,589,456.57
Transfers to Hungarian Claims Fund in U. S. Treasury	2,033,609.28
Payment of title and debt claims	508,924.07
Administrative expenses - Office of Alien Property	397,348.72
Litigation settlement	85,000.00
Divestments into blocked accounts in the U. S. Treasury or direct to vestees	19,984.39
Payment to Government of Canada under Intercustodial Agreement	14,070.90
Federal income taxes	8,496.64
Miscellaneous payments for custody fees, legal fees and refunds of overpayments	<u>4,238.72</u>
Total Disbursements	<u>\$26,607,926.42</u>
Balance June 30, 1967	<u>\$ - 0 -</u>

As shown in the table above there were no Satellite Assets funds remaining at June 30, 1967. The program was brought to a completion during the fiscal year with the transfer of part of its balance to the United States Treasury for credit to the Hungarian and Rumanian Claims Funds and the payment of the remainder to the Attorney General as reimbursement for expenses incurred by him out of alien property funds in connection with the administration of the program.

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## ORGANIZATION

As of June 30, 1967, the Office of Alien Property employed 1 attorney and 3 clerical and other personnel.

The Office of Alien Property which was formerly located at 101 Indiana Avenue, N. W., Washington, D. C., ceased to exist on June 30, 1966. The functions which remained at the close of fiscal 1967 will be performed by the services of Civil Division personnel under the supervision of the Assistant Attorney General in charge of the Civil Division, who continues to be the Director of the Office of Alien Property.

## FINANCES AND ACCOUNTING

The administrative expenses incurred in carrying out the functions of the Office of Alien Property are paid out of vested assets and not from appropriated funds. The amount that may be expended each year, however, is fixed by Congress by annual authorization. Direct expenses arising from the administration of specific vested properties are not included in this general limitation.

The Comptroller maintains all accounting records and performs all auditing functions pertaining to properties vested and properties turned over to this Office for custody and safekeeping, handles all tax matters relating to vested property, deposits for collection with the Treasurer of the United States currency, checks or drafts paid to or received by the Office, transfers the proceeds to the Treasury of the United States, and arranges for the payment by check of all expenses of and claims against the Office.

The regular authorization by the Congress for general administrative expenses for the fiscal year 1967 was in the amount of \$80,000 (Public Law 89-797), approved November 8, 1966.

Administrative expenses for the 1967 fiscal year totalled \$80,000.00.

The report of Peat, Marwick, Mitchell & Co., certified public accountants, on the audit of the books of the Office for the fiscal year ended June 30, 1967, follows:

ACCOUNTANTS' REPORT

Peat, Marwick, Mitchell & Co.  
1140 Connecticut Avenue, N. W.  
Washington, D. C. 20036

Mr. Edwin L. Weisl, Jr.  
Assistant Attorney General, Civil Division  
Director of Office of Alien Property  
Department of Justice, Washington, D. C. 20530

We have examined the accounts maintained by the Office of Alien Property for the purpose of controlling vested assets and recording accountability therefor for the year ended June 30, 1967, but we did not review the financial and statistical information and statements which will be contained in the detailed annual report of the Office of Alien Property for such year. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Such examination included count of securities 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, 1967; 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 a 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 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 confirmations 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.

In our opinion, the individual exceptions disclosed as a result of our examination for the year ended June 30, 1967 are not regarded as relatively significant.

/s/ Peat, Marwick, Mitchell & Co.

January 24, 1968

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EXHIBIT "A"

STATEMENT OF ADMINISTRATIVE EXPENSES AND MEANS OF FINANCING  
FOR THE PERIOD APRIL 21, 1942 TO JUNE 30, 1967

Based on administrative expenses and revenues as  
recorded on the books at June 30, 1967

	April 21, 1942 to June 30, 1963	July 1, 1963 to June 30, 1964	July 1, 1964 to June 30, 1965	July 1, 1965 to June 30, 1966	July 1, 1966 to June 30, 1967	TOTAL
<b>ADMINISTRATIVE EXPENSES</b>						
Personal Services	\$52,004,178.29	\$ 530,914.68	\$ 532,263.12	\$ 284,889.28	\$ 45,000.00	\$53,397,250.37
Travel	1,203,361.69	9,049.10	12,587.40	5,314.66	23,000.00	1,253,312.93
Transportation of things	137,687.45	-0-	-0-	88.86	-0-	137,776.31
Communication services	729,334.77	2,784.60	2,971.90	3,000.52	-0-	738,091.79
Rents and utilities	3,785,858.98	21,369.73	17,423.75	12,882.75	-0-	3,837,535.21
Printing and binding	674,934.48	1,027.75	865.05	3,770.48	3,000.00	683,597.76
Other contractual services	3,443,000.14	67,577.25	60,960.23	12,440.06	9,000.00	3,592,977.68
Supplies and materials	613,801.83	283.88	845.13	45.60	-0-	614,976.44
Equipment	573,042.49	629.70	-0-	-0-	-0-	573,672.19
Refunds, awards and indemnities	4,640.00	-0-	-0-	-0-	-0-	4,640.00
F.I.C.A. contributions	17,083.77	412.03	32.32	-0-	-0-	17,528.12
Grants, subsidies and contributions	444,613.93	38,222.28	38,213.74	18,417.75	-0-	539,467.70
<b>Total Expenses</b>	<b>\$63,631,537.82</b>	<b>\$ 672,271.00</b>	<b>\$ 666,167.72</b>	<b>\$ 340,849.96</b>	<b>\$ 80,000.00</b>	<b>\$65,390,826.50</b>
<b>MEANS OF FINANCING</b>						
<b>Administrative Revenues and Recoveries</b>						
Recoveries of expenses from vested enterprises and other properties	\$ 504,431.05	\$ 16,601.63	\$ 16,991.57	\$ 13,987.67	\$ 1,408.95	\$ 553,420.87
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	343,441.49	(133.00)	(286.00)	(191.00)	(309.00)	342,522.49
World War I administrative deductions and expenses recovered	216,800.79	-0-	-0-	-0-	-0-	216,800.79
License fees and sales of patent catalogs and abstracts	379,258.14	45.00	45.00	175.00	-0-	379,523.14
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 Fund	57,973,626.34	953,761.69	1,051,877.87	431,683.79	96,215.51	60,507,165.20
Expenses charged to Vested Satellite Assets Fund	236,969.69	-0-	-0-	130,248.69	30,130.34	397,348.72
Miscellaneous receipts	173,038.16	64,010.79	6,988.60	1,361.55	127.15	245,526.25
<b>Total Revenues and Recoveries</b>	<b>\$60,258,611.59</b>	<b>\$ 1,034,286.11</b>	<b>\$ 1,075,617.04</b>	<b>\$ 577,265.70</b>	<b>\$ 127,572.95</b>	<b>\$63,067,353.39</b>
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	(684,162.48)	(362,015.11)	(409,449.32)	(236,415.74)	(47,572.95)	(1,739,615.60)
<b>Total</b>	<b>\$63,631,537.82</b>	<b>\$ 672,271.00</b>	<b>\$ 666,167.72</b>	<b>\$ 340,849.96</b>	<b>\$ 80,000.00</b>	<b>\$65,390,826.50</b>

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EXHIBIT B

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

Book Valuation of Claims Filed as of June 30, 1967	\$8,557,710.65
Book Valuation of Claims Allowed as of June 30, 1967	5,115,516.24

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<sup>1/</sup> 81st Cong. 2d Sess., approved September 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.