

597360

4-6-51

U.S. Dept. of Justice.

KF
5107
A61
1943
0.3

ANNUAL REPORT OF THE
ATTORNEY GENERAL OF
THE UNITED STATES

For the Fiscal Year
Ended June 30

1943

333325

CONTENTS

	Page
The Attorney General, Francis Biddle, Report of	1-21
Introduction	1
War, its challenge	1
Internal security	1-6
Investigation and prosecution, Federal Bureau of Investigation, responsibility	1-2
Military authority over civilians	2-4
Alien enemies	4-5
Denaturalization	5-6
Registration of foreign agents	6
War frauds	6-7
Selective Service violations	7-8
Enforcement of antitrust laws	8-10
British-American admiralty claims; the "Knock for Knock" agreement	10-11
Land acquisition	11-12
Immigration and naturalization	12-14
The Federal prisons	14-15
Opinions of the Attorney General	15-17
Administration -- departmental organization	17-18
Legislative recommendations	18-21
Summary	21
Judicial Conference, Report of	22-49
The Solicitor General, Charles Fahy, Report of	50-78
In general	50
The nature of the work	50-58
In general; duties	50-52
Litigation	52-58
Statistical survey -- Government cases and their disposition	58
Cases on the merits	58-59
Petitions for certiorari	59-60
Lower court appeals	60-61
Statistical summary	62-78
Litigation in the Supreme Court	62-75
Original docket	62
Appellate docket	62-77
Total litigation statistics; tables	62-69
Government litigation; tables	70-77
Cases argued	70
Petitions for certiorari	74
Statistics as to Government success	74

333326

The Solicitor General, Charles Fahy, Report of (continued)

 Appellate docket (continued)

 Classes of litigation 75

 Constitutional questions 75

 Federal tax questions 75

 Decisions of administrative tribunals 75

 Criminal cases 75

 Authorization of appeals to courts other than the
 Supreme Court 76-77

 Authorization of interventions in non-Government
 litigation 78

 Special activities of the Solicitor General 78

The Assistant to the Attorney General, Report of 79-81

The Assistant Solicitor General, Report of 82-84

 Duties assigned by the Attorney General 82-84

 Preparation of opinions 82

 Preparation and consideration of legislation 82-83

 Preparation of Executive orders and proclamations .. 83

 Special assignments 83-84

 Duties assigned by the Solicitor General 84

 Reviewing Customs Court decisions, etc. 84

 Special assignments 84

Antitrust Division, Report of Assistant Attorney General in
charge 85-97

 The administration of Antitrust laws adapted to wartime . 85-88

 General Antitrust work 88-89

 Protection of small business 89-91

 War work 91-92

 International cartels 92-93

 Transportation problems 93-94

 Free enterprise in the reconversion period 94-95

 Information to other Government agencies 95

 Conclusion 96

 Cases -- tabulation 97

Tax Division, Report of Assistant Attorney General in charge.. 98-111

 Introduction 98-99

 Statistical data 99-100

 Matters of special importance 101-111

 Government immunity from taxation in the war effort. 101-102

 The taxing of stock dividends 102

 Gift taxes 102-103

 Grantor's liability for trust income 103

 Taxation of corporations availed of to prevent the
 imposition of surtaxes 103-104

 Federal Insurance Contributions Act and the Federal
 Unemployment Tax Act 104

 Thompson, et al. v. Deal, et al., (D.C.) 104-105

 Collection of taxes from lessor companies who have
 made long-term leases of all of their property .. 105

	Page
Tax Division, Report of Assistant Attorney General in charge (continued)	
Matters of special importance (continued)	
Case arising under the China Trade Act	106
Deduction of Wisconsin Privilege Dividend Tax	106-107
Disposition of work taken over from the Bond and Spirits Division	107-108
Criminal tax cases	108-110
Compromise of civil tax cases	110-111
Claims Division, Report of Assistant Attorney General in charge	112-134
War work	112-121
Shipping	112-114
Men and materials	114-117
Patents	118-119
Financing	119-120
War frauds	120-121
Work indirectly in support of the war	121-126
Peacetime frauds against the Government	121-122
Protection of monetary interests of the United States	122-126
Supreme Court litigation	126-129
Operating results for the year	129
Work for fiscal year 1943, tabulation	130
Bureau of War Risk Litigation	131-134
Lands Division, Report of Assistant Attorney General in charge	135-160
Land acquisitions made for war purposes	135-137
Major objectives in the wartime acquisition program	138-143
Improvement of acquisition processes	138-141
Prompt distribution to landowners	141
Protection of the public funds	141-143
Legal problems in land acquisition and war activities generally	144-146
Other work of the Division	146-151
Elk Hills Naval Petroleum Reserve	147
Litigation	147-150
Appellate proceedings	150-151
Legislative and general matters	151
Appendix	151
Tables	152-160
Table I, court cases	152
Table II, office matters	153
Table III, title matters	154
Table IV, amount of lands acquired and their cost, etc.	155-159
Table V, personnel and funds	160

	Page
Criminal Division, Report of Assistant Attorney General	
in charge	161-210
Introduction	161-162
Enforcement of Selective Service	162-164
Internal security	164-169
Prosecutions	164-165
Treason	165
Espionage	165
Sabotage	165-166
Sedition	166-167
Denaturalization program	167-168
Foreign Agents Registration Act	168
Export Control and Trading with the Enemy Acts ..	168-169
Civil rights	169
Liquor law enforcement	169-170
Immigration and naturalization matters	171-172
Citizenship cases	172-173
Enforcement of Acts relating to operation of railways	173
Mail fraud and securities violations	173-175
Legal problems relating to prisoners	176
Important Supreme Court decisions in Federal criminal law	177-178
Administration	178
Appendix I	179-181
Table A, failure to register, etc.	179
Table B, failure to register, etc.	180
Table C, convictions involving conscientious objectors	181
Appendix II, court decisions in Selective Service cases	182-188
Appendix III, internal security cases	189-208
Censorship	189
Espionage	189-192
Export Control Act	192-194
Foreign Agent Act	195-196
Military zone and curfew regulations	196
Sabotage	197-201
Sedition	201-205
Trading with the enemy	205-206
Treason	206-208
Appendix IV, civil rights cases	209-210
Customs Division, Report of the Assistant Attorney General	
in charge	211-223
Introduction	211
Nature of suits before the United States Customs Court	211-212

	Page
Customs Division, Report of the Assistant Attorney General in charge (continued)	
General summary of the status of the work in the Customs Court	213
Illustrative cases	214
Trade agreement litigation	214
Flexible tariff litigation under the provisions of section 336 of the Tariff Act of 1930	214-215
Cases reviewing the value of merchandise found by the appraiser	215
Miscellaneous cases of interest and importance	216-219
Customs litigation compared with previous year, tabulation	220
Supreme Court of the United States	221
United States Customs Court	221-222
United States Customs Court classification cases -- Section 514	222
Reappraisement proceedings -- Sections 402 and 501	222
Petitions for remission of additional duties -- Sec- tion 489	223
War Division, Report of the Assistant Attorney General in charge	224-249
Introduction	224
Alien Enemy Control Unit	225-227
Functions	225
Apprehension and hearing of alien enemy cases	225
Detention	225-226
Litigation	226
Repatriation and travel control	226-227
Alien Property Unit	228-233
Functions, etc.	228
Litigation -- World War II	228-232
Litigation -- World War I	232-233
Special War Policies Unit	234-249
Functions, etc.	234-236
Foreign Agents Registration Section	236-238
Latin-American Section	238-239
Federal State Relations Section	239-241
Sedition Section	241-243
Organization and Propaganda Analysis Section	243-246
Subversives Administration	246-247
Special Projects Section	247-249
Federal Bureau of Investigation, Report of the Director	250-273
Introduction	250
Summary of accomplishments	251
Internal security matters	251

Federal Bureau of Investigation, Report of the Director
(continued)

Police cooperation	252
Cooperation of public	252
Coordination with Military and Naval Intelligence Services and other governmental agencies	253
Maintenance of civil liberties	253
Alien enemy control	253-254
Denaturalization proceedings	254
Espionage	254
Sabotage	255
Sedition	255-256
Selective Training and Service Act	256
War frauds	256-257
Miscellaneous	257
Antitrust investigations	258
Extortion	258
Federal Bank Robbery Act	258-259
Illegal wearing of uniform	259
Kidnaping	259
May Act	259
National Bank and Federal Reserve Acts	259-260
National Bankruptcy Act	260
National Motor Vehicle Theft Act	260
National Stolen Property Act	260-261
Theft, embezzlement and illegal possession of Government property	261
Thefts from interstate shipments	261
White Slave Traffic Act	261
Miscellaneous criminal violations	262-263
Identification Division	263-264
Government and applicant prints	264
Civil identification	265
International exchange	265
Single Fingerprint Section	265
FBI laboratory	265-268
Training of personnel	268
National Police Academy	268-269
Uniform crime reporting	269-272
FBI Law Enforcement Bulletin	272
Summary table	272-273
Federal Bureau of Prisons, Report of the Director	274-303
Introduction	274
Population trends	274-277
Average number of Federal offenders under supervision of Bureau of Prisons, - Table I	277
Production for war needs	278-279
War service for ex-prisoners	279-280

333331

	Page
Federal Bureau of Prisons, Report of the Director (continued)	
Wartime offenders	280-285
Personnel	285-286
Education	286-289
Religious education	289
Medical care	289-293
Individual treatment and morale	293
Juvenile offenders	294-295
The Federal Corrections Act	295-296
Jail supervision	296-297
Statistics and information	297-298
Fiscal administration	298-300
Safety	300
Parole	300-302
Postwar horizons	302-303
Immigration and Naturalization Service, Report of the	
Commissioner	304-359
Introduction	304-307
Operations	307
Office of the Assistant Commissioner for Adjudications ...	307-317
Travel control	307-310
Entries and departures	308-309
Immigrant occupations	309-310
Reentry permits	310
Exclusions and expulsions	310-313
Alien seamen	312
Labor imported	312-313
Citizenship activity	313-317
General naturalization	314
Naturalization of enemy aliens	314
Naturalization of members of the armed forces	
of the United States	315
Certificates of derivative citizenship	315-316
Cancellation of naturalization	316
Registry of aliens	316-317
Office of the Assistant Commissioner for Alien Control ...	317-321
Enemy alien detention and parole	317-319
Deportations	319
Immigration Border Patrol	319-321
Activities	319-320
Radio communication	320
Auxiliary work	320-321
Office of the Assistant Commissioner for Alien Regis-	
tration	321-323
Alien registration	321-322
Certificates of identification for enemy aliens	323

Immigration and Naturalization Service, Report of the
Commissioner (continued)

Office of the Assistant Commissioner for Inspections	323-324
Special Inspections Division	323-324
Staff	324
Office of Research and Educational Services	324-326
Educational services	324-325
Research and statistics	325-326
Office of Personnel	326-328
Recruitment and placement	326-327
Training	327-328
Employee relations	328
Office of Administrative Services	328-331
Organizational analyses and planning	328-329
Supplies and services	329-330
Information, mail and files	330
Budget and fiscal control	330-331
Financial statement of the Immigration and Naturalization Service	332-333
Tables I to XX	334-359
Administrative Division, Report of the Administrative Assistant to the Attorney General	360-367
Introduction	360
Examiners' Unit	361-362
Division of Accounts	362-364
Summary of business, revenues, and expenditures	365-367
Pardon Attorney, Report of	368
Board of Immigration Appeals, Report of Chairman	369-373
Librarian, Report of	374-375
Exhibits	376-415

REPORT OF THE ATTORNEY GENERAL

Department of Justice, Washington, D. C.

APR - 4 1944

To the Senate and House of Representatives of the United States
of America in Congress Assembled:

I have the honor to report on the business of the Department of Justice for the fiscal year, 1943.

The heads of the various offices, divisions and bureaus of the Department have prepared detailed summaries of the work under their supervision, which are transmitted herewith.¹ I also transmit the report of the Conference of Senior Circuit Judges which convened in Washington on September 28, 1943.

I.

War poses a grave challenge to the agencies of civil justice. Internal security must be defended; public order must be maintained; litigation must go forward; civil rights must be protected and the civil courts must be sustained. These are momentous responsibilities, and they come at a time when all civilian agencies must accommodate themselves to war conditions, including the steady loss of personnel. Yet the maintenance of civil processes depends in large measure on the effectiveness with which these responsibilities are discharged. Both in their power of constructive achievement and in their capacity for self-restraint, the agencies of justice demonstrated during the first full year of war that they are equal to the task at hand.

II. Internal Security

Investigation and Prosecution. The Federal Bureau of Investigation is charged with full responsibility for the investigation of internal security matters involving the civilian population. The Bureau works in close cooperation with the Military and Naval Intelligence Services, aided by a careful definition of the appropriate functions of each of the agencies involved. In September 1939 and, again, on January 8, 1943, the President called the attention of all law enforcement officers to the central responsibility of the Bureau for the correlation of information concerning espionage and related matters and requested that law enforcement officers and private organizations and individuals report such information

^{1/} For reasons of economy these summaries are not being printed at this time. For the use of the Congress, typewritten copies accompany this report. Other interested persons may review the summaries in the Main Library at the Department of Justice, Washington, D. C., where they are kept on file.

333334

March 23, 1943. The President. The opinion held that the statutes and Executive Orders listed in the opinion, which are ordinarily applicable to Government contracts, are not applicable to contracts for supplying, repairing and furnishing services in foreign countries to vessels operated by the War Shipping Administration.

XI

Administration

The expansion of the Department necessary for the discharge of its war responsibilities was substantially completed in the course of the year. It was possible therefore to shift the center of emphasis from the required development of new programs to the coordination of the Department's activities and the improvement of its over-all administration. The responsibilities of each of the offices, divisions and bureaus were carefully reconsidered and restated with some modifications by an order of the Attorney General issued September 25, 1942. Under this order the Federal Bureau of Investigation and the Bureau of Prisons, theretofore reporting to the Assistant to the Attorney General, were made directly responsible to the Attorney General. Relieved of all direct operating functions under this order except the review of reports of hearing officers in conscientious objector cases, the Assistant to the Attorney General assists the Attorney General in the over-all supervision and administrative management of the Department. The Bond and Spirits Division was abolished and its functions transferred to other divisions of the Department where they have been performed for the most part without additional personnel. During the fiscal year Congress provided for the appointment of an additional Assistant Attorney General to supervise the work of the War Division, which had been under the direction of the Solicitor General. Shortly after the close of the fiscal year the Special War Policies Unit of the War Division was abolished and those of its functions which related to the control of subversive activities were transferred to the Criminal Division. At the same time, responsibility for the prosecution of War Fraud cases and violations of price, rationing and food allocation orders was vested in the Criminal Division. These transfers have re-established the unified jurisdiction of the Criminal Division in criminal cases other than anti-trust and tax, traditionally vested in the Antitrust and Tax Divisions, respectively. A significant re-organization was also effected in the Immigration and Naturalization Service, designed to centralize responsibility for operations and advisory services in eight defined subdivisions of the Service and otherwise to improve administration.

Additional appropriations available during the fiscal year for the Offices of the United States Attorneys made possible considerable strengthening of these offices which carry the primary responsibility for the ultimate disposition of litigation. In the course of the summer four regional conferences were held in various parts of the country to provide an opportunity for the discussion of the war-time responsibilities

A3

of the Department. These conferences, in which the United States Attorneys and the various division heads participated, proved to be of great value in the coordination of departmental activities in all phases of the administration of justice. The conferences were held at Asheville, Philadelphia, Denver, and Chicago, the Asheville meeting occurring at the same time as the Judicial Conference for the Fourth Circuit.

The loss of trained male personnel to the armed services has posed a constant problem to the Department of Justice as to other civilian agencies. As of the close of the fiscal year, 3945 employees had entered the services, representing a turnover for this purpose alone of almost 25 per cent of male personnel; the number as of December 31, 1943 was 5332, representing a turnover of over 30 per cent.

Eighteen former members of the staff of the Department have given their lives in the line of military duty.

In accordance with Executive Order 9309 of March 6, 1943, and the Act of April 8, 1943 (Public Law 23, 78th Congress), special effort has been made to hold together the trained agents of the Federal Bureau of Investigation and the members of the Border Patrol of the Immigration and Naturalization Service. These are functions of prime importance to the conduct of the war and the maintenance of essential services which require for their proper performance personnel of military age and prowess. If such activities are permitted to collapse in the civil branch of the Government, there is no alternative to their assumption by the armed services. I cannot believe that the militarization of these essential functions would further the public interest. In other aspects of the Department's work, these considerations have a smaller application, though some deferments of trained personnel are essential if institutional continuity is to be preserved at the minimum safety level.

XII

Legislative Recommendations

1. Federal Corrections Act. Hearings have been held by the Judiciary Committee of the House of Representatives on H.R. 2140, the proposed "Federal Corrections Act," recommended by the Judicial Conference of Senior Circuit Judges. This proposal derives from the report of the distinguished Committee on Punishment for Crime, of which Judge John J. Parker is Chairman. It is the product of long and careful study of two of the most vital and perplexing problems in the administration of Federal criminal justice: The problem of determining the length of the prison sentence in cases in which the judge is satisfied that the defendant should be sentenced to imprisonment for a substantial period of time; and the problem of improving existing techniques for the control and rehabilitation of youthful offenders.

REPORT OF ASSISTANT SOLICITOR GENERAL
OSCAR COX

During the year the duties of the Assistant Solicitor General consisted of various general and special assignments from the Attorney General and the Solicitor General.

DUTIES ASSIGNED BY THE ATTORNEY GENERAL

Preparation of opinions.—One of the chief functions on general assignment to the Assistant Solicitor General by the Attorney General is that of preparing for the Attorney General legal opinions to the President, the heads of the executive departments and the Veterans' Administration. The scope of this assignment can be measured only by the diverse, important, and difficult problems arising in the executive branch of the Government. Representative questions considered concern the authority of the Secretary of Agriculture to pay subsidies to canners of tomato juice; the authority of the Under Secretary of War to redelegate the power to make, modify, and amend contracts for the purchase of war materials; the authority of the President to requisition passenger automobile tires for disposition to civilian use; the authority of the War Department to authorize contractors furnishing war materials to the United States to communicate to representatives of Allied Nations information concerning such materials; the authority of commanding generals in the war zone to procure necessary supplies, and the legality of permitting the salary of a Federal employee to be paid by some one other than the United States Government. During the year 204 opinions were prepared by this office. This assignment includes the digesting of opinions of the Attorney General and preparing them for printing and binding.

In many instances where requested opinions could not be rendered under the law governing the duties of the Attorney General, information and helpful suggestions were furnished.

Preparation and consideration of legislation.—In response to the President's request that steps be taken to

333337

expedite the preparation and submission to the Congress of all proposed legislation relating to the prosecution of the war, the Attorney General directed the Assistant Solicitor General (1) to study the need for all proposed war legislation, (2) to make draft of legislation determined to be necessary, and (3) to assist in clearing such legislation expeditiously through all interested agencies. In addition to the above, reports were prepared and submitted to congressional committees and the Bureau of the Budget at their request on a large number of pending bills, and a large number of enrolled bills were examined and reports to the President prepared after passage of the bills by the Congress and before action was taken thereon by the President. Under these assignments 831 matters were handled.

Preparation of Executive orders and proclamations.— Under regulations issued by the President all proposed Executive orders, proclamations, and public land orders are required to be submitted to the Attorney General for his approval as to form and legality prior to their issuance. After issuance, they are filed with the Division of the Federal Register in accordance with law, and all Executive orders, proclamations and public land orders which have general applicability and legal effect are published in the Federal Register.

The function of reviewing and revising proposed Executive orders, proclamations, and public land orders has been assigned to this office by the Attorney General. During the year this office passed upon 190 Executive orders, 28 proclamations, and 138 public land orders. Many of the proposed Executive orders and proclamations required extensive study and revision and in some instances the preparation of opinions to the President. Informal advice was frequently given to the various departments and establishments in connection with the drafting by them of Executive orders and proclamations prior to formal submission to the Attorney General, the office often actively participating in the original drafting.

Special assignments.—During the year the Assistant Solicitor General represented the Attorney General on the following permanent committees: The Interdepartmental Committee on Cooperation with the American Republics; the Interdepartmental Committee on Foreign Air Commerce;

the Postal Savings Committee; the Interdepartmental Committee on War Crimes; the Federal Petroleum Council; the National Archives Council, and the Administrative Committee of the Federal Register. He also represented the Attorney General on many temporary interdepartmental committees.

Opinions were rendered to the several divisions and bureaus on questions of law in the internal administration of this Department and its relations with other departments, and representatives of the Department have served on departmental committees having to do with the functioning of the Department.

Twenty-five gifts or bequests to the United States or in aid of governmental agencies were supervised by this office.

One thousand five hundred and one compromises of claims by and against the Government, which arose in, or were referred to the Department of Justice, were acted upon or reviewed during the year.

Twenty-five petitions for remission or mitigation of forfeiture of automobiles and other property were considered under the provisions of section 618 of the Tariff Act of 1930 (46 Stat. 590, 757), and other similar provisions of law.

DUTIES ASSIGNED BY THE SOLICITOR GENERAL

Reviewing of Customs Court decisions, etc.— This office has the duty of making recommendations to the Solicitor General as to whether appeals should be prosecuted from decisions of the United States Customs Court to the Court of Customs and Patent Appeals. During the year the office made recommendations in 38 of such cases. This office also collaborated with the Assistant Attorney General in charge of customs matters in a large number of cases arising under the tariff laws involving questions respecting reciprocal foreign trade agreements and treaties.

Special assignments from the Solicitor General of miscellaneous character were also disposed of by this office. The Assistant Solicitor General becomes Acting Solicitor General in the absence of the Solicitor General, and then performs the duties of the Solicitor General.

333339

Moreover, it handled all of the litigation in connection with allocations and priorities. This in itself was a tremendous volume of work.

It is obvious, therefore, that the trained staff of the Antitrust Division was employed to excellent advantage during the necessary period when the Government was adjusting its legal facilities to meet war time necessities.

IV. INTERNATIONAL CARTELS.

On the basis of evidence now in the possession of the Antitrust Division, there is little doubt that existing cartels have been responsible for the following situations: (a) shortages in critical materials; (b) the growth of domestic monopolies; (c) endangering our foreign policy; (d) divulging secret military information to our enemies; and (e) limiting production with the consequent effects on our employment and preparedness.

It is known that some cartels have made plans for the post-war resumption of their activities. Available evidence indicates that, if cartels are permitted to engage in restrictive policies after the war, the post-war rehabilitation of free private enterprise in this country and of foreign commerce will be seriously impaired.

Closely related to the cartel problem, being in its own right of profound importance to our domestic economy, are the Antitrust cases arising out of abuse of patents. Recent Supreme Court decisions have gone a long way to define the line of demarcation between proper and improper use of patents. The trend of these decisions is to outlaw the application of the patent privilege to matters beyond the scope of the patent grant. Over a long period of years, large corporations have utilized patent pools and cartel connections or other sources to force independent producers out of business. In this way, large segments of business have been removed from

-8-

the area of free enterprise and converted into a monopoly. As a result of the decision of the Supreme Court above referred to, the Antitrust Division necessarily will have to assume a large measure of protection to the public interest by litigating the validity of doubtful patents. The burden of such litigation will be a large one, but on the other hand, is probably the most important means of restoring competition.

The war has given birth to an enormous number of revolutionary technological developments. Among them are the helicopter, plastics, radar, drugs, and a variety of others too numerous to mention. The development of new uses for metals and chemicals has opened up new frontiers for businessmen. All these are in danger of cartelization and monopolization. Already an attempt to control the helicopter field has been brought to the attention of the Antitrust Division by the Army Air Forces. It is vital to the interests of our country that all these new industries be free from the constricting effects of cartels and monopolies.

V. TRANSPORTATION PROBLEMS.

No post-war matter is of greater concern than the guarantee of open competition in the development of transportation in the light of recent developments. The size of the world will shrink in direct proportion to the speed and efficiency of air travel. The time to preserve competition in this expanding industry is now, while there are competitors.

The Antitrust Division, largely at the instance of other Government agencies and committees of Congress, has assumed a leading role in an effort to prevent a monopolization of this modern innovation. Exhaustive studies have been made and are continuing, with the result that when the time comes the Division will be prepared to make itself felt in the fight to protect the

333341

REPORT
OF
ASSISTANT ATTORNEY GENERAL FRANCIS M. SHEA
IN CHARGE OF THE CLAIMS DIVISION

WAR WORK

Shipping:— Ships like planes take a number of men on the ground to keep them moving smoothly. Quick turnarounds are imperative. The ship tied up in port returns nothing to global combat. The Division's Admiralty and Shipping Section works to keep ships moving.

Libels, literally judicial attachments on ships, tie them up in our harbors. Prompt and expert handling of libels to free vessels for sailing saves vital shipping time. That job the Section does in cases of all libels filed in our Admiralty courts against ships of the United States and, under reciprocal agreement, ships of the United Kingdom. The task is large, for the fleets of the two nations are enormous; and the libels are many. But it is successfully performed by the expertness of an undermanned staff.

The ship goes free, but the work of the Section has not ended at that point. The many and varied interests of the United States, and frequently, under agreement for mutual exchange of legal services, the interests of the United Kingdom in admiralty and shipping litigation in our courts are represented by the Section. Beyond that, the Section reviews pleadings filed in admiralty litigation, including cases in which the United States is not a party, for the purpose under Admiralty Rule 46 of impounding such records as contain vital naval information. In that way, naval secrets are kept from the enemy and ships at sea are protected. At the same time, unfortunately, the secrecy rule, Admiralty Rule 46, prevents the telling here in a public document of many a moving story that underlay extremely important litigations carried on by the Section. However, the results of some of the victories won already benefit shipping administration and will continue to protect the interests of the United States in our post-war merchant marine.

Some indication can be given now of the nature and extent of the work. The approximately 4470 cases handled by the Admiralty and Shipping Section during the year dealt with a wide variety of matters, including the requisitioning of vessels by the War Shipping Administration; the strict enforcement of export controls and restrictions on transfers of watercraft to aliens; the settling of technical and prosaic but vital and difficult questions of

333342

- 7 -

Patents:— Basic to production for war is the development of new devices, processes and materials by or on behalf of the Government. The War and Navy Departments, the Office of Scientific Research and Development, the Bureau of Standards, the Bureau of Mines and many other federal departments and agencies are pushing ahead in concentrated programs of research to develop revolutionary processes for combat and industrial operations. The Division through its Patent Section performs a great variety of duties in protection of the Government's interest in the vital war processes and materials developed. The duties range from the prosecution of the patent applications through all phases of patent litigation and measures calculated to protect the secrecy of war inventions from the enemy.

Traditionally, with certain minor exceptions, the Patent Section has acted as patent solicitor for the entire Government. Its small central staff of expert personnel has performed this highly specialized job at peak efficiency and economy. The war brought tremendous increases in solicitation, with no compensating additions in section personnel. As a result, patent solicitation staffs, many times the size of the Division's whole Patent Section, have grown up like Topsy in several agencies of the Government. With those exceptions, the Patent Section continues as patent solicitor for the Government.

A series of interference cases successfully carried through the Court of Customs and Patent Appeals is typical of a difficult job well done by the Section in that field. The interferences related to War and Navy Department inventions of radio shielding for aircraft sparkplugs and numerous conflicting applications of private parties. Radio shielding of aircraft sparkplugs enables the radio operator to receive messages without the noise, for example, that a neighbor's electric razor or vacuum cleaner commingles with home radio reception. The win in the Court of Customs and Patent Appeals, (it took a record of over 3,000 pages), saved the Government upwards of sixteen millions in royalties. Even more important, our need for increased radio shielding production in increased warplane production was protected by the elimination of private applications that might, by excessive claims of royalties backed by controlling patents, have discouraged radio shielded sparkplug production.

333343

ANNUAL REPORT
1943
DEPARTMENT OF JUSTICE
Customs Division

Paul P. Rao, Assistant Attorney General.

Importers of merchandise have been granted permission by Congress to bring suits against the United States for the refund of customs duties claimed to have been improperly assessed and paid to customs officials. Such litigation now arises under the provisions and schedules found in the Tariff Act of 1930; the Customs Administrative Act of 1938; the Revenue Acts of 1932, 1934, 1936 and 1938; the so-called Reciprocal Trade Agreement Act of June 12, 1934, authorizing the President to enter into Trade Agreements with foreign nations; the Anti-Dumping Act of May 27, 1921; the Sugar Act of 1937; and the regulations adopted by the Treasury Department which have the force and effect of law for the direction of customs officials.

This office represents the United States in all customs litigation before the United States Customs Court at all the ports of the United States, including the ports of Puerto Rico, Alaska, and Hawaii; upon appeal before the United States Court of Customs and Patent Appeals in Washington, D. C., and participates in the preparation of customs cases taken to the Supreme Court of the United States.

NATURE OF SUITS BEFORE THE UNITED STATES CUSTOMS COURT

Importers litigate before the Court various claims for the refund of duties, of which the following are representative, contending that -

(a) The value of the merchandise found by the United States Appraiser is too high or is higher than the actual market value on the date of exportation as defined by the statute; (Note: the Collector of Customs may likewise appeal if he deems the appraised value too low.)

(b) The merchandise has been classified under the wrong paragraph of the Tariff Act and is more specifically described and properly dutiable at a lower

333344

rate under another paragraph of the same act;

(c) Duty has been assessed and improperly collected in violation of treaty provisions with foreign nations; or contrary to the provisions of the Trade Agreement Act; or assessed under wrong paragraphs set forth in trade agreements entered into pursuant to said act.

(d) The President has illegally or unlawfully raised the duty provided for in the Tariff Act under the provisions of the so-called Flexible Tariff Act.

(e) The Collector has improperly refused to refund duties as provided by law upon the exportation of articles manufactured from imported merchandise;

(f) A tax or duty has been collected and retained by the United States under a law which is unconstitutional;

(g) The importer should be relieved from the payment of additional duty assessed against him under Section 489 of the Tariff Act of 1930 for undervaluation upon the ground that he had no intention to defraud the United States.

(h) The Collector has improperly assessed an additional duty of 10 per centum on the value of the merchandise under the provisions of Section 304 of the Tariff Act of 1930, as amended by the Customs Administrative Act of 1938, on the ground that the merchandise was either properly marked to indicate the country of origin; that it is incapable of being so marked; or is within the exceptions contained in regulations issued by the Secretary of the Treasury pursuant to the authority contained in said Act.

Nearly all of the suits above referred to involve substantial sums of money, and many of them millions of dollars, as indicated infra.

GENERAL SUMMARY OF THE STATUS OF THE WORK IN THE
CUSTOMS COURT.

The number of cases involving the classification of merchandise filed during the fiscal year ended June 30, 1943, was 14,811 as against 20,888 for the fiscal year ended June 30, 1942.

There were pending before the United States Customs Court at the end of the fiscal year June 30, 1943, 129,062 classification cases. Of this number 83,459 were suspended pending the trial of certain test cases. The remaining 45,603 consist of current pending cases involving numerous issues.

Of the 83,459 suspended cases, 28,884 were suspended pending the outcome of 29 test cases before the United States Court of Customs and Patent Appeals, 54,032 were suspended pending the outcome of 84 test cases before the United States Customs Court, and 543 were suspended for the duration of the war.

On June 30, 1943, there were 114 classification test cases pending as against 145 such test cases at the end of the fiscal year June 30, 1942.

The number of classification cases disposed of by the United States Customs Court during the fiscal year ended June 30, 1943, was 31,209 as against 37,694 for the previous year.

The number of reappraisal cases involving the correct valuation of merchandise filed with the United States Customs Court during the fiscal year ended June 30, 1943, was 4,728 as against 6,948 for the fiscal year ended June 30, 1942.

There were pending before the United States Customs Court at the end of the fiscal year June 30, 1943, 19,720 reappraisal cases as against 17,038 reappraisal cases at the end of the fiscal year 1942. Of this number 10,613 were suspended pending the trial of 26 test cases.

The total number of classification, reappraisal and remission cases pending on June 30, 1943, was 148,925.

REPORT OF THE ATTORNEY GENERAL

WAR DIVISION

(Fiscal year ending June, 1943)

Under a Departmental Order dated May 19, 1942, there was set up in the Department the War Division, the purpose of which was to coordinate the functions of the various Units dealing with war measures and related policy questions. Solicitor General Charles Fahy was appointed Director of this Division and carried on this function until March 29, 1943, when Mr. Hugh Cox was appointed Assistant Attorney General in charge of the Division as his successor. Its functions may best be described in terms of the activities of its component Units.

333847

-5-

II

ALIEN PROPERTY UNIT

The Alien Property Unit was established by the Departmental Order of May 19, 1942 which created the War Division. It is responsible for the prosecution or defense of litigation arising under the Trading with the Enemy Act as amended. Specifically the Unit is charged with the exercise and performance of the functions and duties imposed upon the Attorney General and the Department of Justice by Paragraph 5 of Executive Order No. 9142 of April 21, 1942, under which certain of the functions and duties of the Department of Justice which had been acquired in 1934 as the result of the abolishment of the old Office of the Alien Property Custodian, were transferred to the new Office of the Alien Property Custodian established in the Office of Emergency Management. Paragraph 5 of the Order provides that all litigation in which the Alien Property Custodian is interested shall be conducted under the supervision of the Attorney General and that the Attorney General shall render advice on legal matters to the Custodian. In addition the Unit conducts litigation resulting from the administration by the Secretary of the Treasury of the Foreign Funds Control Provisions of the Act. It also represents the Attorney General on the Inter-Departmental Committee on "The Proclaimed List of Certain Blocked Nationals" established under the President's proclamation of July 17, 1941.

1. Litigation - World War II

253 cases in litigation were pending in the Unit during the fiscal year. The total of recoveries during the fiscal year amount to \$4,582,410.99.

A number of these cases were pending in the courts when the Alien Property Custodian vested interests involved in the litigation, and in these cases the Unit, after substitution or intervention, has taken necessary steps to protect the interests of the Custodian. Among these are a number of patent cases, involving either alleged infringements or issues triable before the Court of Customs and Patent Appeals or before District courts under Section 4915 of the Revised Statutes.

333348

The Unit has instituted various possessory actions seeking to obtain for the Custodian the possession of specific property vested by the Custodian under the Trading with the Enemy Act, as amended, and which the party in possession refuses to surrender. The Custodian's right to immediate possession of property vested by him is resisted on the ground that the authority of the Custodian to vest the property may be litigated in such actions. 1/

More important than any of the foregoing are cases brought against the Custodian under section 9(a) of the Trading with the Enemy Act, for the purpose of recovering property vested by the Custodian, pursuant to section 5(b), as amended by Title III of the First War Powers Act, 1941. Noteworthy among these cases are Draeger Shipping Company vs. Crowley (District Court for the Southern District of New York) and Duisberg vs. Crowley (District Court for the District of New Jersey). These are cases of outstanding importance since they involve questions fundamental to the administration of the Trading with the Enemy Act, as amended by the First War Powers Act, 1941.

The Draeger case raised primarily the issue whether a person whose property is vested under section 5(b) may seek its return under the remedial provisions of section 9(a). It also involved the question whether a naturalized citizen of enemy origin could be treated as an enemy national.

The issues involved in the Duisberg case are similar. In that case, Walter F. Duisberg has instituted proceedings against the Custodian for the recovery of 1975 shares of the stock of the General Dyestuff Corporation, contending that his interest was wrongfully vested by the Alien Property Custodian. The Alien Property Custodian has vested all of the stock of General Dyestuff Corporation. This action, involving as it does control of a large part of the stock of an

1/ Under the World War I Trading with the Enemy Act, it was consistently held that the Alien Property Custodian was entitled by summary process to the immediate possession of property seized under section 7(c) and that the former owner was remitted to an action under section 9(a).

important corporation in the chemical and dyestuff industry in the United States, is now pending in the District of New Jersey. The striking issue raised by these pleadings is whether under the present Trading with the Enemy Act the Custodian is unable to vest the property of any citizen of the United States even on the ground that it is being used to benefit the enemy.

Another question of importance involved in these two cases is whether a claimant seeking the return of property vested under section 5(b), as amended by Title III of the First War Powers Act, 1941, may pursue the judicial remedy provided by section 9(a) of the Act as it existed during the First World War or must have recourse to the administrative remedy established pursuant to section 5(b), as amended.

The validity of the Government's system of foreign property controls, based on the 1941 amendment to section 5(b) of the Trading with the Enemy Act and administered under Executive Order No. 8389, as amended, and Executive Order No. 9095, as amended, has been attacked in two state court actions, Aickelin v. General Aniline & Film Corporation and Alexewicz v. General Aniline & Film Corporation, in which this Unit has filed briefs in behalf of the United States as amicus curiae. Both cases arose from supervision by the Treasury Department of the activities of General Aniline & Film Corporation, a Delaware corporation, which, by reason of dominance, ownership and control by nationals of foreign countries (now enemy countries) had been determined to be a national of a foreign country within the meaning of section 5(b) as amended. These cases are regarded as particularly important because they attack the authority under which the United States is regulating more than 2,500 corporate and other business organizations and dealings in more than \$7,000,000,000 of foreign property interests. Both actions were pending without decision at the end of the fiscal year.

The Custodian has sought to intervene or be substituted as a party in a number of admiralty cases.

On March 30, 1941, twenty-seven Italian ships and one German ship were sabotaged in American ports by their officers and crews. Shortly thereafter the United States filed libels for forfeiture, seeking the condemnation of the vessels. In every instance, the foreign nationals who owned the vessels filed claims, asserting their ownership of the libelled vessels.

On July 22, 1942, the Custodian vested all right, title and interest of the claimants in the vessels, and thereafter sought by petition to be substituted as a party in place of the respective claimants. The litigation which resulted carried the Unit into the courts of thirteen federal districts and involved 29 cases. The first decision was handed down by Judge Chesnut in the case entitled "The Pietro Campanella" pending in the District of Maryland. He held that: (1) the Custodian was entitled to intervene and to be made a party to the proceeding with right to file such pleadings as he deemed appropriate; (2) the Custodian was adjudged vested with full title to the ship as it stood on July 22, 1942 (the date of the Vesting Order), and to any just compensation payable therefor; (3) notwithstanding this adjudication, the enemy claimant was still entitled to defend his vanished interests because Congress might in the future afford him the right to get back his property or its proceeds; (4) a stay should be granted pendente bello. Similar decisions, with variations on the question of granting a stay, were handed down in eight other districts. In the District of Massachusetts, without opposition, and in the Eastern District of Pennsylvania, against strenuous opposition, the Custodian's prayer for substitution was granted in all respects. In the latter case an appeal has been taken. Cases are still undecided in the Districts of New Jersey, Oregon and Puerto Rico.

In addition to the foregoing types of cases, there had been referred to this Unit as of June 30, 1943, approximately seventy proceedings in the matter of decedents' estates which were in process of litigation. Some of these estate matters involved the filing of petitions for the withdrawal of funds deposited in the registries of various courts, or with administrative officials, while some involved the filing of a notice of appearance and an affidavit setting forth the position of the Custodian. A great many of them have been bitterly contested and can properly be described as active litigation.

The power of the Alien Property Custodian to revoke an inter vivos trust is involved in the cases of Estate of Frederick Butterfield (Beers v. Smith); and Estate of Lydia H. Burgstaller (Central Hanover Bank & Trust Company v. Burgstaller).

Litigation relating to the fabulous Garrett Estate is pending in the Unit. This is an estate involving assets of between twenty and thirty millions of dollars. The Alien Property Custodian has vested all right, title and interest in the estate of a German national who claimed to be a first cousin of decedent. If the claim is established, the Alien Property Custodian will be entitled to at least one-third of the estate, at most, to all of it. After

the vesting order, the Commonwealth of Pennsylvania enacted a law imposing an 80% tax on the clear value of property passing by intestacy to a first cousin or other relative of more remote degree if the estate remained undistributed for seven years after the death of the intestate. The Governor and State officials of the State of Pennsylvania have been notified that the United States will oppose the collection of the tax.

A number of other cases pending in the courts of various states involve the question of whether or not the enemy nationals, whose interests have been vested and whose interests would be defeated by death prior to distribution, are still alive. In these cases we have relied not only upon the presumption of the continuance of life, but upon the finding of the Custodian that the enemy nationals were alive and in enemy countries at the dates of the vesting orders.

2. Litigation - World War I.

All litigation which had grown out of seizures by the Alien Property Custodian during World War I for which the Legal Section of the Alien Property Bureau had been responsible prior to Executive Order No. 9142 of April 21, 1942, came under the supervision of this Unit at the time of its creation. There were then ten principal cases in litigation.

Noteworthy among these were the so-called Hackfeld cases, which arose out of the World War I seizure of the Hawaiian property of Johann Fredrick Hackfeld by the Alien Property Custodian.

In 1934, Fredrick Rodiek, ancillary executor of the will of Hackfeld, filed a petition in the Court of Claims under Section 151 of the Judicial Code for compensation of over three million dollars because of an alleged undervaluation of Hackfeld's property when it was returned to him by the Custodian.

In preparing its defense to this proceeding the Department instituted extensive investigations from which it became apparent that the Custodian's administrative return of the proceeds of Hackfeld's seized property was due to mistake of law and fact induced by fraud of Hackfeld and his agents. An action was therefore initiated against the ancillary executor in the United States District Court, Southern District of New York, for restitution of the funds illegally returned. The trial resulted in a directed verdict for the Government in the amount

of \$1,604,632.45. The judgment was affirmed by the Court of Appeals, 117 F.(2d) 588 and 120 F.(2d) 760, and by an equally divided Supreme Court, 315 U.S. 783. The ancillary estate amounts to approximately \$900,000 and is under the jurisdiction of the Surrogate's Court, New York.

In the meantime, the Court of Claims proceeding was argued on January 4, 1943. The Court has not yet made its determination.

An outgrowth of the Hackfeld cases is the action filed in the United States District Court for the District of New Jersey, December 1942, against Reuben D. Silliman, who has been the attorney for Hackfeld and Rodiek in their numerous proceedings before the courts and government departments. The complaint alleges that he caused to be filed numerous fraudulent documents in support of Hackfeld's claim with the Alien Property Custodian and that he paid a sum of money to a former vice-consul when his client's application for an American passport was pending.

In the case of Swiss National Insurance Co. v. Crowley et al., there is presented the novel question whether profits earned by an enemy insurance company while operating under a license were subject to seizure under the World War I Trading with the Enemy Act. This question was decided in the affirmative by the United States District Court for the District of Columbia and the judgment was affirmed by the Court of Appeals on May 24, 1943. 136 F.(2d) 265.

The case of United States v. H. H. Pflueger, et al., in the United States District Court for the Northern District of California, is an action of restitution brought by the Government to recover funds erroneously returned by the Alien Property Custodian as a result of mistake induced by fraud of the claimant. This case is the only restitution action under the Trading with the Enemy Act initiated by the Government. In all the other cases, the matter had been reopened by the claimant.

In the case of The United States of America, Leo T. Crowley, as Alien Property Custodian and W. A. Julian, Treasurer of the United States of America, v. Irving Trust Company, individually and as Executor of the Estate of Herman Sielcken, deceased, John S. Sorenson and Brainard S. Avery, Judge C. G. Galston, sitting specially in the United States District Court for the Southern District of New York, rendered a decision against the Government. In this litigation the Government had attempted to set aside, on the ground of fraud, a decree rendered against the Alien Property Custodian and the Treasurer of the United States in 1929.

-12-

in the Department of Justice and the Departments of State, War, Navy, the Treasury and the Post Office, the Office of War Information, the Office of Censorship, the Alien Property Custodian, the Co-ordinator of Inter-American Affairs and the President's War Relief Control Board among other agencies. Likewise in the field of preparing political defenses against Axis propoganda in the Western Hemisphere the Unit has acted as liaison agent between this Government and its various agencies and the governments of the Latin-American Republics. Similarly, the Unit has acted as a clearing house between the State and Federal governments for such differing Federal agencies as the Office of Defense Transportation, the Federal Reserve Board, the Army, the National Housing Agency and the Department of Labor. In addition to recommending action to these agencies, the Unit has supplied to these and other appropriate agencies, information which it obtained from examination of the foreign-language press, from registration statements of foreign agents and from other sources.

During the year there were a number of important developments in the various fields covered by the Unit. An amendment to the Foreign Agents Registration Act became effective on June 28, 1942. This amendment increased the number of persons and groups subject to registration, added to the duties of registrants and transferred the administration of the Act from the State Department to the Department of Justice. The past fiscal year has thus been the first year in which the new terms of the Act were in effect and in which the Department of Justice administered it. Also at the beginning of the fiscal year the Unit was charged by the Attorney General with the direction and coordination of policy matters involved in the administration and enforcement of the sedition laws. This task was carried out by the Unit by keeping close surveillance over suspected portions of the foreign- and English-language press and subversive groups and individuals and by cooperating with the Criminal Division and other governmental agencies, particularly the Post Office, the Treasury and the Office of War Information, in enforcing the sedition statutes. Programs for the prevention and control of Axis subversive activity in the Western Hemisphere in nine distinct fields were developed by the Unit and were used as the basis for official resolutions adopted during the year by the Emergency Advisory Committee for Political Defense which was established by the Ministers of Foreign Affairs of the American Republics at the meeting previously mentioned. At the outset of the fiscal year a system for supplying other governmental agencies with surveys of the foreign-language press in this country was instituted. During the year these surveys were sent to ten

333354

-15-

and the Axis. Recommendations for prosecution were made to the Criminal Division in eight cases and in connection with these and other foreign agent cases being prosecuted by the Criminal Division, assistance in preparation, grand jury proceedings and trials was given by lawyers of the Section.

Latin-American Section

The Latin-American Section functions as the legal staff, through a liaison officer, of the United States Member of the Emergency Advisory Committee for Political Defense at Montevideo. This Committee was organized on April 15, 1942 under the authority of Resolution XVII adopted by the Third Meeting of Ministers of Foreign Affairs of the American Republics held at Rio de Janeiro in January, 1942. The Committee was required by that resolution to prepare and put into effect adequate programs for the control and suppression of Axis subversive activity in the Western Hemisphere. The Committee acts on behalf of all the American Republics but as a practical matter the United States Member has been the prime moving force behind the Committee's work.

During the year the Section prepared programs of action against Axis subversive activity in this Hemisphere which served as a basis for formal resolutions by the Committee in nine separate fields such as alien registration, control of international travel and clandestine border crossings, control of international communications, port security and protection against sabotage. In addition a considerable number of projects in other fields including, for example, a proposal for registration of oil sales and a proposal for an inter-American police union, were studied and rejected while projects which may lead to resolutions in additional fields, such as control of anti-Semitism and elimination of Axis influence in schools, were being studied at the close of the fiscal year.

Under the plan of the Committee resolutions are adopted suggesting that the countries in this Hemisphere develop certain recommended programs for the suppression of Axis subversive activity. After these resolutions are adopted the Committee ascertains the extent of compliance with them by making consultative visits to various countries and by requiring responses or "accountings" from the countries in the Hemisphere. The Section prepared a formal response for the United States on the subject of prevention of abuses of nationality and also did preliminary work on other responses. In addition the Section arranged for a consultative visit to the United States which began on July 28, 1943. Although the

333355

-16-

visit took place after the close of the fiscal year the Section prepared the agenda for the meeting and arranged for technical sessions and field trips before the close of the fiscal year.

The Section assisted the Department of State in the preparation of materials which resulted in Committee resolutions additional to those which have been mentioned disclosing the activities of Axis espionage agents in Chile and Argentina and exposing the Axis extortion racket operated through the sale of permits to leave occupied territories. During the year studies on the constitutional, legislative and administrative provisions of nine Latin-American countries for the control of subversive activities were prepared for the use of the United States Member of the Committee. Two extensive special studies, one on shipping security and the other on Falange activities, as well as other memoranda of narrower scope were also prepared. In order to provide officials of the United States Government with necessary information on the program of the Committee the Section also prepared and distributed a 168-page volume of English translations of the Resolutions of the Committee adopted during the first year of its existence.

Federal State Relations Section

The function of the Section on Federal-State Relations is, in general, to afford to Federal agencies a convenient mechanism for cooperation with the States and localities in connection with legislative and administrative problems. Without sponsoring or originating any proposals, the Section operates, in cooperation with the Bureau of the Budget, as a clearing house, at the Federal level, to reduce duplications and inconsistencies in the presentation of proposals to the States. There has also been developed with the Council of State Governments machinery whereby proposals for State legislation, after a fusion of Federal and State views has been obtained, may be presented to the States through the Council of State Governments. This procedure reduces the multiplicity of Federal contacts with the States.

The activities of the Section began in 1940 in connection with the "Federal-State Conference on Law Enforcement Problems of National Defense" called by the Council of State Governments and other State organizations in cooperation with the Department of Justice. The focus at the time of that meeting was State and local internal security problems. Civilian defense problems were added in 1941 and early 1942. By the

333356

-17-

beginning of the fiscal year 1942-43 the scope of operations had been broadened to include any proposals for State war legislation of interest to Federal agencies in connection with their war activities.

During the fiscal year 1942-43, therefore, it was necessary to perfect new procedures designed to afford a more complete development and clearance of proposals prior to their submission to the States. Thus the Section now receives proposals from Federal agencies, consults with other Federal agencies which may be affected for the purpose of assisting in the resolution of conflicts and obtains from the Bureau of the Budget a determination of the relation of the proposed legislation to Presidential policy. As a separate function the Section facilitates the presentation of cleared proposals to the State legislatures by the Council of State Governments under which procedure there is an additional clearance by a Committee of State officials which makes possible a fusion of Federal and State points of view.

During the fiscal year ended June 30, 1943, the Section reviewed some 60 proposals for State war legislation. Of these proposals 29 were developed in bill form and presented to the 44 States whose legislatures were in session during 1943. Of these 29 proposals 21 were of Federal origin and 8 of State origin. They included legislation relating to the important problem of weights and sizes of trucks, sponsored by the Office of Defense Transportation; the Federal Reserve Board's Loan Limitation Amendment; 2 Postwar Reserve Fund and Planning Acts; the Army's Powers of Attorney Act and Acknowledgments by Service Personnel Act; the National Housing Agency's Housing Authority legislation and the Department of Labor's Child Care legislation.

The 29 proposals in bill form were all sent to the States through the Council of State Governments although the use of the facilities of the Council of State Governments is optional, the Federal agencies, after clearance at the Federal level, being at liberty to present the matter to the States in any way they deemed best. The bills were distributed by the Council to Governors, State Attorneys General, Commissioners on Interstate Cooperation and other State officials through three reports entitled Suggested State War Legislation for 1943. They were also presented at six regional meetings of State officials held in Chicago, New York, Olympia, Los Angeles, New Orleans and St. Louis, in November and December 1942.

333357

-18-

The results obtained in connection with the 1943 programs have been distinctly helpful to the war effort. The States and localities proved themselves wholly cooperative wherever the importance of a problem and the necessity for its solution were clearly demonstrated. The Federal Reserve Board's Loan Limitation Amendment was adopted in 40 out of the 44 States whose legislatures met in regular session in 1943; the Army's Acknowledgments by Service Personnel Act was adopted in 37 and the Housing Authority legislation was adopted in 30. In the field of weights and sizes of motor vehicles useful legislation was so generally adopted that every State is now in conformity with the terms of the Emergency Formula announced by the Federal War Agency Committee on June 2, 1942. Adoptions with respect to the balance of the program, though less spectacular, were beyond expectations.

The Section also developed during the fiscal year mechanisms for reporting to Federal agencies on the progress by and proposals in the State legislatures, assisted in the coordination of activities of field representatives with those of representatives of the Council of State Governments and engaged in consultative activities with respect to minor and major legislative and administrative problems of Federal agencies in the States and localities. It has also conducted studies, both factual and legal, with respect to the result of State enactments in particular fields and has assisted in the development, outside of the regular legislative program described above, of Federal-State and Federal-local legislative and administrative programs designed to further cooperation in connection with the war effort. The Section has also on occasion advised with respect to proposed Federal legislation affecting State and local governments.

Sedition Section

At the beginning of the fiscal year ending June 30, 1943, the Attorney General charged the Unit with the direction and coordination of policy matters involved in the administration and enforcement of the sedition laws and described as one of its functions the surveillance of the foreign-language press, the subversive domestic press, and subversive propaganda distributed through the mails and otherwise for the purpose of initiating such action as might be appropriate and available to the Government. These functions were performed within the Unit by the Sedition Section.

333358

JOHN EDGAR HOOVER
DIRECTOR



Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

REPORT OF THE DIRECTOR OF
THE FEDERAL BUREAU OF INVESTIGATION
JOHN EDGAR HOOVER
FOR THE FISCAL YEAR 1943

Although having greater responsibilities than ever before in its history, the Federal Bureau of Investigation was successful in the fiscal year 1943 in carrying out its primary responsibility of protecting the home front against spies, saboteurs, and subversive agents. The FBI's counter-espionage and countersabotage programs were vigorously maintained throughout the fiscal period and the measure of success achieved can be gauged by the thwarting of foreign espionage plans and the complete absence of sabotage committed by agents of foreign powers.

Among the numerous protective measures utilized during the year were Paneling Boards composed of representatives of the FBI and the Intelligence Services of the Army and Navy at ports of air or sea entry. The thorough questioning of persons entering and leaving the United States proved a most effective barrier for those attempting to engage in activities harmful to the Nation's security.

Highlighting the activities of the year was the culmination of the case involving the eight submarine-landed German sabotage agents, six of whom were executed while the other two received sentences of life and thirty years in prison, respectively.

In carrying out its security responsibilities in line with the President's Directive of September 6, 1939, the FBI stressed the importance of maintaining civil liberties and urged that all pertinent information be reported immediately to the FBI so that it could be coordinated on a nationwide basis and investigated by trained law enforcement officers. The entire country responded wholeheartedly to the FBI's protective program.

Though major emphasis was placed on security matters during the year, the Federal Bureau of Investigation also achieved outstanding successes in its regular criminal



333359

COORDINATION WITH MILITARY AND NAVAL INTELLIGENCE
SERVICES AND OTHER GOVERNMENTAL AGENCIES

The fiscal year 1943 saw the continuance of a very close cooperative relationship between the Federal Bureau of Investigation and other federal agencies on security matters. Weekly conferences between the high-ranking officials of the FBI and the Intelligence Services of the Army and Navy proved most beneficial in the mutual exchange of data and in the over-all coordination of intelligence activities on a nationwide basis. Similar conferences were held throughout the year among the field representatives of the three organizations. Never in the history of any country have the intelligence agencies worked in closer cooperation.

In connection with its duty of coordinating security information, the FBI made 1,197,212 searches of its files for other governmental agencies during the year and furnished any information which was available. To facilitate the mutual interchange of information a close liaison relationship was maintained with federal governmental agencies connected with the war program. In addition to the name searches approximately 45,000 formal written requests for information from the files of the FBI were handled for other governmental agencies.

MAINTENANCE OF CIVIL LIBERTIES

The FBI was particularly alert during the year to safeguard the rights of individuals and groups guaranteed to them by the Constitution and laws of the United States. Though there has been more basis for public hysteria with consequent injury to the rights and reputations of innocent individuals than ever before, actually there was a minimum of confusion and interference with civil rights.

Preferred attention was given to investigations of possible violations of the Civil Rights Statutes, and 197 cases in this category were opened during the year. The effectiveness of this work cannot be judged by the number of arrests and convictions since the primary objective is the preservation of civil rights.

ALIEN ENEMY CONTROL

During the fiscal year ending June 30, 1943, the FBI and cooperating local law enforcement agencies continued a rigorous enforcement of the alien enemy program in accordance with the Presidential Proclamations of December, 1941, and July, 1942. As the year ended a total of 14,432

as the use of inferior materials, collusive bidding, careless or wilful evasion of proper inspection procedures, and illegal and excessive commissions.

Continuous and preferred attention was afforded investigations of this type by the FBI. There were 66 convictions during the year, with sentences of 93 years, 8 months, and 2 days and fines, savings and recoveries of \$164,484.45. Numerous prosecutions were pending on June 30, 1943.

MISCELLANEOUS

At the request of the War and Navy Departments special inquiries concerning the loyalty of designated aliens employed on War contracts were conducted by the FBI. Though responsibility for these inquiries was transferred to the Office of the Provost Marshal General of the War Department on November 1, 1942, the FBI completed a total of 3,944 such investigations from April, 1941, until their discontinuance. Name searches on aliens employed on war contracts are still being made at the request of the War and Navy Departments, and in the fiscal year 1943, a total of 77,472 searches of this type were made through the FBI files.

In accordance with a Congressional mandate set forth in the FBI's Appropriation Act a total of 5,068 investigations predicated upon specific complaints were conducted of Federal employees "who are members of subversive organizations and advocate the overthrow of the Federal Government." In making these investigations the FBI stated no conclusions but merely reported the testimony of persons interviewed after which the investigative reports were referred to the interested government agencies for analysis. According to information received only 53 persons were discharged by various Federal agencies and administrative action other than dismissal was reported in 44 other cases.

Vigorous attention was given during the year to violations of the Export Control Act which regulates the exportation of critical and strategic materials from the United States. Several convictions resulted in this type of case.

In addition, the FBI conducted a number of investigations involving a violation of the Presidential Proclamation of July 17, 1941, which prohibits business dealings with individuals and organizations contained on the "Proclaimed List of Certain Blocked Nationals," commonly referred to as the Black List.

Attention was also given to alien registration matters, Visa Control, Exit and Reentry Control, and to checking the names of American seamen applying for passports to sail in foreign commerce against the files of the FBI.

ANNUAL REPORT
of the
IMMIGRATION AND NATURALIZATION SERVICE
EARL G. HARRISON, COMMISSIONER

The Immigration and Naturalization Service is concerned primarily with the administration of the laws having to do with the foreign born who are in the United States or who seek to enter the United States. During the fiscal year ended June 30, 1943, the Service effectively carried on its normal functions of determining those whose legal right it was to enter the country, those who were deportable, and those who had fulfilled the prescribed requisites for citizenship, and at the same time handled an increasing volume of work caused by the safeguards and precautions instituted because of the war.

The war, hazards of ocean travel, and travel restrictions imposed by neighboring countries reduced the volume of immigration and emigration, but the war-induced precautionary measures widened the scope of examinations and intensified investigative procedures. In all more than 41 million examinations were made of citizens and aliens seeking to enter the country (mainly border-crossers), but only 104,842 were aliens who expected to make more than a short visit, and only 23,725 came as immigrants, with the intention of remaining permanently.

Approximately 50,000 alien laborers entered the country during the year. Many agricultural laborers came in under the provisions of the Joint Resolution, Public Law No. 45, which was passed by Congress on April 29, 1943, permitting the entry of native agricultural laborers from Western Hemisphere countries, exempting such laborers from many of the usual requirements for admission to the country. Railroad track laborers and some agricultural laborers were granted permission to enter under the Ninth Proviso of the Immigration Act of 1917, as amended.

One of the dominant factors in the year's work has been the acceleration of naturalization work. Limitations and restrictions imposed by the war, employment requirements, the facilitation of naturalization procedures for the military were incentives to many noncitizens to take the necessary steps to become American citizens.

Recognizing the extraordinary advantages of citizenship to the foreign born in time of war, the Service made a concerted effort to speed up the naturalization process, and at the same time to see that all the safeguards provided by

333362

- 13 -

for the issuance of a certificate of citizenship to those persons who derive citizenship through the naturalization of a parent or the naturalization or citizenship of a spouse. Prompt action on such applications is especially important in time of war inasmuch as many of the applicants were required to have proof of their citizenship in order to be employed in essential war work. The number of such applications increased from 26,007 during the fiscal year 1942 to 30,122 during the fiscal year 1943. In addition, there was a considerable backlog of such applications pending from previous fiscal years. Some 35,083 derivative certificates were issued during the fiscal year. This was more than three times as many as were issued in 1942, and more than 13 times as many as were issued in 1939.

Where previously an applicant for a certificate of derivative citizenship was required to wait a period varying from several years to several months for the issuance of such certificate, this work has been brought to such a stage that an applicant may expect to receive his certificate within sixty days after submitting his application, provided, of course, that the application is supported by the required proof of derivative citizenship.

Cancellation of Naturalization.—There were 378 cancellations of naturalizations during the year. Of this number 151 were cases instituted by the Immigration and Naturalization Service because of fraud or illegality, 221 were cases initiated by the State Department because of permanent residence in a foreign country within five years after naturalization (section 338 of the Nationality Act of 1940), and six in criminal proceedings under section 338 of the Nationality Act.

Registry of Aliens.—Under section 328(b) of the Nationality Act of 1940, an alien of good moral character not ineligible to citizenship and not subject to deportation, who entered the United States prior to July 1, 1924, and who has resided in the United States continuously since, in whose case there was no record of admission for permanent residence, might apply to the Commissioner of Immigration and Naturalization to make a registry of his arrival for immigration and naturalization purposes. Upon proof of the required facts, the registry was made and such alien was deemed to have been lawfully admitted to the United States for permanent residence as of the date of his entry.

During the fiscal year 1943, 17,678 applications for registry were received. Registry was granted in 33,120 cases,

333363

denied in 5,590, and withdrawn in 21 cases. The following table represents registry activity for the past five years. It will be noted that three times as many cases were disposed of during 1943 as during 1939.

Table 5.—Registry of Aliens.

	1939	1940	1941	1942	1943
Applications received.....	15841	31565	34634	20634	17678
Hearings held.....	13527	21276	28235	31716	24497
Registry granted..	10588	19308	21659	24335	33120
Registry denied...	1830	1987	1585	2531	5590
Applications withdrawn.....	149	166	163	165	21

OFFICE OF THE ASSISTANT COMMISSIONER FOR ALIEN CONTROL

Enemy Alien Detention and Parole

From the entrance of the United States into the present war to the spring of 1943 the procedure governing the handling of civilian internees provided for the temporary detention by this Service, pending the issuance of final orders, of enemy aliens apprehended under enemy alien proceedings. If ordered interned, the male adult aliens were delivered to the Army for internment. However, in order to provide facilities for prisoners of war, arrangements were completed early in 1943 for the transfer of all civilian internees from the Army camps to the camps operated by this Service and 4,120 civilian internees were so transferred. Besides aliens apprehended in continental United States, this group included civilian internees apprehended by the military authorities in Alaska, the Panama Canal Zone, Hawaii, and other Pacific islands, and those brought from Latin America to the United States for internment and repatriation who were delivered to the Army upon arrival in this country.

At the end of the fiscal year 9,220 enemy aliens were in the custody of this Service, of whom 5,988 were from the continental United States or Puerto Rico, 2,349 from Latin America, and 883 from Alaska, Hawaii, and other Pacific islands. Of the 5,988 from continental United States or Puerto Rico, 428 were voluntary internees, i.e., families of interned enemy aliens who requested internment. Sixteen detention stations were in operation at the end of the year.

- 18 -

enemy alien paroles, and other miscellaneous duties.

The detention camps at Fort Missoula, Montana; Fort Lincoln, North Dakota; Santa Fe, New Mexico; Fort Stanton, New Mexico; Kennedy, Texas; Crystal City, Texas; Tuna Canyon, California; and Sharp Park, California, are under the supervision of officers selected almost entirely from the Border Patrol.

A small number of patrol officers have been engaged continuously in guarding or transporting members of diplomatic missions of enemy countries while awaiting repatriation under exchange agreements. At the close of the fiscal year Axis diplomatic groups were detained at the Hershey Hotel, Hershey, Pennsylvania, and at the Ingleside Hotel, Staunton, Virginia, under the supervision of patrol officers.

Following the arrest of a number of Axis saboteurs landed by submarine on Long Island and on the Florida coast, the Border Patrol was called upon to assist Army and Navy personnel in guarding a considerable part of the Atlantic and Gulf coasts against additional entries of this nature. From early July 1942 to January 1943, there were from 200 to 480 patrol inspectors assigned to this duty. At the height of this activity patrol officers were assigned to the New England coast from the Boston area to the New Brunswick border and from the Chesapeake Bay area on the Atlantic seacoast to the Mexican border at Brownsville, Texas, on the Mexican Gulf coast. From a patrol standpoint the results were negligible but the patrol demonstrated its ability to block off large areas and successfully examine persons entering into and departing from such territory. Selected Army personnel was trained by officers of this Service to take over these duties and at the end of the fiscal year our forces had been withdrawn from active participation in such work, although still available in an emergency.

OFFICE OF THE ASSISTANT COMMISSIONER FOR
ALIEN REGISTRATION

Alien Registration

The fiscal year 1943 marked the third year of the existence of the Alien Registration Division. It represented full and effective utilization of the alien registration records on large scale by many governmental agencies.

During the year the Alien Registration Division received requests for information from various governmental agencies

333365

- 19 -

involving approximately 3,500,000 registrants, representing some fifty national groups. In addition there were 650,000 requests for individual photoprints of registration evidence. These requests came from the Immigration and Naturalization Service District Offices, and other Federal agencies. All these requests have been met expeditiously.

Nearly a quarter of a million new registrations were received and processed during the fiscal year 1943. Of these, almost 140,000 were alien seamen registrations, and some 110,000 were consular immigrant and nonimmigrant registrations.

In maintaining current registration records, there were received and processed 814,000 changes of address, 290,000 naturalization reports, and 250,000 other reports involving changes in status such as deaths, departures, and deportations.

In order to speed up the work of the district offices, an index of registered aliens in the form of card files was prepared and installed in each district office for aliens residing within the district boundaries. The card files are composed of two major units: (1) the address card, and (2) the detail data card. The address card file is arranged in alphabetical order by surname of alien, within each country of birth group, while the detail data card file is arranged in numerical sequence by registration number. Thus, the district offices have at their disposal a two-way index through which the record of aliens can be located by either name or registration number.

These files have been an aid in thousands of naturalization cases. Alien Registration records have been also consulted by representatives of Federal agencies in connection with questions regarding the employment of aliens in industrial plants engaged in war work.

At the end of the fiscal year there were 4,593,537 active files of aliens, exclusive of alien seamen registered with the division. This is a reduction of 6.6 percent since the close of the registration period in December 1940, though the actual reduction in numbers of aliens is undoubtedly very much greater but not disclosed in the registration files because of the lag in the receipt of reports of changes of status due to death, departure or the acquisition of citizenship. Appendix Tables XIX and XX indicate distribution of registered aliens by States and by countries of birth.

333366

TABLE VI. — Immigrant aliens admitted, year ended June 30, 1943, by principal races, occupations, sex, age groups, and marital status

Occupation, sex, age, and marital status	All Races	English	French	German	Greek	Hebrew	Irish	Italian	Scandinavian	Scotch	All Other
Number admitted.....	23,725	3,629	1,763	498	378	4,705	1,511	150	625	1,387	9,079
OCCUPATION											
Clergy.....	382	62	45	19	1	52	89	-	13	24	77
Lawyers.....	59	2	2	2	-	35	1	-	1	1	15
Physicians.....	218	12	6	8	3	90	3	1	-	4	91
Professors and teachers..	616	67	186	20	4	65	72	1	11	27	163
Other professional.....	1,398	250	92	43	20	353	126	9	45	121	339
Merchants and dealers....	781	41	16	10	60	407	17	7	6	22	195
Other commercial.....	530	73	26	21	8	221	29	-	13	27	112
Farmers.....	235	19	17	5	2	16	11	-	8	9	148
Skilled workers.....	3,982	512	168	87	153	763	215	29	191	214	1,650
Servants.....	654	74	77	20	13	45	41	2	21	44	317
Laborers.....	820	44	33	8	4	18	35	10	13	16	639
Miscellaneous.....	992	142	68	15	63	180	78	10	34	72	330
No occupation.....	13,058	2,331	1,027	240	47	2,460	794	81	269	806	5,003
SEX											
Male.....	9,825	1,076	531	198	328	2,181	514	64	333	422	4,178
Female.....	13,900	2,553	1,232	300	50	2,524	997	86	292	965	4,901
AGE GROUP											
Under 11 years.....	2,046	307	203	27	6	300	91	6	46	106	954
11 to 20 years.....	3,315	526	277	57	12	592	189	21	56	200	1,385
21 to 30 years.....	5,933	1,024	474	136	69	744	482	56	152	386	2,410
31 to 40 years.....	5,246	651	352	131	170	1,040	299	34	196	237	2,136
41 to 50 years.....	3,368	442	228	72	92	813	190	19	91	156	1,265
51 to 60 years.....	1,791	253	100	43	22	546	108	12	40	134	533
Over 60 years.....	2,026	426	129	32	7	670	152	2	44	168	396
MARITAL STATUS											
Single.....	9,638	1,219	851	212	164	1,674	649	43	261	549	4,016
Married.....	12,044	2,049	807	255	203	2,508	722	102	328	700	4,370
Widowed.....	1,649	312	88	25	7	432	122	5	27	127	504
Divorced.....	394	49	17	6	4	91	18	-	9	11	189

333367

6-1943

DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE, PHILADELPHIA

migrant aliens admitted and emigrant aliens departed, years ended June 30, 1939 to 1943,
by countries of last or intended future permanent residence

Countries	I M M I G R A N T					E M I G R A N T				
	1939	1940	1941	1942	1943	1939	1940	1941	1942	1943
All countries.....	82,998	70,756	51,776	28,781	23,725	26,651	21,461	17,115	7,363	5,107
Europe.....	63,138	50,454	26,541	11,153	4,920	13,770	9,143	3,326	1,091	1,719
Albania.....	229	152	2	-	-	31	21	-	1	-
Belgium.....	683	1,713	1,816	346	120	121	61	14	3	-
Bulgaria.....	129	87	135	15	3	36	21	3	-	-
Czechoslovakia.....	2,896	1,074	314	137	102	145	39	11	-	-
Denmark.....	306	250	244	84	100	199	140	20	105	-
Estonia.....	93	75	41	14	14	17	17	3	-	-
Finland.....	411	233	244	44	49	197	231	36	5	17
France.....	1,907	2,575	4,801	4,430	1,201	469	542	78	31	9
Germany.....	33,515	21,520	4,028	2,150	248	4,211	1,978	1,758	2	-
Great (England....	2,739	5,850	7,368	838	901	1,639	998	372	632	1,405
Brit- (Scotland...)	277	263	295	51	71	651	312	99	64	47
ain (Wales.....)	42	45	51	18	2	47	18	6	2	10
Greece.....	907	811	268	174	229	470	261	77	6	1
Hungary.....	1,348	1,902	330	186	75	124	136	18	9	-
Ireland (Eire).....	1,101	749	211	70	132	676	322	52	18	10
Italy.....	6,570	5,302	450	103	49	1,829	1,534	104	21	3
Latvia.....	168	288	97	27	21	18	13	-	-	-
Lithuania.....	290	262	242	52	43	43	24	4	-	-
Netherlands.....	1,259	2,097	823	139	77	165	108	17	4	2
Northern Ireland....	88	90	61	13	33	158	75	10	5	3
Norway.....	527	488	369	72	71	455	276	5	1	-
Poland.....	3,072	702	451	343	394	315	81	4	-	1
Portugal.....	422	448	1,101	437	395	283	448	185	56	100
Romania.....	421	333	122	67	45	126	83	10	-	-
Soviet Russia.....	59	40	41	60	32	112	114	138	17	23
Spain.....	257	259	300	234	254	133	447	200	50	25
Sweden.....	342	518	518	205	58	557	437	44	28	24
Switzerland.....	1,237	1,211	1,375	585	123	163	119	36	21	23
Yugoslavia.....	1,090	652	142	73	29	302	192	6	2	-
Other Europe.....	753	465	301	186	49	78	95	16	8	16
Asia.....	2,162	1,913	1,801	564	334	1,627	2,368	2,818	817	12
China.....	642	643	1,003	179	65	524	998	816	135	4
Japan.....	102	102	289	44	20	804	1,078	1,823	618	-
Palestine.....	1,066	850	268	150	107	62	66	14	7	1
Syria.....	207	111	14	24	9	42	29	-	-	-
Other Asia.....	145	207	227	167	133	195	197	165	57	7
Canada.....	10,501	10,806	11,280	10,450	9,571	965	769	835	595	439
Newfoundland.....	312	272	193	149	190	69	35	46	14	6
Mexico.....	2,640	2,313	2,824	2,378	4,172	5,117	4,584	4,392	2,889	2,498
West Indies.....	2,231	2,675	4,687	1,599	2,312	1,453	1,300	1,430	770	35
Central America.....	530	639	1,239	805	1,218	425	470	637	266	123
South America.....	915	1,115	2,216	989	693	922	1,004	1,352	737	224
Africa.....	218	202	564	473	141	101	93	98	67	26
Australia.....	159	156	137	100	97	66	126	106	16	15
New Zealand.....	54	51	57	20	23	23	36	50	12	3
Other countries * ...	138	160	237	101	54	2,113	1,533	2,025	89	7

Chiefly Philippine Islands.

333368

U. S. DEPARTMENT OF JUSTICE

Immigration and Naturalization Service
 Alien Registration Division
 Philadelphia, Pa.

NUMBER OF ALIENS REGISTERED IN ALL STATES
 CLASSIFIED BY COUNTRY OF BIRTH
 June 30, 1943

<u>NAME OF COUNTRY</u>	<u>TOTAL</u>
Total All Countries	4,593,537
<u>Europe</u>	
Total	3,251,067
Albania	6,182
Andorra	2
Austria	177,927
Austria-Hungary	82,237
Belgium	15,040
Bulgaria	4,310
Czechoslovakia	63,466
Danzig	440
Denmark	25,660
Estonia	1,772
Finland	44,984
France, includes Corsica	33,303
Germany	300,064
Gibraltar	476
Great Britain, includes England, Scotland and Wales	266,774
Greece	73,761
Greenland	6
Hungary	106,166
Iceland	592
Ireland (Northern)	27,279
Irish Free State (Eire)	139,004
Italy, includes Sicily and Sardinia	653,359
Latvia	6,323
Liechtenstein	77
Lithuania	78,066
Luxemburg	1,521
Malta	2,720
Monaco	14
Netherlands	29,093
Norway	59,628
Poland	394,662
Portugal, includes Azores, Cape Verde & Madeira Islands	68,801
Rumania	30,004
Russia, includes Russia in Asia	324,104
San Marino	170
Spain, includes Canary and Balearic Islands	37,733
Sweden	86,395
Switzerland	22,046
Turkey, includes Turkey in Asia	39,188
Yugoslavia	47,718

333369

KF
5107
A61
1944

**ANNUAL REPORT OF THE
ATTORNEY GENERAL OF
THE UNITED STATES**

FOR THE FISCAL YEAR ENDED JUNE 30

1944



333370

CONTENTS

Report of the Attorney General, Francis Biddle	5
Introduction	5
Internal Security	6
Sedition and Related Offenses	6
Alien Enemy Control	7
Japanese Evacuation	8
War Frauds and Wartime Economic Controls	9
War Frauds	9
War Labor Disputes	10
Price Control	10
Selective Service and Conscientious Objectors	10
The Federal Prisons	14
Enforcement of the Antitrust Laws and Investigation of Cartels	14
Claims by and Against the United States	19
Immigration and Naturalization	20
Immigration	20
Naturalization	21
Deportations	21
Legislation	22
Real Property Condemnations and the War	23
Legislative Recommendations: Federal Corrections Act	23
Administrative Division	24
Opinions of the Attorney General	25
Annual Report of the Solicitor General, Charles Fahy	28
Report of the Judicial Conference	46

333371

REPORT OF THE
ATTORNEY GENERAL

DEPARTMENT OF JUSTICE, WASHINGTON, D. C.
APRIL 1945

*To the Senate and House of Representatives of the
United States of America in Congress assembled:*

I have the honor to report on the business of the Department of Justice for the fiscal year 1944.

The heads of the various Offices, Divisions and Bureaus of the Department have prepared detailed summaries of the work accomplished under their supervision, which are transmitted herewith.¹ There is also transmitted a copy of the Report of the Judicial Conference which convened in Washington on September 26, 1944.

I

During the second full fiscal year of operation on a wartime basis, the Department of Justice continued to devote its energies and activities to the highly important tasks of safeguarding internal security, maintaining public order, protecting civil rights, and insuring the effective operation of orderly civil process

¹ For reasons of economy, the Annual Reports of the Attorney General and the Solicitor General only are being printed at this time. Interested persons may examine the complete report in the Main Library of the Department of Justice. Detailed reports are transmitted for the following Offices, Divisions and Bureaus: The Office of the Solicitor General, the Office of the Assistant to the Attorney General, the Office of the Assistant Solicitor General, Criminal Division, Antitrust Division, Claims Division, Lands Division, Customs Division, Tax Division, War Division, Administrative Division, Federal Bureau of Investigation, Immigration and Naturalization Service, Board of Immigration Appeals, Bureau of Prisons, Office of the Pardon Attorney, and the Library.

333372

through the courts and other civilian agencies. The war has caused no decline in the regular functions of the Department; it has brought many new tasks of the utmost gravity; and it has increased the participation of the Department in activities which transcend departmental lines.²

These augmented duties are being carried out with the personnel of the Department necessarily drained by the calls of the armed services. At the close of the fiscal year 6,447 employees had left to enter the armed forces. It is known that 43 have lost their lives in the war. Replacements for those who have left have been made up almost entirely of older men, women, and men unfit for military service. As of June 30, 1944, 173 employees had returned to the Department from military leave.

² Among the numerous interdepartmental bodies on which the Department is represented are the following: Interdepartmental Committee on Employee Investigation; Advisory Committee on Legal Personnel; Advisory Committee on Procurement Policies; Federal Specifications Committee; Federal Real Estate Board; Surplus Real Estate Advisory Committee; British-American Joint Patent Interchange Committee; Contract Settlement Advisory Board; Clearing Office for Foreign Transactions and Reports of the Foreign Economic Administration.

333373

in this country. The Committee on Appropriations of the House of Representatives stated in its 1943 report to Congress:

"... the nonwar work of the Antitrust Division should not be relaxed, not only because of its indirect connection with the war effort, but also because of the need for protecting our postwar economy."

The war has resulted in an inevitable economic concentration of business. The value of the gross national product in 1940 was \$100,000,000,000. In 1944 it was well over \$200,000,000,000. Of this amount roughly half is for civilian production. A comparatively small number of large companies account for the bulk of the \$100,000,000,000 of war production. In almost every field, the large companies will emerge much more powerful than before the war; in some fields small companies have been completely eliminated. The reconversion period when it comes will present enormous problems if competitive enterprise is to be strengthened and new wartime productive capacity put to work in a civilian economy. The enforcement of the antitrust laws during the past fiscal year has been directed at those strategic points in the economy where the renewal of restraining and monopolistic conditions would have the greatest effect in aiding war production and in preserving for the postwar period the opportunity for free and competitive enterprise.

Twenty-two new cases under the antitrust laws were instituted by the Department against a total of 574 defendants and 38 cases under the antitrust laws begun during prior years were finally terminated during the past fiscal year; the Government's position was sustained in 32 of these cases. In connection with the necessary preparation for the maintenance of free and competitive enterprise in our postwar economy, the antitrust cases in the fields of cartels, patents and transportation have been of most significance during the past year.

In an industrial and scientific era, control over enterprise is often to be secured through control over key industrial processes. The resources of the country are to be measured not only in terms of its natural resources but also in terms of its knowledge of and ability to work with the newer industrial arts. Private restrictive agreements thus have been able to control the development of synthetics and light metals. The misuse of the patent privilege by using patents as the means for carrying out international cartel agreements or as instruments for suppressing the production or use of the newer materials has therefore become

333374

VI

ENFORCEMENT OF THE ANTITRUST LAWS
AND INVESTIGATION OF CARTELS

The antitrust laws constitute the principal legal mechanism for the maintenance of a free and competitive enterprise system

one of the major concerns of antitrust enforcement. For this reason the Department filed a number of antitrust suits charging the misuse of patents to restrain trade. Both domestic and international agreements are involved in these cases. Typical of the domestic agreement cases is the Wisconsin Alumni Research Foundation case, where the Department intervened in an infringement suit in order to raise the question of the legality of a patent pool which operated to restrict and to regulate the use which might be made of Vitamin D. The civil complaint filed against Imperial Chemical Industries, Ltd. of Great Britain and E. I. du Pont de Nemours and Co. is typical of the international agreement cases in which it is charged world markets in chemicals have been allocated, and exports and imports restricted.

In numerous instances the patent and cartel cases brought by the Department have resulted in the removal of restrictions which stood in the way of war production. This was particularly true because the German Government, acting through German-controlled cartels, had the deliberate policy of attempting to curtail American production in strategic war items. In illustration of their operations, the Department presented, at the request of the Kilgore Committee, a subcommittee of the Senate Committee on Military Affairs, detailed documentary evidence outlining the operations of German cartels to restrict American production and to circumvent the terms of the Versailles Treaty. To counteract the effects of such cartel agreements, engineered by the German government as economic warfare intended to weaken this country's productive capacity, the Department, since 1942, has filed more than thirty international cartel cases. As a result of these cases strategic patents in such items as magnesium, aviation gasoline and synthetic rubber have been made available to all applicants.

In addition, the Economic Warfare Section of the War Division has been engaged in extensive studies of particular aspects of international cartels with emphasis on the techniques employed by the Germans to penetrate the economies of other countries, especially the United States and our neighbors in Latin America.⁴ Such giant enterprises as I. G. Farbenindustrie and the German Steel Trust (Vereinigte Stahlwerke) have for years functioned as arms of the German government in the development and execution of its predatory designs. It is of the utmost importance that these operations of our enemies in the

⁴ These studies have been prepared upon the request of the Foreign Economic Administration, the Department of State and other agencies and financed by a transfer of funds from the Foreign Economic Administration approved by the Bureau of the Budget.

economic field should be fully uncovered and understood, the more so since their European establishments will shortly fall into Allied hands. The problem of subjecting them to appropriate control must be solved for the sake of our domestic security as well as for the future of the postwar world.

The Department has not yet completely uncovered the web of international cartel agreements, but the antitrust cases dealing with the misuse of patents and the formation of international cartels and the War Division investigation of cartel operations are now of utmost significance with respect to the postwar world. Private restrictive agreements curtailing foreign trade are incompatible with an expanding economy. The Department is aware of the fact that many international agreements allocating world territories are merely in abeyance during the war and that in numerous instances negotiations have already been carried on for their resumption. These agreements foster domestic monopolies; in return for the commitment of a foreign company that it will not enter the American market, its American cartel partner assumes the obligation not only not to sell in forbidden foreign markets but also to keep domestic competitors from selling abroad. The purpose and effect of such agreements is to raise domestic prices, thus curtailing consumer purchasing power, and to eliminate competitors. When these international and domestic agreements concern the newer technological processes, as is likely to be the case when patents are involved, they stand in the way of the future development of small enterprise, necessarily restricted by the war, and the reconversion to peacetime use of government-owned war plants. The patent and cartel cases have therefore been a preparatory step taken by the Department during this period "because of the need for protecting our postwar economy."

The maintenance of a system of free enterprise, with equality of opportunity and an incentive to pioneer in the making of newer types of products, will be enormously affected by the way in which the Government disposes of its surplus war facilities. The Surplus Property Act of 1944 (P. L. 457, 78th Cong., 2d Sess.) directs the Attorney General to advise any disposal agency whether a proposed disposition would, in his judgment, violate the antitrust laws where the property involved is a plant costing a million dollars or more or is a patent or similar process. It is estimated that when the war is over the United States will own plant facilities costing more than \$16,000,000,000.

333375

ANNUAL REPORT OF THE SOLICITOR GENERAL

CHARLES FAHY

For the Fiscal year 1944

1. *The work of the Office of the Solicitor General.* (a) *In general.*—The predominant function of the Solicitor General is the conduct of Government litigation in the Supreme Court of the United States. This includes the preparation of briefs and presentation of oral argument in cases on review, the responsibility of determining whether the Government should seek Supreme Court review of adverse decisions in the lower courts, and the determination of the Government's position in respect of petitions for review filed by parties against the Government. A second major duty is the determination whether in cases handled by the Department of Justice, appeals should be taken by the Government to courts other than the Supreme Court. A further duty, now of declining importance, is that of determining whether the United States should intervene under the Judiciary Act of 1937 in non-Government cases involving the constitutionality of an Act of Congress. The Solicitor General is also frequently consulted in connection with matters which may eventually ripen into Supreme Court litigation, as well as problems which arise as a result of cases decided by the Court. In addition, he receives special assignments from the Attorney General.

The work of the Office during the fiscal year was again considerably influenced by the war. During the October Term, 1943, of the Supreme Court, which coincided closely with the fiscal year, the Court was called upon to decide novel and important questions arising out of the prosecution of the war. The scope of the treason clause of the Constitution; the proof required to sustain a conviction of an attempt to create insubordination or disloyalty among the armed forces; the validity of emergency price and rent control legislation; the authority of the Price Administrator to issue suspension orders against distributors found to have violated rationing regulations; the duty of a registrant under the selective service law to obey an order to report

for induction, even though he claims his classification was improper; the effect of a registrant's failure to take an oath of induction—these were characteristic of the legal issues born of the war which were presented to the Court for adjudication. But the work was by no means exclusively, or even preponderantly, concerned with litigation resulting from the war. Indeed, some of the most far-reaching decisions of the Court during the past year related wholly to familiar peacetime functions of the Government. The applicability of the Sherman Act to the insurance business; the latitude to be given rate-fixing bodies in making property valuations; the scope of *res judicata* in patent cases; the right of miners to receive overtime compensation under the Fair Labor Standards Act for time spent in underground travel to and from the portal or entrance to the mine—these few well-known examples will suffice to illustrate this aspect of the Office's work.

(b) *Some cases handled by the Solicitor General.*—The October Term, 1943, brought before the Supreme Court a substantial number of cases involving the validity of actions taken by the Government in connection with the prosecution of the war: Perhaps the most important dealt with questions arising under the Emergency Price Control Act. In *Yakus v. United States* and *Rottenberg v. United States* the Court rejected broad attacks upon the validity of the price control provisions of the Act; no unconstitutional delegation of power was found; the provision giving the Emergency Court of Appeals exclusive judicial review of the validity of price regulations was held not to deny due process of law; and the provision precluding consideration by federal district courts of the alleged invalidity of a regulation as a defense to a criminal prosecution for its violation was upheld as consistent with the guaranties of the Fifth and Sixth Amendments. Of like significance in defining the extent of the war powers was *Bowles v. Willingham*. The Court rested its decision upholding the validity of the rent control provisions of the Emergency Price Control Act upon broad grounds:

* * * We need not determine what constitutional limits there are to price-fixing legislation. Congress was dealing here with conditions created by activities resulting from a great war effort. A nation which can demand the lives of its men and women in the waging of that war is under no constitutional necessity of providing a system of price control on the domestic front which will assure each landlord a "fair return" on his property.

3

597360

Justice

4-6-44

U.S. Dept. of justice.

T. Annual Report of the Attorney General of the
United States.

DOJ
KF
5107
AGI
1944
c.2

for the Fiscal Year Ended June 30

1944

Washington, D.C.
1944

333377

1944
CONTENTS

45-1251

Annual Report of the Attorney General, 1944	1-43
Report of the Judicial Conference, Sept. Sessions 1944.	44-70
Annual Report of the Solicitor General, 1944.	71-97
Report of the Assistant to the Attorney General, 1944.	98-101
Report of Assistant Solicitor General	102-104
Report of Assistant Attorney General, Criminal Division	105-155
Annual Report of Antitrust Division	156-167
Report of Assistant Attorney General, Claims Division	168-212
Report of Assistant Attorney General, Lands Division.	213-237
Annual Report, 1944, Customs Division	238-251
Report of Assistant Attorney General, Tax Division.	252-268
Annual Report of War Division, 1944	269-292
Report of Administrative Division	293-305
Federal Bureau of Investigation, 1944	306-332
Annual Report of Immigration and Naturalization Service	333-402
Board of Immigration Appeals.	403-417
Annual Report, Director of the Bureau of Prisons.	418-467
Report of the Pardon Attorney	468
Report of the Librarian	469-470
Annual Report of Bureau of War Risk Litigation.	471

333378

REPORT OF ASSISTANT SOLICITOR GENERAL
HUGH B. COX

(Oscar Cox, Assistant Solicitor General from June 30, 1942
to December 13, 1943.)

During the year the duties of the Assistant Solicitor General consisted of various general and special assignments from the Attorney General and the Solicitor General.

DUTIES ASSIGNED BY THE ATTORNEY GENERAL

Preparation of opinions. -- It is the duty of the Assistant Solicitor General to prepare for the Attorney General formal legal opinions to the President, the heads of the ten Executive departments, and the Veterans Administration. It is also the duty of the Assistant Solicitor General to give informal opinions and legal advice to the various agencies and instrumentalities of the Executive branch of the government. During the year the office prepared and gave opinions, either formal or informal, to other agencies and officers of the government in approximately 150 instances. More than half of these opinions dealt with questions arising out of activities directly related to the war.

The Assistant Solicitor General also gives opinions to the several divisions and bureaus of the Department of Justice on questions of law arising in the internal administration of the Department and its relation with other departments. During the year approximately 30 opinions of this kind were prepared.

Preparation and consideration of legislation. - The Attorney General has directed the Assistant Solicitor General (1) to study the need for all proposed legislation relating to the war or to the problems of reconversion, (2) to draft, or to assist other agencies in drafting, such legislation of this kind as is determined to be necessary, and (3) to assist in clearing such legislation expeditiously through all interested agencies. Pursuant to this assignment the office of the Assistant Solicitor General in the course of the past fiscal year did a substantial amount of work on legislation

333379

relating to the conduct of the war, the termination of war contracts, the disposition of surplus property, and the demobilization of industry.

In addition to work on war and reconversion legislation the office, in response to requests, prepared and submitted reports to congressional committees and the Bureau of the Budget on a large number of proposed bills dealing with other subjects. At the request of the Bureau of the Budget the office also examined a large number of bills passed by Congress and prepared reports which were submitted to the President before he considered these bills.

During the year the office handled approximately 1,000 legislative assignments.

Preparation of Executive orders and proclamations. -- Under regulations issued by the President all proposed Executive orders, proclamations, and public land orders prior to their issuance are required to be submitted to the Attorney General for his approval as to form and legality. The duty of reviewing and revising Executive orders, proclamations, and land orders has been assigned to the Assistant Solicitor General by the Attorney General. During the fiscal year this office passed upon 225 orders and proclamations. Approximately 170 of these orders and proclamations related primarily to the internal affairs of the government. Many of the proposed Executive orders and proclamations required extensive study of the statutory provisions involved. Advice was frequently given to the various departments and establishments as to the preliminary drafting of Executive orders and proclamations prior to formal submission to the Attorney General. In numerous instances this office actively participated in the drafting of the order. In almost all cases the orders as submitted were revised in this office either in the interest of clarity of expression or for the purpose of making changes of substance required by the applicable laws.

After issuance all Executive orders and proclamations are filed with the Division of the Federal Register in accordance with law, and those which have general applicability and legal effect are published in the Federal Register.

333380

Special assignments. -- During the year the Assistant Solicitor General represented the Attorney General on the following permanent committees: The Interdepartmental Committee on Cooperation with the American Republics; the Postal Savings Committee; the Interdepartmental Committee on War Crimes; the National Archives Council; and the Administrative Committee of the Federal Register. He also represented the Attorney General on a number of temporary interdepartmental committees including the Surplus War Property Policy Board.

Thirty-one gifts or bequests to the United States or in aid of governmental agencies were supervised by this office.

DUTIES ASSIGNED BY THE SOLICITOR GENERAL

Review of Customs Court decisions. -- It is the duty of this office to recommend to the Solicitor General whether appeals should be prosecuted from decisions of the United States Customs Court to the Court of Customs and Patent Appeals. During the year the office made recommendations in 25 cases of this kind. The office also collaborated with the Assistant Attorney General in charge of customs matters in a number of cases arising under the tariff laws involving questions respecting reciprocal foreign trade agreements and treaties.

Special assignments from the Solicitor General of miscellaneous character were also disposed of by this office. The Assistant Solicitor General becomes Acting Solicitor General in the absence of the Solicitor General, and when so acting performs the duties of the Solicitor General.

REPORT OF ASSISTANT ATTORNEY GENERAL

105

TOM C. CLARK

In Charge of the Criminal Division

(Wendell Berge Assistant Attorney General to August 27, 1943,
Tom C. Clark Assistant Attorney General to June, 1944.)

The second full year of the war has witnessed the crystallization of policies tentatively formulated by the Criminal Division in the early part of the war for the enforcement of statutes which might be invoked during such a critical period. Many of the ideas which had been adopted became the basis of court decisions, upholding conclusions reached by the Division with reference to the meaning and scope of wartime legislation. At the same time, there were Supreme Court decisions of far-reaching significance which necessitated a change in the approach to some problems.

To meet wartime needs, every opportunity has been taken to adjust the legal facilities of the Division and to revise existing procedures and practices. By order dated August 28, 1943, the Attorney General transferred to the Division responsibility for the prosecution of war frauds, supervision over violations of price, rationing and food allocation orders and the control of certain additional functions in connection with Sedition. There was completed a survey of the work and organization of the Division inaugurated during the preceding year, in an effort to improve the methods of supervision over the work of the United States Attorneys, to facilitate the handling of an increased volume and variety of work arising out of the war, and to reduce the amount of routine work. As a result, a significant reorganization was effected on February 5, 1944, with the regrouping of functions and responsibilities among six new or operating sections as follows: (1) Administrative Regulations Section - to handle all matters growing out of the enforcement of regulatory statutes and of the Executive and Administrative Orders of the Government; (2) Civil Rights Section - to handle Civil Rights statutes, election frauds and Hatch Act violations and crimes against labor; (3) General Crimes Section - to handle general criminal matters not especially assigned to other sections;

333382

(4) Internal Security Section - to supervise all matters relating to Selective Service Act violations, denaturalization, espionage, sabotage, sedition and kindred statutes; (5) War Frauds Section - to handle all frauds arising out of government war contracts; (6) Appeals and Research Section - to perform, in addition to its regular appellate work, research into legal problems outside the province of other units of the Division. An Administrative Section was also set up to handle the internal administrative and fiscal matters for the Division.

In the course of these reorganizations and revisions in procedure, the Division carried on its functions without disruption and disposed of cases 10.2 per cent in excess of the number terminated in the preceding year. The number of matters pending at the close of the year was 30 per cent less than in the fiscal period 1943.

INTERNAL SECURITY

With the increased tempo of the war in the past year, the Criminal Division reached the peak of its activities in connection with the administration of internal security statutes, and as the year came to a close, there was a slight but definite recession in the volume of cases in this category. In addition to the decline in violations of the treason, sedition and espionage laws, the number of selective service cases handled by the Division decreased considerably toward the end of the fiscal period. Despite this fact, the number of internal security matters handled by the Internal Security Section exceeded the number handled in the previous year, the total for the year being 20,078 as against 17,443 in the previous year. As the war progressed more successfully for the Allies upon the military front, the number and seriousness of possible violations of the treason, espionage, sabotage and sedition offenses decreased and a smaller number of the cases reviewed were found to be sufficient to warrant the institution of criminal proceedings. In addition, the Supreme Court decision in the Baumgartner denaturalization case sharply limited the number of cases in which the government might prevail in proceedings to cancel citizenship with the result that out of the hundreds of cases being reviewed, very few additional suits will be filed in the future.

In the field of sedition, the Supreme Court's decision in the Hartzel case served to underscore the Department's policy

333383

substantial sums in addition to the fines that are collected.

Some of the more important war frauds prosecutions during the year are set forth in Appendix II.

REGULATORY STATUTES

There is both a diversity and a likeness in the problems arising under statutes dependent for their enforcement upon Executive orders and administrative regulations. In order that like problems may be dealt with similarly and consistently and that diverse problems may be dealt with differently, all work of a regulatory nature has been assigned to a regulations section which is divided into units engaged in supervising and assisting the enforcement of regulations and orders of a diverse group. Each is a distinct enterprise composed of related tasks; involving similar problems of policy, of law and of method. The work of the section is discussed under the various groups.

Economic Controls

Emergency Price Control Act of 1942 and Second War Powers Act. In August, 1943, the control over litigation incident to enforcement of regulations under the Emergency Price Control Act of 1942 and the Second War Powers Act was transferred from the Antitrust Division to the Criminal Division.

During the fiscal year, prosecutions were instituted against 3805 defendants charged with violations of OPA price or rationing regulations. There were prosecutions against 1858 defendants pending at the beginning of the fiscal year. Cases against 4106 defendants were disposed of; 3840 defendants were convicted. In the course of an intensive campaign against the black market in liquor during the last 6 months of the year, investigations by the Alcohol Tax Unit of the Treasury Department working in conjunction with the Office of Price Administration, resulted in the institution of prosecutions against 495 more defendants, of whom 185 were convicted during the year.

Pursuant to recommendations from the War Production

of procedure were made in anticipation of the reference by Office of Defense Transportation, Solid Fuels Administration for War, and Petroleum Administration for War, of cases arising in the course of the enforcement of their regulatory programs under the Second War Powers Act.

Economic Warfare

Statutes and implementing regulations relating to Trading With the Enemy Act, Export Control, Neutrality, the Shipping Act and Foreign Funds Control have been invoked as a weapon of economic warfare. These statutes are designated to prevent the movement of foreign funds and the export of critical materials to foreign nations. A number of prosecutions have been instituted, generally with satisfactory results.

Perhaps the most important case in this field is that of United States v. Smit, et al., in the Southern District of New York. On December 20, 1943, seven indictments were returned charging Leonard J. A. Smit, a Belgian national, and others with violations of the Trading With the Enemy Act (Section 5(b), Title 50, Appendix, U.S.C.) and Treasury Foreign Funds regulations issued thereunder; the Export Control Act (Section 701, Title 50, Appendix, U.S.C.); the False Claims Statute (Section 80, Title 18, U.S.C.) and Conspiracy (Section 88, Title 18, U.S.C.). Three of the indictments involved the shipment to Europe of industrial diamonds in violation of the Export Control law; two related to Smit's withdrawal of \$65,000 which had been blocked and two others, in which the Chase National Bank was also named as a defendant, involved the movement of funds in world trade. Shortly after the close of the fiscal year, on July 3, 1944, Smit and three of his concerns Anton Smit and Company, Incorporated, the Diamond Corebit and Tool Company and El-santum Incorporated pleaded guilty. Fines totaling \$102,000 were imposed on Smit and the three companies. In addition, Smit was committed to the custody of the Attorney General for a period of one year and a day on each count of each indictment, the sentences to run concurrently. He is to stand committed until the fines against him personally have been paid. The trial of the Chase National Bank has been set for the October Term, 1944.

The case of United States v. Isidro Balbao Ojinaga, et al., in the District of Maryland, involved an attempt to export a prohibited material, platinum, without first having obtained a license. Juan Tomas Barenno, Manuel Rodrigues,

117

Isidro Balbao Ojinaga, Juan Gallgeo and Indalicio Sevillano were indicted for violation of the Export Control Law (Section 701, Title 50 Appendix, United States Code) and the regulations thereunder. On July 7, 1943, all of the defendants, with the exception of Sevillano, entered pleas of guilty and were fined in amounts ranging from \$1,500 to \$8,000. An order of nolle prosequi was entered as to defendant Sevillano.

In another case, Werner F. Trinler and Harry Strygler were indicted in the Southern District of New York for conspiring to export from the United States without a license approximately 7,724 carats of industrial diamonds in violation of a proclamation of the President issued under the Export Control Law (Section 701, Title 50 Appendix, U.S.C.). On July 28, 1943, the defendant Strygler pleaded guilty and was sentenced to a fine of \$4,000. Trinler pleaded guilty on August 24, 1943, and was sentenced to 23 months' imprisonment and fined \$7,500. Harry Smith, who was also involved in this case, was indicted for violation of Section 80 of Title 18 of the United States Code. Following a plea of guilty he was given a suspended sentence of three years and fined \$2,000.

Trade and Consumer

Federal Food, Drug, and Cosmetic Act - On July 1, 1943, 367 civil actions, 133 criminal actions, and 19 suits for injunction were pending. During the year, there were referred to this Department 2,341 civil actions, 6 injunction suits, and 238 criminal cases. Two hundred and seventeen criminal cases, 2,096 civil cases, and 5 injunction proceedings were terminated during the fiscal year, leaving pending on July 1, 1944, 612 civil cases, 154 criminal cases, and 20 injunction suits. Fines were imposed in 197 of the criminal cases in an aggregate amount of \$91,637. Eight cases were disposed of by dismissal. In the civil cases, decrees of condemnation were entered in 1,966 cases in which the goods or products were released for reconditioning in 718 cases. One hundred and twenty-nine cases were dismissed chiefly because no seizures were effected. Permanent injunctions were entered in 11 cases.

Numerous cases of special interest were prosecuted or disposed of during the year. In the Dotterweich case,

333386

cases were pending at the end of the year.

Hours of Service Cases (45 U.S.C. 61-66): During the year, 55 Hours of Service cases were transmitted to United States Attorneys for prosecution. Civil penalties aggregating \$77,400 were assessed. On June 30, 1944, 156 counts were pending trial and one case of five counts involving construction of the "wrecking train" proviso of the Act was on appeal in the Eighth Circuit Court of Appeals.

Safety Appliance Act (45 U.S.C. 1-16): Two hundred eighty-four Safety Appliance cases were transmitted to United States Attorneys for prosecution during the year. Civil penalties aggregating \$65,600 were assessed on 656 counts. Cases containing 446 counts were pending at the close of the fiscal year.

Kickback Act (40 U.S.C. 276b): Approximately 100 complaints of kickback cases were received during the year and 20 are now being investigated. Indictments have been obtained in six cases which are awaiting trial. Three convictions were obtained during the fiscal year and fines were assessed totaling \$4,100.

The first case requiring interpretation of the Kickback Act (Section 276b, Title 40, United States Code) by the Supreme Court was decided on January 5, 1944. In reversing a holding of the Third Circuit, the Court held that the Act applies to a foreman who obtained kickbacks from employees without the knowledge of the employer and on penalty of discharge. (United States v. Laudani, 320 U.S. 543)

Walsh-Healy Act (41 U.S.C. 35-45): During the year, indictments were obtained in four cases for the filing of false affidavits in connection with Walsh-Healy Act contracts. The cases are awaiting trial.

A summary of the principal cases decided during the year appears in Appendix III.

GENERAL CRIMES

Included in this classification are enforcement problems of law, policy and procedure arising in connection with the great body of common crimes such as those committed.

was appointed to hear the controversy, before whom the matter is now pending for decision.

It is the Government's position that the law is constitutional, having been enacted pursuant to international agreements and treaties by which the United States Government was committed to a policy of suppressing the production of opium and its derivatives except for medicinal and scientific purposes.

There is pending in the Circuit Court of Appeals for the Second Circuit on appeal from the District Court for the Eastern District of New York the case of United States v. Elias Eliopoulos, et al. The question involved is whether the statute of limitations applies to narcotic law violators who were not in this country when the offense was committed and did not enter the United States until long after the period of limitations had otherwise run.

Several doctors, notorious for being sources of supplies for drug addicts, were convicted and the convictions were sustained on appeal. Increasing emphasis has been placed on the prosecution of wilful violators of the narcotics laws in the registered class rather than permitting such cases to be disposed of by compromise.

Customs Laws

War conditions have curbed the usual activity under these laws. However, there have been a number of smuggling cases, mostly of a minor character, involving the illegal entry of merchandise across the Mexican and Canadian borders. Many of these cases involved the importation of contraband, such as marihuana. Some customs cases also involve violations of the war statutes. An example is the Werner Von Clemm case, in the Southern District of New York, in which synthetic and semi-precious stones having a very large aggregate value were imported into the United States by the Bridge Import Company and the Pioneer Import Corporation, two companies taken over by the Alien Property Custodian. These stones were seized and libels seeking their forfeiture under the customs laws are pending.

REPORT OF ASSISTANT ATTORNEY GENERAL FRANCIS M. SHEA
IN CHARGE OF THE CLAIMS DIVISION

The Claims Division is charged with responsibility for the conduct of all civil suits and claims for and against the Government not otherwise specially assigned. The list of litigated and legislative matters handled by the Division includes: (1) all shipping and admiralty matters in which the Government is interested, including cases arising out of the operation of naval vessels and the war shipping activities of the Government; (2) the defense of suits for injunction, mandamus, or damages against Government officers, including military and naval personnel, arising out of activities performed in an official capacity; (3) the collection of sums other than taxes due the United States, including all war frauds civil actions, sums due the United States under the Litvinov assignment, and the collection of defaulted loans referred by the War and Navy Departments, the Federal Housing, Farm Credit and Farm Security Administrations; (4) cases arising out of the requisitioning of ships, tools, and all property other than land; (5) suits based upon contracts, express or implied, with the United States, and suits in contract and tort against cost-plus war contractors for which the Government may ultimately be liable; (6) all patent, copyright and bankruptcy cases; (7) the protection of Federal property, programs and transactions from illegal interference by private persons or state or local governments, as well as all cases, other than tax, involving inter-governmental immunities; (8) the defense of suits against the Government upon claims (other than Indian and tax) whether for legal or equitable relief, founded upon the Constitution, any law of Congress or any regulation or order of an executive department; (9) interventions in Constitutional cases under the Act of August 24, 1937; (10) representation of the people of Puerto Rico in the Courts of the United States in cases appealed from the Supreme Court of Puerto Rico; (11) briefs and arguments in the Supreme Court on assignment from the Solicitor General; and special assignments from the Attorney General.

Near the close of the fiscal year 1943 the War Frauds Civil Section was created in the Claims Division to handle litigation of fraud cases on the civil side arising from war activities. The six other Sections of the Claims Division are the Admiralty and Shipping Section, Patent Section,

Court of Claims Section, District Court Section, Miscellaneous Claims Section and the Supreme Court Section. In addition to the seven Sections named, the Assistant Attorney General has supervision and direction of the Bureau of War Risk Litigation which litigates cases arising under the World War Veterans Insurance Act, the National Service Life Insurance Act, and kindred legislation.

War Work.

During the year the Division's normal peacetime activities showed no decline. This business included the handling of claims and cases in litigation, estimated to involve in excess of \$500,000,000. However, the emphasis of the Division's work was on the protection of the Government's interests in the courts, covering a wide field of civil litigation growing out of the war program. The work of every Section of the Division was affected in some degree by the war. Matters relating to transportation and shipping, Selective Service, patents and inventions, labor disputes, Lend-Lease, contract renegotiation and termination, royalty reductions, fraudulent war claims, requisitioning of ships, foods and materials, and war financing, to name only a few, were problems of serious consideration during the year. Much time and effort was devoted by the staff of the Division in defending the programs of war agencies from injunctive restraint and in defending the constitutionality of legislation enacted for the purpose of stimulating war production and the regulation of war financing. In the following pages of this report, which is set up by Sections of the Division, the war work for the year just completed appears in more detail.

452

PATENT SECTION

The Patent Section is charged with the defense of very important litigation against the Government arising out of alleged unauthorized use of patents; the preparation and filing of applications for patents for Government inventors including appeals to the courts from adverse decisions; the conduct of interference proceedings on behalf of the Government and Government inventors to determine the priority of invention; the institution or defense of suits brought under R. S. 4915 or 4918 (U.S.C. Title 35, Secs. 63-66), where such proceedings involve the rights of the Government; the enforcement of civil penalties under the copyright laws and other matters generally connected with copyrights. The trained staff of the Section acts in an advisory capacity regarding many miscellaneous matters pertaining to patents, trademarks and copyrights submitted to the Department of Justice by other Departments or independent agencies. The Section also handles suits brought for the cancellation of patents on the grounds of fraud, accident or mistake to protect the people of the United States from illegal monopolies through improvidently issued patents.

As in the case of other Sections of the Division, the character of the Patent Section's work has been affected very materially by the conduct of the war. The successful prosecution of total war calls for the maximum utilization by the Government of the entire inventive resources of the Nation. The inventive effort of the agencies and departments whose patent position depends for protection on the work of the Patent Section is channeled in the direction of munitions, firearms, transportation, composition of materials such as explosives or metals, and the aviation and communication arts. Through Government sponsorship the Nation's privately-operated research laboratories have been devoted to war objectives giving rise to hosts of questions as to the respective rights of the Government and of private parties in resulting inventions. Such questions, of course, have their bearing not only upon the conduct of the war but also upon the operation of the post-war industrial economy. Inventions of every character are available for use by the Government, but fair compensation, as determined in the last resort by the Court of Claims, must be paid for the use of patented inventions privately owned. Claims so arising are currently occupying largely the consultative functions of the Section but may be expected to impose strenuous demands upon its litigation activities as soon as information concerning the processes and devices used in the conduct of the war escapes the ban of wartime secrecy.

333391

Again, matters of enormous financial moment to the Government are involved in the production of war materials under pre-existing license agreements fixing royalty rates which, in the light of the volume of production for war, become wholly excessive. By the Royalty Adjustment Act procedures are established for the reduction of such royalties to a fair and reasonable amount. These procedures are carried out by the procurement agencies, but in important and highly controversial cases the consultative services of the Patent Section are invoked, and in five cases now pending in the Federal courts we are engaged in litigation in which the constitutionality or applicability of the Act is under attack.

In litigation not specifically involving the exercise of war powers, the conduct of the war is nevertheless likewise involved. For example, a very large copyright case seeks to enjoin the printing of the Army's news map which is widely used in the training of military personnel and in the stimulation of war production. One of the most important litigated cases now pending seeks the cancellation of patents, believed to have been fraudulently obtained, which control large portions of the cold rolling of steel to meet the Government's wartime demands.

In former years the specialized personnel of the Patent Section has not been extensively employed by other Divisions in the Department for the solution of patent problems arising in the conduct of their work. Within the past year, however, there has been a substantial increase of work of this character particularly in relation to the Antitrust Division. Also during this year the Patent Section took over the patent application work formerly handled by the Department of the Interior, which employed private counsel for that purpose.

Cases Handled.

The following cases handled during the year are considered of interest:

National Electric Signaling Co. v. United States, No. C-26. This suit was brought by petition filed in the Court of Claims on February 5, 1923, claiming \$7,525,000.00. The petition charged infringement of twelve patents relating to heterodyne reception and other radio applications. The suit was dismissed as to all of the patents except patents 1,050,441 and 1,050,728 which were sustained as valid and an accounting was ordered. Upon the completion of the accounting the court awarded plaintiffs compensation of \$345,852.61, plus an amount measured by interest at 5% per annum from November 11, 1918, to the date of payment. This total award represents approximately 10% of the amount claimed.

REPORT OF
ASSISTANT ATTORNEY GENERAL FRANCIS M. SHEA
IN CHARGE OF
THE CLAIMS DIVISION
FISCAL YEAR ENDING JUNE 30, 1944.

108

REPORT OF ASSISTANT ATTORNEY GENERAL FRANCIS M. SHEA
IN CHARGE OF THE CLAIMS DIVISION

The Claims Division is charged with responsibility for the conduct of all civil suits and claims for and against the Government not otherwise specially assigned. The list of litigated and legislative matters handled by the Division includes: (1) all shipping and admiralty matters in which the Government is interested, including cases arising out of the operation of naval vessels and the war shipping activities of the Government; (2) the defense of suits for injunction, mandamus, or damages against Government officers, including military and naval personnel, arising out of activities performed in an official capacity; (3) the collection of sums other than taxes due the United States, including all war frauds civil actions, sums due the United States under the Litvinov assignment, and the collection of defaulted loans referred by the War and Navy Departments, the Federal Housing, Farm Credit and Farm Security Administrations; (4) cases arising out of the requisitioning of ships, tools, and all property other than land; (5) suits based upon contracts, express or implied, with the United States, and suits in contract and tort against cost-plus war contractors for which the Government may ultimately be liable; (6) all patent, copyright and bankruptcy cases; (7) the protection of Federal property, programs and transactions from illegal interference by private persons or state or local governments, as well as all cases, other than tax, involving inter-governmental immunities; (8) the defense of suits against the Government upon claims (other than Indian and tax) whether for legal or equitable relief, founded upon the Constitution, any law of Congress or any regulation or order of an executive department; (9) interventions in Constitutional cases under the Act of August 24, 1937; (10) representation of the people of Puerto Rico in the Courts of the United States in cases appealed from the Supreme Court of Puerto Rico; (11) briefs and arguments in the Supreme Court on assignment from the Solicitor General; and special assignments from the Attorney General.

Near the close of the fiscal year 1943 the War Frauds Civil Section was created in the Claims Division to handle litigation of fraud cases on the civil side arising from war activities. The six other Sections of the Claims Division are the Admiralty and Shipping Section, Patent Section,

333394

Court of Claims Section, District Court Section, Miscellaneous Claims Section and the Supreme Court Section. In addition to the seven Sections named, the Assistant Attorney General has supervision and direction of the Bureau of War Risk Litigation which litigates cases arising under the World War Veterans Insurance Act, the National Service Life Insurance Act, and kindred legislation.

War Work.

During the year the Division's normal peacetime activities showed no decline. This business included the handling of claims and cases in litigation, estimated to involve in excess of \$500,000,000. However, the emphasis of the Division's work was on the protection of the Government's interests in the courts, covering a wide field of civil litigation growing out of the war program. The work of every Section of the Division was affected in some degree by the war. Matters relating to transportation and shipping, Selective Service, patents and inventions, labor disputes, Lend-Lease, contract renegotiation and termination, royalty reductions, fraudulent war claims, requisitioning of ships, foods and materials, and war financing, to name only a few, were problems of serious consideration during the year. Much time and effort was devoted by the staff of the Division in defending the programs of war agencies from injunctive restraint and in defending the constitutionality of legislation enacted for the purpose of stimulating war production and the regulation of war financing. In the following pages of this report, which is set up by Sections of the Division, the war work for the year just completed appears in more detail.

MISCELLANEOUS CLAIMS SECTION

The Miscellaneous Claims Section of the Claims Division performs all functions in the prosecution of proceedings to effect recovery of all claims of the United States submitted to the Department of Justice and not otherwise assigned which, prior to Executive Order No. 6166 of June 10, 1933 (following 5 U.S.C. 123), were exercised by other agencies or officers of the Government. The defense of claims against the United States in special instances is also assigned to the Section. It is the duty of this Section to determine in each instance the method of enforcement or defense of a claim by or against the United States, and to effect disposition of claims by litigation, compromise or by any other method. The exercise of these functions requires and involves cooperation with all the United States Attorneys and the supervision of their work in the handling of claims referred to them by this Section. There is also maintained close cooperation with the many departments and agencies of the Government which submit claims to the Department of Justice. This includes the furnishing of informal advice concerning preparation of claims and, importantly, the establishment of procedures designed to effect protection of the Government's rights where a claim of the United States has already arisen or is likely to arise.

Basically, the Miscellaneous Claims Section is the largest law office in the country engaged in general law practice, with the principal office at the Department of Justice and branch offices in every important community in the United States. This law office exists and operates because it has as its client the United States, engaged in numerous activities that may give rise to a claim in its favor against a citizen or in favor of a citizen against it.

Statistical surveys are available to show in figures the types and number of cases, and the amounts involved in the cases on the current docket of the Section. Statistics, however, do not and cannot present the real picture.

The Section's work is in court every day of every year. Much precedent has been established and much new law has been made through cases handled in the Section. For example, with respect to claims arising from the activities of the Federal Housing Administration, there were at the very outset substantial questions of negotiable instruments law and problems of defining the position of the United States vis-a-vis the various borrowers. Coordinated administration of the conduct of these claims throughout the country by this Section has established the position of

the United States as a successor of a holder in due course of negotiable instruments (United States v. Hoover (W.D. Ky. 1939) 28 F. Supp. 566; United States v. Hansett (1941, C.C.A. 2), 120 F(2d) 121; United States v. Novsam Realty Corp. (1942, C.C.A. 2), 125 F(2d) 456); and has established the priority rights of the United States in claims based upon such loans. (United States v. Marxen, 307 U. S. 200; United States v. Emory, 314 U. S. 423). The immunity of the United States from local laws of limitation was fixed in United States v. Summerlin, 310 U. S. 414.

Significantly, the Section's work is in almost every court of the land, from small local courts of restricted jurisdiction to the Supreme Court of the United States. Protection of the interests of the United States, in its position as creditor, has compelled appearance in decedent estate proceedings, in ordinary bankruptcy proceedings, in agricultural composition and extension proceedings, wage earner proceedings, corporate reorganizations and arrangements, state insolvency and assignment for benefit of creditors proceedings and in almost every type of debtor and creditor action. Frequently, because of its position as a priority creditor, the representatives of the United States have a dominant standing, and the Section directly, and through United States Attorneys, on many occasions has had to participate actively in business affairs. Only recently, by direction of the Section, the United States Attorney for the District of New Jersey, to all practical purposes, operated a machinery plant, which had been subjected to a receivership, in order to assure the completion of equipment vital to the war effort. In a case in Oklahoma every step in the liquidation of a conversion project, initiated by the Federal Home Loan Bank Administration, is being directed by the United States Attorney and the Section. Liens of laborers and materialmen are being liquidated by careful allocation of funds and it is expected that exercise of sound business judgment will eventually result in the protection not only of the United States but also of various creditors of the defaulting contractor. Near the close of the year the Section was requested to assist in the liquidation, pursuant to the wishes of Congress, of five industrial projects initiated by the Secretary of Agriculture in 1937 and 1938. These projects involve an aggregate investment by the United States of over \$3,000,000. Their liquidation will require extensive litigation as well as the exercise of business experience and judgment since each of these is a "going concern" which has to be kept alive in order to have liquidation value.

These are but a segment of the work of the Section. The operations of the Government involve the issuance of millions of checks and have given rise to a multitude of problems incident to

the circulation of checks. Principles of ordinary commercial law, frequently colored by local notions and local practices, came into collision with the practical requirement that there be legal uniformity with respect to circulated Government commercial paper. In Clearfield Trust Company v. United States, 318 U. S. 363, the Supreme Court held that the rights of the United States must be governed by Federal and not local law with respect to commercial paper issued by it and that in the absence of applicable Federal statutes the Federal courts will make their own law. The decision was important not only because it assured uniformity but also because it defined once more the limitations of the doctrine of Erie R. Co. v. Tompkins, 304 U. S. 64. The right of the United States to recover payments made upon checks fraudulently obtained and endorsed by Government employees was successfully maintained through the Trial Court and finally sustained by the Court of Appeals for the District of Columbia in Washington Loan & Trust Co. v. United States (1943), 130 F(2d) 59 and National Metropolitan Bank v. United States, decided May 1, 1944, now pending upon a petition for

Even before the war the general operations of the Government involved voluminous contracts and all the problems which arise from contractual relationships. The measure of damages usually fixed in Government contracts for default in performance is the excess cost actually incurred by the United States. Almost every defaulted contract involves the assertion of a claim for excess costs, and frequently, extended litigation, because of the complexities both of contractual procedure and of the particular job. For a number of years a troublesome question has been the application of the contractual provision for liquidated damages in the event of delay in performance of Government construction contracts. In the course of its past term the Supreme Court, in United States v. American Surety Company, decided April 24, 1944 (No. 381, Oct. Term 1943), for the first time construed this provision in a manner which has set to rest many conflicts of decision and opinion. The Section has had to litigate in other instances the question of the nature of the liquidated damage liability in bankruptcy proceedings, successfully opposing the contention that it was penal in nature and not allowable as a claim in bankruptcy.

Statistical Survey of the Section.

Even a cursory breakdown of the current docket of this Section will demonstrate the immense volume and complexity of its work. Claims originating from lending or insurance activities involve a total of over \$10,000,000. There are contract

claims involving almost \$3,000,000. Claims upon shortages in official accounts aggregate more than \$650,000. There are check reclamation claims, customs penalty claims, matters submitted by the United States Employees' Compensation Commission, claims for loss of services and medical expenses incurred for injuries to military personnel, escheat claims, and a variety of others, aggregating about \$5,000,000. Claims for damages to, or loss of, Government property total almost a million dollars. Of these, one is a claim for \$230,000 based upon loss of Commodity Credit Corporation vegetable oil by tank leakage. There are several claims for damage to Government aircraft. Very recently there was recovered a judgment for \$50,000 in the United States District Court in North Carolina against a railroad for loss of Government wheat stored in a warehouse and caused by fire from locomotive sparks. There is now pending a claim against the State of South Carolina for fire loss of cotton stored in State-operated warehouses. Recently, the Supreme Court of Kansas decided an interesting question of insurance law by upholding the right of the United States as owner of grain to renew upon a fire policy running, in terms, in favor of the warehouseman only, where the loss was the result of arson by the insured warehouseman.

Claims involving the recovery of funds paid by fraud or mistake total \$3,500,000. In this group of cases, it is the function of this Section to determine in each instance whether the Government's funds were obtained through actual fraud or by mistake. If fraud exists, proceedings are instituted to recover double damages and penalties under the provisions of 31 U.S.C. 231, et seq. Some of the largest recoveries effected by the Section have resulted from such proceedings. In the course of the past year alone more than \$500,000 has been received, and there is now pending a proposal of almost \$300,000 in liquidation of a single claim in this group.

Veterans' cases present problems of considerable complexity. Adjusted service certificates issued after the last war were frequently lost and duplicate certificates were issued, secured by lost instrument bonds. Recovery had to be sought in each instance where the original and duplicate certificates had been presented for payment. For years surety companies have rejected liability upon the bonds. Finally, the question was decided in favor of the United States, and nearly every case of this type on the Section's docket has now been settled and it may be expected that surety companies will now pay directly

193

to the Veterans Administration and other interested agencies claims based upon similar bonds. Escheat and contract of inheritance cases involving estates of deceased veterans have presented problems of collision between local and Federal law, questions to this day undergoing judicial examination. The Supreme Court of California now has before it the question whether funds of a veteran pass to the United States under the Federal statute or to the State of California under its escheat laws. A similar case is pending before the Supreme Judicial Court of Massachusetts. The Act of December 26, 1941 (38 U.S.C. 17, et seq.), vesting in the United States title to personal property left by veterans who die in a Veterans Facility and are not survived by any persons eligible to inherit, is undergoing tests in New York, New Hampshire, Massachusetts and Michigan.

There are now on the current docket of the Section, including items reduced to judgment and held for eventual recovery or closing upon ascertainment of uncollectibility, 27,002 claims involving \$72,873,732.84. The war has brought much additional work. Many of the new cases did not present problems substantially different from those already handled. Others have required intensive study in order that full protection of the interests of the United States might be effected. For example, under Executive Order No. 9112 of March 26, 1942, millions of dollars have been lent by private financial institutions to war contractors. These loans are guaranteed by the United States. The Section has already received claims of over two million dollars based upon these loans, and expects many more. The recovery upon these claims will involve utilization of the experience already acquired by this Section and the development of new procedures and new law, if need be, because of the nature of the relationship of the United States to the borrowers and the lending banks. Advance payments had been made by the War Department, the Navy Department and the Maritime Commission upon contracts for the production of war materials. Upon default, these advance payments come here for recovery. In a single claim the Section has for assertion against a defaulted contractor two items of advance payments, one item representing renegotiated profits and one item representing breach of contract.

The total result of the year's work affords satisfaction. The recoveries made by the Section in 1942 were \$1,476,278.56. The recoveries effected for the fiscal year 1943 were \$2,352,900.80. The recoveries effected for the fiscal year

333400

1944, just completed, were \$2,736,279.02. Numerically, the case-load has been reduced by the closing of claims, but largely in the so-called loan claims category which, to a major degree, is handled administratively. Almost seven thousand of these claims were closed out, but only about three thousand new claims of the type were received in the course of the past year. The real problem that exists, however, is in the handling of the other business which results from the regular and usual activities of the Government. About one thousand of such claims were closed out in the course of the past fiscal year. There were received 1,061 new claims involving nearly \$6,800,000. There was a net increase in the amounts involved of about \$3,000,000. At the close of the year the Section had on hand 5,518 cases in litigation, as distinguished from claims, involving the amount of \$5,607,580.53.

PATENT SECTION

The Patent Section is charged with the defense of very important litigation against the Government arising out of alleged unauthorized use of patents; the preparation and filing of applications for patents for Government inventors including appeals to the courts from adverse decisions; the conduct of interference proceedings on behalf of the Government and Government inventors to determine the priority of invention; the institution or defense of suits brought under R. S. 4915 or 4918 (U.S.C. Title 35, Secs. 63-66), where such proceedings involve the rights of the Government; the enforcement of civil penalties under the copyright laws and other matters generally connected with copyrights. The trained staff of the Section acts in an advisory capacity regarding many miscellaneous matters pertaining to patents, trademarks and copyrights submitted to the Department of Justice by other Departments or independent agencies. The Section also handles suits brought for the cancellation of patents on the grounds of fraud, accident or mistake to protect the people of the United States from illegal monopolies through improvidently issued patents.

As in the case of other Sections of the Division, the character of the Patent Section's work has been affected very materially by the conduct of the war. The successful prosecution of total war calls for the maximum utilization by the Government of the entire inventive resources of the Nation. The inventive effort of the agencies and departments whose patent position depends for protection on the work of the Patent Section is channeled in the direction of munitions, firearms, transportation, composition of materials such as explosives or metals, and the aviation and communication arts. Through Government sponsorship the Nation's privately-operated research laboratories have been devoted to war objectives giving rise to hosts of questions as to the respective rights of the Government and of private parties in resulting inventions. Such questions, of course, have their bearing not only upon the conduct of the war but also upon the operation of the post-war industrial economy. Inventions of every character are available for use by the Government, but fair compensation, as determined in the last resort by the Court of Claims, must be paid for the use of patented inventions privately owned. Claims so arising are currently occupying largely the consultative functions of the Section but may be expected to impose strenuous demands upon its litigation activities as soon as information concerning the processes and devices used in the conduct of the war escapes the ban of wartime secrecy.

Again, matters of enormous financial moment to the Government are involved in the production of war materials under pre-existing license agreements fixing royalty rates which, in the light of the volume of production for war, become wholly excessive. By the Royalty Adjustment Act procedures are established for the reduction of such royalties to a fair and reasonable amount. These procedures are carried out by the procurement agencies, but in important and highly controversial cases the consultative services of the Patent Section are invoked, and in five cases now pending in the Federal courts we are engaged in litigation in which the constitutionality or applicability of the Act is under attack.

In litigation not specifically involving the exercise of war powers, the conduct of the war is nevertheless likewise involved. For example, a very large copyright case seeks to enjoin the printing of the Army's news map which is widely used in the training of military personnel and in the stimulation of war production. One of the most important litigated cases now pending seeks the cancellation of patents, believed to have been fraudulently obtained, which control large portions of the cold rolling of steel to meet the Government's wartime demands.

In former years the specialized personnel of the Patent Section has not been extensively employed by other Divisions in the Department for the solution of patent problems arising in the conduct of their work. Within the past year, however, there has been a substantial increase of work of this character particularly in relation to the Antitrust Division. Also during this year the Patent Section took over the patent application work formerly handled by the Department of the Interior, which employed private counsel for that purpose.

Cases Handled.

The following cases handled during the year are considered of interest:

National Electric Signaling Co. v. United States, No. C-26. This suit was brought by petition filed in the Court of Claims on February 5, 1923, claiming \$7,525,000.00. The petition charged infringement of twelve patents relating to heterodyne reception and other radio applications. The suit was dismissed as to all of the patents except patents 1,050,441 and 1,050,728 which were sustained as valid and an accounting was ordered. Upon the completion of the accounting the court awarded plaintiffs compensation of \$345,852.61, plus an amount measured by interest at 5% per annum from November 11, 1918, to the date of payment. This total award represents approximately 10% of the amount claimed.

National Electric Signaling Co. v. United States, No. 34664. This suit, brought on the same patents as those sustained in the C-26 case above, claimed compensation of \$428,047.29 for the use by the Government of heterodyne radio receivers at the Tuckerton, New Jersey, radio station taken over by the Navy in September 1914 from a German corporation in order to insure that the station was not used in an un-neutral manner. The station was operated as a commercial station by the Navy from September 1914 until the day of our entry into the first World War. The court awarded plaintiffs \$530.00 compensation, plus interest, an amount representing less than one quarter of one percent of the amount sought by plaintiff.

The case of Michele G. deSimone v. United States, No. 42927, alleged infringement of his patent 1,476,804, filed July 3, 1914, issued December 11, 1923, and expiring December 11, 1940. The patent is entitled "Denominator and Adding Machine." Its object is to compute and tabulate the least number of bills and coins necessary for making up a payroll. Previous to the present litigation, deSimone sued R. H. Macy Company in the District Court for the Southern District of New York. The Circuit Court of Appeals found the patent valid and infringed, and certiorari was denied. Only the opinion of the Court of Appeals was published, 57 F(2d) 179. DeSimone then filed suit against Ovaite, the manufacturer, directly in the District Court, Eastern District of Pennsylvania (Equity No. 7511). No answer was filed and there was a decree of pro confesso. In the settlement of this case in the Court of Claims a stipulation of facts was filed wherein the agreed royalty was \$25.00 per machine and the case was settled and the petition dismissed.

John Hays Hammond, Jr. v. United States, Nos. 45330 and 45332. These suits together alleged infringement of a total of 16 patents relating to radio signaling equipment used by the Government and claimed an aggregate of \$5,000,000.00. After the Government's pleas in bar, plaintiff moved to dismiss the suits. The order of dismissal was entered in December 1943.

The case of Marconi Wireless Tel. and Tel. Co. v. United States, No. 33642, which has been referred to in a previous report, was remanded to the Court of Claims by the Supreme Court, and a revised and lowered judgment given.

Burgess Battery Co. v. United States, No. 44695. This suit, brought on a patent relating to sound deadening treatments,

claimed compensation in an undetermined amount. It was dismissed by the Court on June 5, 1944, after the Court found the patent invalid. This action terminated the case.

In the case of United States of America v. Cold Metal Process Company, an Ohio corporation, and Abrem P. Steckel of Youngstown, Ohio, the United States brought a civil action No. 21910 in the District Court for the Northern District of Ohio, Eastern Division, to cancel patents 1,744,016 and 1,779,195 on the ground of fraud and misrepresentation to the Patent Office and mistake of fact in the allowance of the patents. These patents pertain to the rolling of metals such as iron and steel. The action was filed July 27, 1943. The case is expected to proceed to trial in the fall of 1944 and will be more fully reported in the succeeding annual report.

Statistical Survey of the Section.

Although it was expected that but few interference contests would be submitted to this Section during the war, the record discloses that 20 such contested cases were forwarded from other Departments and agencies during the past year. Fourteen of these contested cases were terminated, with 6 decisions favorable to the Government and 8 adverse to the Government. At the close of the year 31 interference cases were awaiting the taking of proofs, preparation of briefs, or argument.

At the commencement of the fiscal year there were 138 applications for patents awaiting preparation and prosecution through the Patent Office. During the course of the year 156 new cases were received, making a total of 294 cases handled during the year. The number of 54 cases were closed out, in 32 of which patents were obtained, the remaining 22 cases were abandoned, withdrawn or rejected. At the close of the fiscal year 240 applications were on hand pending action by the Section.

At the beginning of the year there were 26 patent infringement cases pending in the Court of Claims, in 23 of which the amount involved was \$40,745,054.32. The amount was not stated in 3 cases. During the year one new case was received, and 7 cases were closed out, involving \$22,053,047.29. Judgments were rendered in favor of the plaintiffs in the amount of \$394,941.54, which is 1.8 percent of the total amount involved in suit. At the close of the fiscal year there were 20 cases pending, in 16 of which the amount in suit was \$18,692,007.03. The amount was not stated in the 4 remaining cases.

During the year the Section handled 12 miscellaneous matters in which patent opinions, reports or investigations were either completed or in process.

The Court of Claims Section is charged with the defense of all suits in the Court of Claims except admiralty, patent, tax and Indian claims. The suits defended by the Section include claims founded upon the Constitution of the United States and laws of Congress, upon regulations of the executive departments, upon contracts express or implied with the Government of the United States, and for damages liquidated or unliquidated, in cases sounding in tort, as well as suits in the Court of Claims authorized under Special Acts of Congress.

During the year other duties were added to the work of this Section. The duty of defending the United States in cases under the Renegotiation Act in the Tax Court was assigned to the Court of Claims Section. As of June 30, 1944, 38 such cases have been filed, involving \$33,466,000, and many more such suits will undoubtedly be instituted during the coming year. Involving as they do, the difficult question of whether the petitioners made excessive profits for particular periods, such cases will require development to an extraordinary extent of evidence of the business experience of the petitioners over a number of years, and will be extremely expensive in terms of the time of the trial attorneys which must be devoted to them.

As the year closed, the President signed the Contract Settlement Act of 1944. Section 14(a) of that Act authorizes the Court of Claims to appoint 20 additional Commissioners and 10 auditors to aid the court in the adjudication of contract termination cases. Presumably the court will appoint these Commissioners and auditors as the volume of the work of the court increases.

The very great additional burdens which have been placed on this Section, both by the provisions of the Renegotiation Act and by the provisions of the Contract Settlement Act of 1944 are work which the Department sought diligently to avoid. In connection with both statutes it was our judgment that the participation of the courts in the resolution of controversies between claimants and the Government might appropriately be of a much more restricted character without substantial danger of unfairness to claimants. Much time and effort was devoted to the task of presenting to Congress various forms of legislative enactment which would have assigned to the courts the function of keeping the process of administrative settlement in line with the precepts of justice and fairness, but without calling on the courts for complete redetermination of matters administratively determined. It was the judgment of Congress that it was more

important to afford claimants opportunities to invoke judicial redetermination than it was to restrict the burdens on the courts and on the Department. That judgment having been made and written into law, we are required to discharge the responsibilities that have been placed upon us.

For some time past the Court of Claims has been making every effort to clear its docket of pending cases in anticipation of the increase of litigation which is certain to come before the close of the war. To this end, and in the past year particularly, the Commissioners of the Court have been putting pressure on the attorneys for plaintiffs as well as on Government attorneys to close proof as promptly as possible. During the year just completed a slight reduction was made in the number of cases pending before the Court. However, in the year immediately to follow, a considerable increase in the volume of cases to be handled can be expected.

Cases Handled.

Among the cases handled during the year the following are reported:

Willow River Power Company v. United States, C. Cls. No. 45067, decided February 7, 1944. In this case the Court of Claims, among other things, found the ordinary high-water mark of the St. Croix River at the location in question as being at the elevation of 672 feet. This finding was based primarily upon the "vegetation theory" and ignored the fact shown by the gauge readings taken over a long period of years. Also, the court held that the Government was liable as for a taking for the value of the potential water power which the plaintiff had lost as a result of the Government's raising the ordinary high-water mark, in spite of the fact that there was no finding that any of plaintiff's fast lands had been flooded or otherwise taken.

These two fundamental questions are of such importance that the Government plans to ask the Supreme Court to review them.

Another case of unusual significance was Globe Indemnity Company v. United States, C. Cls. No. 44990, decided May 1, 1944. In that case a government construction contractor met with sub-surface conditions which the Court held neither party contemplated. To cope properly therewith the contractor, upon the order of the Government's field representatives in charge of the work and of the contracting officer, expended a large sum of money. In such situations, however, the contract, which

WAR FRAUDS CIVIL SECTION

The War Frauds Civil Section was established as a unit in the Claims Division of the Department of Justice in May 1943, for the purpose of enforcing the civil remedies provided in Sections 3490 to 3494, inclusive, and Section 5438 of the Revised Statutes of the United States, commonly known as the "False Claims Statute" (12 Stat. 696; 31 U.S.C. 231-235), against those who engage in fraudulent practices in their dealings with the Government. Under this statute the Department of Justice is required and specifically directed to prosecute civil actions for double damages and forfeitures against contractors and others who present false claims to the Government. The placing of this work in a special unit was made necessary (1) by the tremendous increase in Government contracts and purchases of materials required for national defense and the prosecution of the present World War, and (2) by the necessity, exemplified by the Supreme Court's decision in United States ex rel Marcus v. Heas, 317 U. S. 537 (January 18, 1943), for the Government to bring its own actions under the False Claims Statute, prior to the institution of such actions by private persons, in order to secure full restitution for the Government and to insure control of all such litigation by the Department of Justice.

On July 1, 1944, the President approved the Contract Settlement Act of 1944. The War Frauds Civil Section is also charged with the enforcement of the civil remedies against fraud provided in that Act (Section 19(c)).

Statistical Survey of the Section.

At the beginning of the fiscal year 1944 (July 1, 1943) there were 22 actions pending which had been instituted by the Government and 18 cases which were being investigated and studied for the purpose of determining whether litigation should be instituted. There were also 32 actions pending which had been instituted by so-called informers or qui tam plaintiffs, under the provisions of Section 3491, supra, and which were under the control of informers or qui tam plaintiffs. During the fiscal year 1944, 33 additional actions

ANNUAL REPORT OF THE WAR DIVISION

FOR THE FISCAL YEAR 1944

Hugh B. Cox, Assistant Attorney General, July 1, 1943 through January 5, 1944.

James P. McGranery, Acting Head of the War Division, January 6, 1944 through March 17, 1944.

Edward J. Ennis, Acting Head, March 18, 1944 through June 22, 1944.

Herbert Wechsler, Assistant Attorney General, June 23, 1944 through June 30, 1944.

1944 was a year of transition for the War Division. Developments in the war responsibilities of the Department and the achievement of considerable improvement in the conditions of internal security within the United States were reflected in corresponding adjustments in the scope and character of the functions performed by the War Division.

Some of these changes resulted from the successful conclusion of projects that had been initiated in the earlier war period. Others represented the beginnings of supplementary programs that were occasioned either by the approach of military victory or by the emergence of new situations requiring revision in the scope of the War Division's responsibilities. In general, the year 1944 was marked by an enlargement in the scale of some of the operations, a shift in the activities representing the primary concern of the Division, and a marked intensification of total effort in anticipation of the many new situations and difficulties which attend the achievement of victory.

Early in the fiscal year the organizational structure of the War Division underwent adjustments. On August 28, 1943, by Order 3732, Supplement 2, the Special War Policies Unit was abolished and its functions transferred to the Criminal Division with the exception of the administration of the Foreign Agents Registration Act, the work of the Section of the Federal State Relations, and the functions

relating to technical legal assistance for the Emergency Advisory Committee for Political Defense in Montevideo. At the same time, the work of the Economic Warfare Section was transferred from the Antitrust to the War Division; the scope of its activities was enlarged, and its functions were more intimately related to the other responsibilities that were committed to the charge of the Division. A further provision of the Attorney General's Order of August 28, 1943, assigned to the Criminal Division the supervision of investigations and the handling of certain cases relating to war frauds which had previously been the responsibility of the War Division.

Whereas much of the initial responsibility of the War Division had been concerned with the formulation of plans and policies for dealing with new and special war problems in the field of internal security, the Department's major war policies had by 1944 been formulated, and the Division's functions were adjusted to the responsibility of supervising and coordinating various war measures relating to the protection of internal security.

ALIEN ENEMY PROGRAM

Initially the Alien Enemy program was primarily concerned with the application of regulatory measures for the control of dangerous alien enemies. By 1944 security conditions had improved. In consequence, emphasis shifted to the problems of (a) review of individual cases for the purpose of determining which internees could, in the light of improved conditions be paroled or released; (b) repatriation of individuals released, and control of foreign travel; (c) litigation arising from suits which sought to test the legality of measures which had been taken in the early war period.

Review of Alien Enemy Cases.

Since the beginning of the program there have been over 9,250 individual cases of alien enemies resident in the United States who have been afforded hearings before Alien Enemy Hearing Boards and who have been made the subjects of final orders by the Attorney General. The privilege of having a hearing before an Alien Enemy Hearing Board has permitted the alien enemy to present his contention that he is not dangerous to the internal security of the United States. Uniformity of treatment has been secured by having the recommendations based

devised procedures for the examination of returning American citizens and took part in the interrogation of such citizens upon arrival in the United States.

Procedures were also devised for the investigation of alien enemies applying for repatriation, and an active part was taken in the selection of persons to be repatriated, from a security standpoint.

Under the statutes and joint regulations of the Secretary of State and the Attorney General governing the control of persons entering and departing from the United States during the war, procedures were devised for the careful examination of passengers and crew members arriving in or departing from the United States. During the fiscal year, the intelligence agencies participating in the Program interrogated 7,023 passengers and 12,000 crew members, temporarily detained for investigation 195 passengers and 53 crew members, and excluded from admission 13 passengers and 31 crew members. The Division reviewed the files and made recommendations with regard to the passengers and crew members temporarily detained, as well as those excluded from admission to the United States.

Special Litigation.

The War Division continued to handle, on special assignment, litigation involving the constitutionality of various forms of military control over civilians. This involves three main problems - the constitutionality of the original evacuation from the West Coast and subsequent detention of American citizens of Japanese ancestry; the exclusion from military areas along the Atlantic, Pacific and Gulf Coasts and the Mexican Border of individual citizens deemed to be dangerous by the Military commanders; and the detention and trial of American citizens by provost courts under martial law in the Territory of Hawaii. At the close of the fiscal year, nine cases involving these problems were pending in various courts and approximately a dozen others had been disposed of without a final constitutional determination.

ALIEN PROPERTY PROGRAM

There was an increase in both the quantity and complexity of alien property litigation during the fiscal year.

Since the inception of this program and as of the close of the fiscal year, 1,484 cases had been referred to the Division by the Office of the Alien Property Custodian. Since only 41 of these were closed during the preceding fiscal year, 1,443 were active during the period for which this report is written. The principal cases in each major area of such litigation are set forth hereinafter.

Admiralty Causes.

One of the first groups of litigation undertaken by the Division was the filing and prosecution of petitions for the substitution of the Alien Property Custodian as a party in place of the enemy claimants of 27 Italian ships, which were sabotaged by their own officers and crews, acting on the instructions of the Naval Attache of the Italian Embassy. These applications have been prosecuted with varying results. During the past fiscal year Judge William F. Smith of the District of New Jersey held in The Aussa, 52 F. Supp. 927, 1943 A.M.C. 1325, that the vesting order of the Custodian invested him with the full title to the ships and created a situation which rendered the cause moot, since the United States could not sue for the forfeiture of a title which it already held. Accordingly, the court was constrained to dismiss these forfeiture causes for want of jurisdiction. The New Jersey cases, as well as The Antoinetta and companion cases arising from the Eastern District of Pennsylvania, are now pending on appeal to the Circuit Court of Appeals for the Third Circuit.

The Custodian, by an omnibus vesting order, has vested all assets in the United States of many German, Japanese and Italian corporations. Included among these assets are causes of action in courts of the United States which constitute one form of property that the enemy could not take home with him. Outstanding among cases of this character is the case of The Venice Maru, where the Custodian was interested in protecting the rights of the two Japanese petitioners for exoneration from liability under the Fire Statute of 1851, because of his financial interest in the collateral supporting the ad interim stipulation for value given in this case. The Supreme Court held that the statute applied to liability in rem against the vessel herself as well as liability in personam against her owner. This decision settled the law for the first time since the adoption of the statute (Consumers Import Company, Inc. vs. Kabushiki Kaisha Kawasaki Zosenjo, 320 U.S. 249).

Copyright Cases.

Among the many copyrights which were vested by the Custodian was the copyright on Hitler's "Mein Kampf." Litigation with Houghton Mifflin Company, Hitler's American publisher, seemed imminent when settlement negotiations were successfully terminated and a substantial recovery was made by the Custodian out of royalties which were being withheld from Hitler's German publisher.

Another copyright case of some interest involves the infringement of the copyright on the well-known play entitled "Death Takes A Holiday." The Custodian collected damages for this infringement as successor of the Italian author.

Estate Litigation.

During the past two years approximately 600 matters involving estates of decedents have been referred to the Unit by the Estates and Trusts Section of the Property Division of the Custodian's Office. While many of these matters have been resolved by following routine methods, some of them have presented problems of unusual complexity and importance.

On the eve of war the State Legislature of California adopted Sections 259, et seq., of the Probate Code, which provide in effect that aliens residing outside of the United States cannot take by succession or testamentary disposition in California unless a reciprocal right exists in favor of American citizens to take by intestacy or by will under the laws of the country of which the aliens are citizens. In the event of the absence of such reciprocity, the statute provides that the nearest resident American heirs may take, and that if there be none, the property should escheat to the State. Both resident heirs and the Attorney General of the State of California have invoked these provisions against the Custodian. To test the validity of the legislation the Custodian brought a suit in the Federal Court in San Francisco entitled Crowley vs. Allen, 52 F. Supp. 850, and, after extensive argument and briefs, the court held, inter alia, that the statute was unconstitutional as an invasion of the Federal war powers. The case is now pending on appeal to the Circuit Court of Appeals for the Ninth Circuit. Somewhat similar statutes exist in Montana, Nevada, Oregon and Idaho, and similar litigation is pending in those jurisdictions.

In a number of jurisdictions the Custodian has vested interests in the estates of decedents who died leaving wills providing for withholding distribution to enemy nationals until they could enjoy the fruits of their legacies after the cessation of hostilities. In the Estate of Paula Reiner, 44 N.Y. Supp. (2d) 282, pending in the Surrogate's Court of New York County, Surrogate Foley held that since the enemy national could never enjoy his legacy in any event, the Custodian's vesting order was immediately operative. Similar results have been reached in other jurisdictions, including the Estate of Katherine H. Thee, 49 District and County Reports 362 (Orphans' Court of Philadelphia County, 1943).

In some estates the Custodian cannot accomplish his ends through the usual "right, title and interest" vesting and is compelled to resort to a res or asset vesting.

Many intricate problems involving the Rule against Perpetuities and the construction of wills creating future interests have been presented by litigation in the courts of various jurisdictions. In the Estate of Bertha Fischer, 42 N.Y. Supp. (2d) 649, pending in the Surrogate's Court of Bronx County, the court held that the Rule against Perpetuities was contravened when vesting was postponed until the decedent's property could be sold for not less than a specified sum of money. In the Estate of Brinton Coxe, pending in the Orphans Court of Philadelphia County, the Custodian was confronted with an intricate problem regarding the validity of the creation and exercise of a special testamentary power of appointment.

In two cases pending in the courts of New York, the Custodian, having vested the interests of the settlors of the trusts, exercised their rights to revoke and terminate the trusts, relying upon the reservation of power to do so, and also, in part, on the express language of Section 5(b) of the Trading with the Enemy Act, which confers power to nullify and void transfers (Central Hanover Bank and Trust Company vs. Burgstaller (Sup. Court, Queens County, New York); Beers vs. Smith (Sup. Court, Suffolk County, New York)).

In the Estate of Henrietta E. Garrett, pending in the Orphans' Court of Philadelphia, and in the Estate of Louisa Herle, a wealthy recluse, pending in the Surrogate's Court

of Kings County, New York, the Custodian has been obliged to resort to evidence introduced under the pedigree exception to the hearsay rule in order to establish his interest.

About three millions dollars were deposited with the City Treasurer of New York City, under court orders, for the benefit of enemy nationals prior to vesting. These funds have been partially collected by the Custodian through the filing of petitions for the withdrawal of funds. Similar cases exist in the courts of New Jersey and of the District of Columbia.

Litigation Involving Enemy Banks.

Instead of vesting all property in the United States belonging to enemy banks, the Custodian followed the policy of permitting the Superintendent of Banks of New York and of California to conduct the liquidation for the benefit of domestic creditors and merely vested the residual assets after the completion of such liquidation. The Custodian did, however, vest all American assets of various creditors and depositors of these enemy banks, whose claims as filed with the Superintendent of Banks for the State of New York were rejected. These claims total many millions of dollars. The Custodian brought 52 actions against the Superintendent of Banks of New York and against the enemy banks themselves on the basis of rejected claims. These cases are not yet at issue and many of them will be dismissed where differences have been settled.

Meanwhile, various private litigants have sued the Superintendent of Banks and also the banks themselves, seeking personal judgments against the latter after service on the Superintendent, as statutory agent, to receive service of process. In some of these cases motions to dismiss have been filed on the ground that the service of process in this fashion is not reasonably calculated to give notice to the enemy defendant, and on the further ground that the occurrence of war has suspended the statutory agency.

Patent Cases.

The Custodian in hundreds of instances has vested patents and patent applications which have been rejected and are pending before the Court of Customs and Patent Appeals. In litigation of this kind it is the practice of the Department to secure substitution of the Custodian as a party in place of the enemy plaintiff or appellant.

At the close of the fiscal year a controversy which had existed for many months previously with the Standard Oil Company of New Jersey was on the verge of ripening into litigation. From 1927 until 1940, the Standard Oil Company of New Jersey and I. G. Farbenindustrie, the German chemical trust, had engaged in a number of transactions involving processes and patents in the chemical and oil fields, including a pooling of patent rights and a division of territories of exploitation. Following the outbreak of war, representatives of the two concerns met in September 1939, and made arrangements purporting to adjust their property interests in such a way that Standard would appear to control such property in all countries which might become enemies of Germany. In the spring of 1942, a vesting order was issued by the Custodian vesting the interest of I. G. Farben under these arrangements.

Immediately after the service of this vesting order a consent decree was entered into in an anti-trust action between the Standard Oil Company of New Jersey, the Anti-trust Division of the Department of Justice, acting on behalf of the United States, and the Alien Property Custodian. This decree, inter alia, opened the subject patents to compulsory licensing.

On May 24, 1944, Supplemental Order No. 1 to Vesting Order No. 1 was issued. It declared that the interest of I. G. Farben comprised the entire legal and equitable ownership of all the properties listed in the Supplemental Vesting Order. The litigation, which is impending involves the rights of the Custodian arising under these orders, the consent decree, and many other matters.

Litigation Involving the Validity and Interpretation of the Trading with the Enemy Act.

In approximately a dozen cases naturalized American citizens and others whose property has been vested have sued the Custodian to recover their property under Section 9(a) of the Trading with the Enemy Act. In one of the outstanding cases of this group, Draeger Shipping Company, Inc. vs. Crowley the United States District Court for the Southern District of New York held that Draeger was a national of an enemy country because he was acting in the interests of a German corporation, and upheld the Custodian's constitutional power to confiscate the property not only of enemies but of persons acting in the interest of enemies.

In Duisberg vs. Crowley, a similar case pending in the District of New Jersey, the plaintiff's counsel, after repeated efforts to obtain an adjournment of the trial, were compelled to announce their unreadiness for trial and a dismissal with prejudice was entered. In Iki vs. Markham, a case pending in the Western District of Washington, the court held that the original complaint was fatally defective because of the plaintiff's failure to allege that he was not a national of a foreign country. An amended complaint has been filed and another motion to dismiss has been lodged against it and now stands submitted on briefs.

Another case, Leipprand vs. Crowley, is pending in the Southern District of New York and will probably not be tried until after the war because of the impossibility of obtaining evidence available only in Germany. Following the institution of the Duisberg case seven other cases have been instituted in three districts involving General Dyestuff Corporation stock. One of these, Halbach vs. Markham, will come on for trial shortly.

Section 9(a) of the Trading with the Enemy Act, as it stood during the last World War, contemplated actions not only by persons whose property was wrongfully vested, but also by persons who were creditors of enterprises which had been vested. Under this branch of 9(a) a number of actions have been instituted against the Custodian.

While the Department has recently acknowledged the existence of a remedy for the return of wrongfully vested property under Section 9(a), it has taken the position in debt claim cases that Section 9(e), which barred debt claims arising after October 6, 1917, precludes the application of Section 9(a) to such claims arising in the present war.

In Cabell v. Markham, an action brought in the Southern District of New York, a motion to dismiss will be argued on these grounds during the present fiscal year. Hayden v. Crowley, pending in the Western District of Washington, presents the same problem.

In The Brennero, 53 F. Supp. 441 (D.N.J. 1944), it was held that an attorney who had held a lien upon funds impounded in the registry of the court and subsequently vested by the Custodian was in effect suing the Custodian without Congressional consent and was remitted to his remedy under Section 9(a) of the Trading with the Enemy Act.

During the past fiscal year it had been held in Stern v. Newton, 180 Misc. 2d 39 N.Y. Supp. (2d) 593 (Sup. Court Special Term New York County 1943) that, except in a suit to recover under Section 9(a) of the Trading with the Enemy Act, the Custodian's determinations as to the enemy character of the plaintiff were conclusive and binding upon the court in the case of a res or asset vesting order under which the specific properties of the enemy national was vested. The same result was reached with respect to a "right, title and interest" vesting order in The Aussa, 52 F. Supp. 927, 1943 A.M.C. 1325 (D.N.J. 1943).

The Custodian's Right of Representation.

By Paragraph 5 of Executive Order 9193, the Custodian is given the power to represent persons within designated enemy countries or enemy-occupied territories. This right was upheld in a dictum of the District Court of Appeals of California in Farmers and Merchants National Bank v. Superior Court, a case involving the estate of Jacob Kahan.

World War I Litigation.

When the Alien Property Unit came into being it inherited about a dozen cases which were relics of the last war. With one or two notable exceptions all of these cases involved the Hackfelds and allied German families which were engaged in the sugar industry in Hawaii, including the Sielckens, the Pfluegers, the Isenbergs, and their lawyer, Reuben D. Silliman. During the last war the Custodian seized the property in Hawaii of Johann F. Hackfeld, who, after peace had been restored, acting through Silliman as his attorney, filed a claim for the return of the seized property on the ground, that he had been an American citizen since the annexation of Hawaii and had always been loyal to the United States. The Custodian allowed his claim and money and property worth approximately \$3,700,000 were returned to him.

After years of intervening litigation the Department in 1936 instituted an action in the United States District Court for the Southern District of New York against Hackfeld's ancillary executors to recoup from him 20% of the property previously returned to Hackfeld, on the ground that the allowance of his claim was illegal, erroneous and induced by fraud. The Government sought only 20%, because Hackfeld would have been entitled, as a German, to 80% under

the terms of Settlement of the War Claims Act of 1928. After a lengthy trial, judgment was entered in favor of the Government and against the estate. This judgment was affirmed by the Circuit Court of Appeals and later by the Supreme Court. During the present fiscal year the account of the executor was settled and all of the ancillary estate, after the payment of administration expenses, was turned over to the Government in partial satisfaction of its judgment. A suit against Hackfeld's lawyer, Silliman, for conspiracy to defraud and for prosecuting a false and fraudulent claim against the Government, is pending in the United States District Court for the District of New Jersey.

ECONOMIC WARFARE PROGRAM

The addition of the Economic Warfare Program to the War Division constituted a major increase in activities and at the same time reflected the development of the Department's responsibility in the war effort. Prior to its transfer to the War Division, the Economic Warfare Program had been engaged primarily in the physical identification and location of industrial objectives as an adjunct to military operations. Shortly after its transfer to the War Division, it became increasingly concerned with the appraisal of the economic potential of industries in Axis dominated countries. More specifically, the analysis of industrial resources and the singling out of major industrial objectives led to the analysis of the industrial relationships, the economic ties, and the international operations of the more important commercial, financial, and industrial groups in enemy and enemy occupied countries. The emphasis of this work has been upon the cartel activities of hostile industrial combines, the economic warfare waged throughout the world via cartel channels, the efforts of enemy interests to obtain control of important assets in conquered areas, and the efforts to screen their operations in order to avoid the economic consequences of defeat.

During the fiscal year 1944 the Economic Warfare Section of the War Division was designated by the Bureau of the Budget as the central agency to carry out research in the field of international cartels. The attention of the staff was focused principally upon the structure and activities of the large German combines, such as I. G. Farbenindustrie,

Siemens and Halske, A.E.G., Carl Zeiss, Vereingte Stahwerke, Friedrich Krupp, Robert Bosch, and others.

I. G. Farbenindustrie was analyzed in detail in a series of reports. These show that the integration of this firm had been brought about for the purpose of concentrating political and economic power, and not merely to effect economies. Some of these reports indicated how various operating divisions of the I. G. could be separated from the combine without breaking up producing units. Other reports showed how the I. G. Farbenindustrie had concealed its corporate holding abroad to avoid seizure and to lay the ground work for post-war control in foreign territories.

Other reports traced the operations of the German Vereingte Glanzstoff in securing control of the synthetic fibre industry throughout Europe and the Western hemisphere. Subsequently, reports on Bemberg, Snia Viscosa, A.K.U., and others were completed, with a full analysis of the international synthetic fibre industry and its cartel structure.

Studies of the integration of German industry showed Germany's use of automatic business machines to help maintain its central controls over the entire German business structure, while other reports indicated the devices of financial collaboration employed to bring the complex French banking structure into the service of Germany for economic penetration abroad. In all, 107 reports, involving 28 different cartel structures employed by the Germans for purposes of economic control, were prepared by the Section during the fiscal year.

During the same period the groundwork was laid for the equally important future work on the structure of Japanese economic control and domination of the far East. Four members of the staff were employed in supervising a large-scale analysis of the files seized from Japanese trading companies at the outbreak of war. Translators and research assistants from the Foreign Economic Administration and military intelligence worked on this project under the direction of Economic Warfare Section personnel. A total of 106 reports detailed the structure of some segments of Japanese industry through analysis of inquiries, orders and interoffice correspondence. Translation of documents found in these files revealed parts of the structure of major Japanese industries, their intercompany relationships, productive capacities and plans for future expansion.

A beginning was also made in the analysis of international controls of certain commodities of international importance. Some preliminary work was commenced on the international tin cartel and the cartel in the fields of fats and oils and industrial diamonds. While personnel was not available to engage in an extended examination of these commodity cartels, sufficient data was accumulated to show the importance and economic consequences of such cartel operations.

FOREIGN AGENTS REGISTRATION PROGRAM

In the administration of the Foreign Agents Registration Act a perceptible shift in emphasis was discernible during the fiscal year. In the early period of the war, the principal focus of attention consisted of the political activities and propaganda disseminated by agencies acting in the interest of the Axis powers in the period of emergency preceding the war. By 1944 cases involving such hostile propaganda activities had been substantially completed. At the same time, however, the volume of political propaganda that was distributed in the United States by our Allies and by representatives of peoples in Axis occupied countries materially increased. In the light of these factors the primary emphasis of the Foreign Agents Registration Program shifted from the invocation of criminal sanctions to the active solicitation by the Department of the disclosure which was contemplated by Congress in the enactment of the statute.

Registration and Exemption Statements.

Agents of foreign principals are required, under Section 2 of the Act, to file registration statements followed by supplemental statements every six months, reporting on major changes in the status of the principal, and in the agent's personnel and activities, and his relationships with his principal. In addition, amendments to both original and supplementary statements are required from time to time when such statements are found to be deficient. Agents of foreign governments, the defense of which is deemed by the President to be vital to the defense of the United States, are permitted a simplified form of registration under Section 3(f), the so-called "exemption" statement, which also requires

PROCLAIMED LIST PROGRAM.

The Division represented the Attorney General at the bi-weekly meeting of the Interdepartmental Committee on the Proclaimed List and participated in conjunction with representatives of the State Department, Treasury Department, Department of Commerce, Foreign Economic Administration, and Co-ordinator of American Affairs in listing certain persons in Latin America who directly or indirectly gave aid to the enemy or whose activities were found to be detrimental to the National interest.

The Interdepartmental Committee on the Proclaimed List embarked on a program for the permanent elimination from the Central and South American economy of firms which have been actually owned and controlled in enemy countries. To this end, the various Latin-American governments were informed that if they would effect a transfer of such firms into satisfactory native and pro-allied hands, the firms would be deleted from the Proclaimed List. Such a plan was adopted by all of the countries except Argentina and Uruguay.

LATIN-AMERICAN PROGRAM.

As agreed in the Spring of 1942, the Departments of State and Justice jointly share the responsibility of providing adequate assistance in Washington for the work of the United States Member of the Emergency Advisory Committee for Political Defense in Montevideo, Uruguay. The Washington organization for this purpose is under the general direction of the United States Liaison Officer with the Committee. The War Division functions as the legal staff of the Washington organization.

Beginning in March 1943, the Emergency Advisory Committee for Political Defense started a series of consultative visits to the various American Republics for the purpose of scrutinizing the political defense program of each country, from the point of view of its compliance with Resolution XVII of the Meeting of Foreign Ministers at Rio de Janeiro and with the various recommendations transmitted by the Committee. Pursuant to an invitation of the United States Government, the Committee for Political Defense appointed a delegation to visit Washington from July 28 to August 10, 1943, for purposes of consultation with our administrative officials. The delegation consisted of the two Vice-Chairmen of the Committee (the members from Brazil and Mexico), the United States member, the Secretary-General of the Committee, and

two Advisers.

Aside from protocol events, the program of the Visit consisted of a preliminary session, eight technical sessions, and two field trips. More than 100 United States officials from various interested agencies and departments collaborated in the preparation of the technical sessions and inspection trips. The Department of Justice was represented by 23 of the 47 individuals participating in the discussions with the Committee's delegation. The other agencies represented were: Department of State, Office of Censorship, War Department, Office of Civilian Defense, United States Coast Guard, Navy Department, War Shipping Administration, Bureau of Customs, and Federal Communications Commission.

Since the Department of Justice, through the War Division, has provided the technical legal assistance of this Government to the Committee's work, the Division was assigned primary responsibility for the preparation and conduct of the technical sessions of the meeting. This preparation involved extensive conferences with officials of the various agencies, in order to present the political defense program of the United States in a systematic and thorough manner, organized so as to afford ready comparison with the pertinent recommendations of the Committee for Political Defense. In most cases, the material to be discussed by each individual was ultimately put in written form, supported by appropriate exhibits, and coordinated with the rest of the program. A number of policy questions were cleared with the Departments of State, War and Navy.

The Committee for Political Defense requested that the official record of the Consultative Visit, based on the detailed and comprehensive material prepared for the Visit, be compiled by our Government. The material was organized and edited in the War Division, and the revised drafts were checked and cleared with every person who participated in the discussions. The work was completed on December 31, 1943 and the record was transmitted to Montevideo in installments during December and the first week in January.

The record contains 11 reports together with 32 Annexes and 160 exhibits. As far as is known, this record constitutes the only coordinated and composite picture that exists anywhere of the political defense and internal security program of this Government. Complete copies have thus far been

deposited in the Departments of Justice and State for general reference.

From the consultative visits in 17 of the 21 Republics, and from special reports received from the remaining four Republics, the Committee for Political Defense had accumulated a great store of information concerning the political defense situation in every country of the Western Hemisphere. By comparing this information with its broad "legislative" program for the control of subversive activities, the Committee was in a position to determine the major deficiencies which should be remedied by each Republic in the interest of Continental security. The essence of the follow-up program, therefore, was a series of individualized recommendations to each government, suggesting ways and means whereby the political defense structure of the country might be completed and strengthened.

To assist in this program, the War Division reviewed the Committee's Consultative Visit Reports concerning 16 of the 17 countries visited, and drafted the technical material required for the Report on the Consultative Visit to the United States. The data contained in these reports were coordinated with the background material available in the Department and with current diplomatic information received from the State Department. In this manner, the Division was able to advise the United States Member as to the items that should be emphasized by the Committee in its follow-up memorandum to each government (e.g., detention of dangerous Axis nationals, stricter censorship, control of Axis groups, etc.), and to suggest specific measures whereby the desired objectives might be attained.

Accordingly, the Division participated in the preparation of the memorandum transmitted by the Committee to 20 of the 21 American Republics and in its translation and distribution to appropriate officials of our own Government.

During the fiscal year 1944 the Committee for Political Defense adopted four resolutions, three of which dealt with problems arising from the Bolivian Revolution. Resolution XXII was a general recommendation for inter-American consultation concerning the recognition of new governments instituted by force; Resolution XXIII specifically recommended application of the consultative procedure with regard to the new revolutionary government of Bolivia; and

Resolution XXV approved the solidarity of the American Republics in eventually extending recognition to the Bolivian government. The War Division participated in the formulation of these Resolutions.

Because of the role of the War Division in the development of Resolution XX, relative to repatriation of Axis nationals, it undertook to work out a program to be recommended by the Committee for Political Defense in connection with refugees. This led to the adoption by the Committee of Resolution XXIV, in which uniform and concerted action by the American Republics was recommended in behalf of some 2000 individuals in possession of documents indicating their right of admission to, or protection by certain American Republics. Many of them were being held in German concentration camps and threatened with persecution or extermination by the German Government. Shortly after the adoption of this Resolution, practically all of the American Republics took steps to notify Germany that their documents must be respected, and several governments authorized the proposed exchange.

In addition during the spring of 1943, this Division had formulated an inter-American port security program for the Committee for Political Defense. This program was embodied in the Committee's Resolution XXI, approved June 11, and transmitted to our Government July 1, 1943. The Resolution was supplemented by a detailed booklet in Spanish covering 53 printed pages, on port security measures. At the request of the Committee, a corrected English edition was prepared for distribution within the United States and for the use of United States Naval Attaches in Latin American ports. This work was completed in September 1943.

Although the Committee for Political Defense probably will remain in operation for the duration of hostilities, or until the next meeting of the Ministers of Foreign Affairs of the American Republics, it is apparent that the major part of its work henceforth will be conditioned primarily by diplomatic considerations, particularly with respect to the situation in Argentina. The specialized services rendered by the Latin American Section will not be required except in occasional instances.

Consequently, plans have been made to discontinue the Latin American Section as a separate entity, during the fall

of 1944. The Chief and Assistant Chief of the Section have assumed new duties in the Foreign Agents Registration Section, but will remain available for such occasional consultation and advice as may be required by the United States Member of the Committee for Political Defense. The remaining members of the staff are being transferred to other duties in the Division upon the completion of their pending work.

298

REPORT OF JOHN Q. CANNON, ADMINISTRATIVE ASSISTANT TO THE ATTORNEY
GENERAL FOR THE FISCAL YEAR 1944

I. ADMINISTRATIVE DIVISION

The Administrative Division operates under the direction of the Administrative Assistant to the Attorney General, and has the following functions:

Budget, financial and fiscal matters, appropriations, the control of expenditures; accounting and auditing; examination of field offices; collection and compilation of statistics; transcription and duplication; supplies, printing and procurement; mail and records; buildings and space; payroll, vouchers and travel requests; certification and approval of appointments of deputy Marshals and clerical and sub-clerical employees; personnel matters and transactions; garage and automotive equipment; health services; and generally the administration of similar staff services.

The Division is composed of the following organizational units: Office of the Administrative Assistant (including the Budget and Planning Section and the Statistical Section,) the Accounts Division, the Supplies and Printing Division, the Division of Communications and Records, the Office of the Chief Clerk, and the Personnel Office.

The average number of employees in the Division during the fiscal year was 564.

II. ORGANIZATION AND PROCEDURE CHANGES DURING THE FISCAL YEAR.

Department Order 3732, Supplement No. 3, February 24, 1944, transferred to the Administrative Division the overall direction and supervision of the following functions: Formulation and supervision of the Department's budget program; operation of fiscal control, accounts and audits; improvement of administrative organization and practices.

In line with the Order referred to, a number of changes in organization were made, in order to effect improvements in operations and in keeping with the Department's recent growth and enlarged responsibilities. The changes involved consolidations and realignments of work and the establishment of some new positions. Staffing for the new organization has been accomplished by selection of efficient and experienced employees of the Department, it having been found, up to this time at least, that such personnel serves our needs better than new persons coming in from outside the Department. The changes are:

333427

(1) Creation of a Budget and Planning Section in the office of the Administrative Assistant to coordinate the Department's budget program, to make organizational surveys to improve business methods, and to conduct studies in relation to budget requirements. Although in its beginning stage, this Section has already proven valuable and has produced beneficial results. (See III (1) below)

(2) There has been established a Personnel Office, replacing the former Appointment Clerk's Office and including enlarged functions. Included in the Personnel Office are the Personnel Procedures Section and the Position Classification Section. The Personnel Procedures Section has units for processing records and files; employee relations and retirement matters; and for recruitment, placement and training. The new organization has resulted in definite expedition of personnel transactions, improvement and progress in position classification matters, and the handling of retirement problems. A good beginning has been made in the field of employees relations.

(3) A new Payroll Section has been created in the Division of Accounts. The new organization has been successful in meeting very complicated payroll problems due to tax and retirement deductions, bond purchases, etc.

(4) During the year, the Administrative Division organized a conference of administrative assistants, representing the various Offices, Divisions and Bureaus of the Department. This group meets once a month for discussion of mutual problems and for formulation of ways and means of simplifying administrative procedures in the operation of the Department. The meetings have proved to be very beneficial.

(5) During the year, a plan was evolved for establishing the position of Records Administration Officer. The position and the functions of the office have been formally installed since the close of the fiscal year. This operation is for the purpose of properly coordinating and integrating the handling and keeping of all the Department's records and files. The incumbent of the position of Records Administration Officer functions as the Department's representative with the National Archives and Bureau of the Budget on matters concerning preservation of necessary records, disposal and destruction of unnecessary records, etc. He also serves as consultant to all offices of the Department on records systems. (See III, (4) below)



Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

REPORT OF THE DIRECTOR OF
THE FEDERAL BUREAU OF INVESTIGATION

JOHN EDGAR HOOVER

FOR THE FISCAL YEAR 1944

INTRODUCTION

In the third year of war, the Federal Bureau of Investigation continued to discharge the greatest responsibilities of its history. As the United Nations seized the offensive in all theaters of combat, the FBI's internal security program was even more intensely pursued, with the result that no act of enemy-directed sabotage occurred during the year and enemy efforts in the field of espionage were rendered ineffective.

Protecting national security required not only vigorous investigation of all reports of enemy activity, but also continued emphasis upon precautionary measures and upon the training and coordination of all agencies of law enforcement. Through regular Law Enforcement Conferences, police training schools, the FBI National Academy, and close cooperation with all Federal, state and local bodies, the FBI achieved an increasing measure of coordination among the agencies sharing the responsibilities of wartime security.

Although investigations pertaining directly to the security program received primary consideration during the fiscal period, the FBI continued to afford full attention to criminal violations within its jurisdiction. In this category, certain crimes, particularly those aggravated by wartime conditions, showed a sharp increase, and there were indications of a return of gangsterism. Criminal activity of this nature was subjected to vigorous investigation.

SUMMARY OF ACCOMPLISHMENTS

During the fiscal year 1944, FBI investigative activity resulted in 13,616 convictions, with total sentences



Coordination with Military and Naval Intelligence Services

In its function of coordinating and disseminating intelligence and security information, the FBI continued during the fiscal year 1944 an unparalleled cooperative relationship with the Military and Naval Intelligence Services. Each week officials of the FBI and Military and Naval Intelligence Services met in conferences to coordinate the activities of their respective agencies on a national scale. Similar conferences were held by the ranking officers of the three Intelligence Agencies in the various headquarters cities throughout the nation. As a result of this close liaison, it has been possible to settle quickly and efficiently all problems of policy and jurisdiction.

Intelligence matters in the present war are international in scope, and it has been imperative for the FBI to maintain the closest coordination with allied intelligence agencies. Regular liaison was maintained with the Royal Canadian Mounted Police, the British Intelligence Service, and intelligence representatives of other allied powers.

Coordination with Other Government Agencies

Regular contact was likewise maintained with all other Federal agencies having an interest in national security.

An important part of the FBI's responsibility for coordination of intelligence information has been the furnishing of data to various government agencies connected with the war program. During the past fiscal year 1,370,421 searches were conducted in the files of the FBI for information concerning individuals in whom they were interested.

Training of Personnel

The FBI's wartime duties required extensive training of personnel. During the fiscal year courses were conducted for newly appointed Special Agents as well as for in-service Agents. Intensive courses were also provided for Special Agents in Charge and their assistants, in which emphasis was placed upon the administration of field offices, improved investigative procedures and changing wartime problems.

In addition, extensive training was afforded clerical personnel of the Bureau in their various functions, and special courses were provided in technical subjects, physical training and firearms for selected Special Agent personnel.

384

ANNUAL REPORT
of the
IMMIGRATION AND NATURALIZATION SERVICE
for the year ended June 30, 1944

EARL G. HARRISON, COMMISSIONER

June 30, 1944 marks the close of the fourth year in which the Immigration and Naturalization Service has been a part of the Department of Justice. In a sense, it is the close of a transition period. Plans and projects, in part conceived in the reorganization of government departments but defined more specifically with respect to the Service in the past two years, came to fulfillment during the year just ended in unprecedented accomplishments in service to the public - citizens and aliens - and in an effective functional and close-knit administrative organization.

To enforce the restrictions on immigration established by law; to apprehend and deport aliens illegally present in the United States; to assist aliens to attain the privileges of citizenship through the naturalization process and by education; to furnish proof of derivative citizenship; to rectify the status of those who, though deportable, have close family ties here and whose records have proven them to be valuable potential citizens; to maintain records of all aliens in the United States, are some of the more important usual functions of the Service. To these functions, most of them magnified in importance by the impact of the war, must be added other distinctly wartime responsibilities, notably the custody of all "alien enemies" ordered detained and interned, and the supervision of those ordered paroled, and the administrative naturalization of noncitizen members of the armed forces stationed outside the United States.

In the Annual Report of the Attorney General for the fiscal year ended June 30, 1941, Attorney General Jackson said, "So many applications have been made that the Naturalization Service is approximately a year in arrears throughout the country Study is now being given to appropriate measures which would simplify and speed up the naturalization process and at the same time provide for the careful scrutiny of all applicants."

Since that time "appropriate measures" have been taken. A reorganization of the Service along functional lines established in the Central Office during the fiscal year 1943 was carried into the 16 districts during the past year by

333431

350

of such a certificate lies in the fact that the certificate can serve as documented proof of citizenship. By the end of June there had been 33 such certificates issued.

Registry of aliens.--An alien who entered the United States prior to July 1, 1924, for whom there is no record of entry, may apply to the Commissioner of Immigration and Naturalization to make a registry of his arrival for naturalization purposes. Upon proof of the required facts, the registry was made and such alien was deemed to have been lawfully admitted to the United States for permanent residence as of the date of his entry. There were 10,177 applications for registry received and 12,475 completed.

Petitions denied.--Petitions for naturalization are recommended for denial for a number of causes. The field offices submit all cases in which a recommendation of denial is contemplated to the Central Office for review. This procedure has been recognized as a good one by the field offices. It emphasizes the need for properly preparing recommendations to the Courts and is providing precedents on Service policy, as well as bringing about greater uniformity in the Courts.

There were 7,297 certificates denied by the Courts during the fiscal year 1944. This is a reduction of 46 percent from 13,656 denied last year. The principal reasons for the denial of petitions were:

Technicalities - invalid papers, lack of or incompetent witnesses, lack of residence, etc....	134
Failure to qualify under Special Acts.....	229
Lack of knowledge, not informed, unable to speak or read English, sign name.....	225
Not attached to Constitution or well disposed to good order of United States.....	142
Not of good moral character.....	979
Already an American citizen.....	1330
Applicant died prior to action on petition.....	1792
Petitioner's own motion for discontinuance.....	1121
Want of prosecution, applicant failed to appear....	985
Other.....	360

Naturalization certificates canceled.--Two hundred thirty-eight certificates were canceled during the year - a reduction of 140 as compared with last year. There were 118 cases initiated by the Immigration and Naturalization Service; fraudulent papers, or misrepresentation by the petitioner or witnesses accounted for 62 of these cases, 13 immoral character, 38 mental reservations, 1 convicted of treason; 4 cases involved illegality

333432

There was a great decrease in the number of miles patrolled, conveyances examined, and persons questioned. This was largely due to the fact that it was not necessary to engage in guarding the Atlantic and Gulf and Florida coasts as was done during 1943 to prevent the entry of Axis saboteurs.

The greatest activity in illegal entries at the close of the fiscal year was along the Mexican Border, in the Imperial Valley of California, the Yuma Valley of California and Arizona, and the Lower Rio Grande Valley of Texas.

The authorized force of Border Patrol officers of all grades during the year was 1269. However, the average actual strength was only 997 officers, as inductions of patrol inspectors into the armed forces and the increasing difficulty of recruiting qualified personnel made it impossible to keep the force at its authorized strength. Transportation facilities consisted of 610 passenger vehicles, 49 trucks and vans, 35 saddle horses, 33 motor boats and other water craft, and one autogiro.

Radio Communications.--Two additional radio communication sets were installed during the year; one each at Trout River, New York, and San Luis, Arizona. The radio sets at Fort Missoula and Boston were discontinued.

There were 40 fixed stations in operation at the end of the fiscal year. Four hundred seventy Service automobiles and water craft were equipped with radio receivers, 123 of which also had radio transmitters for two-way operations. The autogiro is also equipped with two-way radio.

Auxiliary work.--During the past year Border Patrol officers performed considerable nonpatrol work, such as primary and traffic inspection at ports of entry; travel control; conveyance of aliens for detention, deportation, or repatriation; assisted with naturalization, alien registration, enemy alien paroles, and internments at large.

(See Appendix Table 24.)

Detentions and Deportations

Detentions, alien enemies.--At the beginning of the fiscal year 9,341 alien enemies were in custody. During the year 2,425 additional alien enemies were received while 5,528 departed from our facilities through repatriation (2,141), parole (1,838), internment-at-large (258), or death (53), leaving 6,238 in custody at the close of the

355

fiscal year - 2,971 Germans, 86 Italians, 3,136 Japanese, 5 Hungarians, 1 Bulgarian, 3 Roumanians and 36 others.

The 6,238 persons held at the close of the fiscal year fall into the following five categories:

1. Those who were apprehended in continental United States under Presidential warrants, 2,404.
2. Those who applied for voluntary internment and following searching investigations and case studies were accepted and moved to one of the family internment camps to join husbands or fathers in internment, 1,045.
3. Those who were brought to continental United States from Central and South America and the West Indies, 1,439.
4. Those who were brought to continental United States from Alaska, Hawaii, the Pacific islands and North Africa, 678.
5. Those who were seamen at the time of apprehension, 672.

The net reduction of 3,093 in the number of alien enemies detained at the end of the fiscal year 1944, as compared with 1943, made possible the closing, during the year, of detention facilities at Missoula, Mont., Tuna Canyon, Calif., Chicago, Ill., and at Salt Lake City, Utah. It also made possible the closing by the State Department of the Ingleside Hotel, Staunton, Va., and the Cascade Inn, Hot Springs, Va., where the German and French diplomatic groups, respectively, had been detained at the expense and under the management of the State Department and under guard furnished by this Service. The close of the year finds alien enemy detention facilities remaining in operation at Fort Lincoln, N. Dak., Kenedy, Crystal City and Seagoville, Tex., Fort Stanton and Santa Fe, N. Mex., Sharp Park, Calif., Algiers, La., and Kooskia, Idaho. Some alien enemies were also being held at the permanent detention stations at Gloucester City, N. J., and at Ellis Island, N. Y.

A high percentage of the work performed at our detention facilities is performed by internees. Some of such work, under the terms of the Geneva Convention, must be performed without pay, while other work not falling within said category, is paid for at the rate of ten cents per hour. In addition to those internees who perform work for which they are paid at the above stated rate from public funds, 212 deemed by the

333434

356

Alien Enemy Control Unit to be sufficiently reliable volunteered for important Forest Service and railroad work. This number is constantly being increased as individual cases are being re-heard and reviewed.

On July 1, 1943, due to inability to obtain proper feeding contracts, the Service took over the operation of messes at the San Pedro and Gloucester City Detention Stations, and at the close of the fiscal year had demonstrated, over contract feeding costs, savings of \$11,293.79 and \$27,478.11, respectively, or a total of \$38,771.90. The average cost of food served detainees per day during the fiscal year 1944 was \$.4848, or \$.1616 per meal, which represents a slight increase over the preceding fiscal year.

The setting up of the Crystal City Internment Camp for internees and their families was reported in the last annual report. The activities closely follow those of any small town and are engaged in by practically every man, woman, and child at the facility. The morale of the detainees is good, and in the main the health of the residents of this camp is better than when they entered the camp. Every effort is made to make living conditions as normal as it is possible to make them within the confines of an internment camp by providing housing for individual family units where they prepare their food themselves in accordance with their individual and racial tastes - Japanese, German, and Latin American types of cooking predominating. A grocery store, meat market, and clothing store have been set up where plastic camp money is exchanged for predetermined quantities of food of the various classes, and where clothing and materials for making clothing are sold. Thus the housewife finds it necessary to continue to practice thrift and to engage in budgetary planning. Assistance is rendered those who lack such experience. Although the usual small-town difficulties arise at this camp, on the whole the camp is a place where families live in peace and harmony, especially since a few recalcitrants have been removed because of trouble-making propensities.

During the fiscal year, applications were received from 848 Japanese internees and their families, involving some 3600 individuals, requesting that they be reunited in the family internment camp. The male adult members of these families had been in internment camps since the beginning of the war and, with few exceptions, their families were residing in War Relocation Centers after having been evacuated from the West Coast. In passing upon such applications, delays were involved in determining which of the applicants were

333435

considerable number who were similarly released following their entry into the armed forces of the United States.

Two hundred fifty-eight aliens under enemy nationality who had been brought to the United States from Latin American countries for internment were permitted to leave internment camps under a program of internment-at-large. Supervision of these individuals is similar to that accorded in cases of restricted alien enemy paroles.

One thousand ninety-eight Italian seamen who were previously interned or paroled under alien enemy proceedings were released under such proceedings and remanded to the custody of this Service under immigration proceedings. These seamen have been placed under an immigration parole, which is patterned after the alien enemy parole system and is designed to assure the appearance of the seamen when their departures from the United States can be arranged pursuant to orders of exclusion and expulsion.

Since the inception of the Alien Enemy Control program, only 10 parolees have absconded and all 10 were quickly reapprehended. There have been only 7 other violations of the conditions of parole which were considered serious enough to warrant reapprehension of the subjects. These facts indicate that the entire program has functioned with marked success.

OFFICE OF THE ASSISTANT COMMISSIONER FOR
ALIEN REGISTRATION

The Office for Alien Registration is responsible for the registration of all aliens, as required in the Registration Act of 1940. With travel into and out of the United States reduced to a minimum and with the laggard registrants who were in the United States prior to December 31, 1940, recorded, it became apparent that the time had come when attention should be given to gearing alien registration more smoothly with other divisions of the Service.

Accordingly, a survey was made to determine if a closer integration of the functions of the Office for Alien Registration with other offices of the Service could be effected. It was ascertained that the functions of the Machine Tabulating Section and the Tabulation Review Section could be discontinued, and that other sections could effectively be merged with units doing similar work in other Divisions.

333436

359

Effective April 1, 1944, the coding of new registration records, change of address notices, change of status notices, etc., was discontinued. Likewise, the preparation of machine tabulating cards relating to such action was discontinued.

In connection with the discontinuance of the functions of the two Sections mentioned, it was decided that certain basic statistics should be obtained from the card records before cessation of activities. Therefore, during the last three months of the fiscal year 1944, the Machine Tabulating Section was engaged in sorting, reproducing, collating, tabulating and listing by mechanical means statistics that included breakdowns by national groupings, age, sex, occupation, geographic distribution, and other significant factors relating to registered aliens. During the same period the Tabulations Review Section was engaged in assembling, organizing, and preparing certain selected reports, tables, charts, and graphs of information obtained from the tabulating cards.

Representatives of a number of Divisions have, during the past year, participated in a survey of the various filing systems in use in the Service. Upon the recommendation of the committee it was determined to utilize alien registration files as the index files for all alien cases upon which action arose after April 1, 1944. Prior to such merging of files a project was undertaken, which was completed during the past year, whereby 942,400 Alien Enemy Identification documents were integrated with the relating Alien Registration records. This merger of records has proven decidedly worthwhile because of having both the alien enemy and the alien registration documents relating to the same individual consolidated.

Another project looking to the simplification of the files was begun during the latter part of the fiscal year. This involved removing from the alien registration indexes and files all names relating to registrants who have become naturalized or who have died. There are well over a million of such cases. The files contents in these cases are being examined prior to their removal. The removal of these types of cases from the indexes and files will provide much valuable space for new records.

During the past year, 496,213 tabulating cards, reflecting the latest addresses of aliens in the United States who entered the country for purposes other than permanent residence, were sent to the various district offices. These cards are to be used by district offices to direct attention to aliens who may be illegally in the United States. Beginning last fall,

333437

alien registration address cards were made available to public schools and other agencies, for their use in building citizenship education classes.

Some 300,000 registrations were received from various parts of the country during the fiscal year. Of this total, 100,000 were records of agricultural workers and 50,000 records of railroad track workers imported because of the shortage of labor into this country from other countries of the Western Hemisphere. In addition, there were 50,000 records relating to alien seamen, and 100,000 registrations effected before the American Consular Officials abroad. All of the records were completely processed and integrated.

There were also received and processed during the year 132,811 pieces of correspondence from alien registrants, government agencies, and other persons, in connection with the Alien Registration and Alien Enemy programs.

OFFICE OF THE ASSISTANT COMMISSIONER FOR INSPECTIONS

The function of the Office of the Assistant Commissioner for Inspections is to carry on the investigative work of the Service.

During the year, 14,000 cases of alien registration violations were reviewed and transmitted for further action. Approximately 1,000 files of Mexican agricultural laborers, who apparently had not kept their contracts, were reviewed. If records of departure could not be verified the cases were sent to the field for further investigation.

The index file of 25,000 organizations in which registered aliens reported membership was reviewed, and an effort was made to obtain full data as to the nature and activities of these organizations.

A file has been created of all persons acting as consultants on immigration and naturalization matters. This file will serve as reference in connection with cases that may arise from time to time.

In addition to the foregoing, several special investigations were conducted. One was in connection with the Treasury Department, whereby a forged document of this Service was used in an attempt to free funds frozen by Executive Order. This case resulted in the apprehension of an individual wanted by the State Department on a passport fraud in addition to establishing substantial evidence that will assist the United States Attorney in prosecution of the fraud relating to the jurisdiction of the Treasury Department.

U. S. DEPARTMENT OF JUSTICE
Immigration and Naturalization Service
Philadelphia, Pa.

385

Table 7. Immigrant aliens admitted and emigrant aliens departed, years ended June 30, 1940 to 1944, by countries of last or intended future permanent residence

Countries	I M M I G R A N T					E M I G R A N T				
	1940	1941	1942	1943	1944	1940	1941	1942	1943	1944
All countries.....	70,756	51,776	28,781	23,725	28,551	21,461	17,115	7,363	5,107	5,669
Europe.....	50,454	26,541	11,153	4,920	4,509	9,143	3,326	1,091	1,719	2,666
Albania.....	152	2	-	-	1	21	-	1	-	-
Belgium.....	1,713	1,816	346	120	126	61	14	3	-	1
Bulgaria.....	87	135	15	3	6	21	3	-	-	-
Czechoslovakia.....	1,074	314	137	102	136	39	11	-	-	-
Denmark.....	250	244	84	100	61	140	20	105	-	-
Estonia.....	75	41	14	14	26	17	3	-	-	-
Finland.....	233	244	44	49	29	231	36	5	17	13
France.....	2,575	4,801	4,430	1,201	387	542	78	31	9	11
Germany.....	21,520	4,028	2,150	248	238	1,978	1,758	2	-	2
Great (England...)	5,850	7,368	838	901	1,210	998	372	632	1,405	2,199
Brit- (Scotland..)	263	295	51	71	96	312	99	64	47	116
ain (Wales.....)	45	51	18	2	15	18	6	2	10	8
Greece.....	811	268	174	229	226	261	77	6	1	-
Hungary.....	1,902	330	186	75	87	136	18	9	-	-
Ireland (Eire).....	749	211	70	132	68	322	52	18	10	11
Italy.....	5,302	450	103	49	120	1,534	104	21	3	1
Latvia.....	288	97	27	21	24	13	-	-	-	-
Lithuania.....	262	242	52	43	37	24	4	-	-	-
Netherlands.....	2,097	823	139	77	71	108	17	4	2	9
Northern Ireland...	90	61	13	33	44	75	10	5	3	7
Norway.....	488	369	72	71	127	276	5	1	-	9
Poland.....	702	451	343	394	292	81	4	-	1	1
Portugal.....	448	1,101	437	395	431	448	185	56	100	148
Rumania.....	333	122	67	45	70	83	10	-	-	-
Soviet Russia.....	40	41	60	32	41	114	138	17	23	19
Spain.....	259	300	234	254	271	447	200	50	25	29
Sweden.....	518	518	205	58	58	437	44	28	24	35
Switzerland.....	1,211	1,375	585	123	33	119	36	21	23	2
Yugoslavia.....	652	142	73	29	93	192	6	2	-	5
Other Europe.....	465	301	186	49	85	95	16	8	16	40
Asia.....	1,913	1,801	564	334	227	2,368	2,818	817	12	95
China.....	643	1,003	179	65	50	998	816	135	4	44
Japan.....	102	289	44	20	4	1,078	1,823	618	-	-
Palestine.....	850	268	150	107	45	66	14	7	1	10
Syria.....	111	14	24	9	8	29	-	-	-	4
Other Asia.....	207	227	167	133	120	197	165	57	7	37
Canada.....	10,806	11,280	10,450	9,571	9,821	769	835	595	439	451
Newfoundland.....	272	193	149	190	322	35	46	14	6	9
Mexico.....	2,313	2,824	2,378	4,172	6,598	4,584	4,392	2,889	2,498	1,732
West Indies.....	2,675	4,687	1,599	2,312	3,198	1,300	1,430	770	35	58
Central America.....	639	1,239	805	1,218	1,985	470	637	266	123	238
South America.....	1,115	2,216	989	693	1,160	1,004	1,352	737	224	196
Africa.....	202	564	473	141	112	93	98	67	26	76
Australia.....	156	137	100	97	461	126	106	16	15	121
New Zealand.....	51	57	20	23	116	36	50	12	3	12
Other countries*.....	160	237	101	54	42	1,533	2,025	89	7	15

* Chiefly Philippine Islands

6-44

333440

Philadelphia, Pa.

Table 12. Immigrant aliens admitted, year ended June 30, 1944, by principal races and countries of last permanent residence

Last permanent residence	Number admitted	Bohemian & Moravian	Cuban	Dutch & Flemish	English	French	German	Greek	Irish	Italian	Latin American	Magyar	Negro	Polish	Portuguese	Russian	Scandinavian	Scottish	Slovak	Spanish	West Indian	Other Races	
All countries.	28551	148	1014	430	4100	1571	1014	385	1526	244	2533	164	608	840	472	374	652	1475	133	391	358	10119	
Europe.....	4509	108	2	88	360	98	502	253	123	90	9	58	2	227	369	57	288	99	45	162	-	1569	
Belgium.....	126	-	-	12	1	10	1	-	-	-	-	-	-	10	-	3	1	-	-	-	-	-	88
Czechoslovakia	136	72	-	-	-	-	1	-	-	-	-	1	-	-	-	-	-	-	21	-	-	-	41
France.....	387	4	-	4	2	57	28	7	-	7	-	4	-	10	1	15	3	1	-	10	-	-	234
Germany.....	238	2	-	-	1	-	76	3	1	2	-	4	-	1	-	-	-	-	-	-	-	-	148
Great Britain	1321	25	-	8	335	9	332	3	32	2	-	9	1	51	-	9	6	92	5	1	-	-	401
Greece.....	226	-	-	-	-	-	-	223	-	-	-	1	-	-	-	-	-	-	1	-	-	-	1
Hungary.....	87	1	-	-	-	-	2	-	-	-	-	29	-	1	-	-	-	-	-	-	-	-	54
Ireland (Eire)	68	-	-	-	5	-	1	-	59	-	-	-	-	-	-	-	-	1	-	-	-	-	2
Italy.....	120	1	-	-	-	1	3	7	-	78	6	2	-	1	-	1	-	-	1	-	-	-	19
Netherlands..	71	-	-	57	-	1	3	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	9
Norway.....	127	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	123	1	-	-	-	-	2
Poland.....	292	-	-	-	-	-	2	-	-	-	-	-	-	115	-	1	1	1	1	-	-	-	172
Portugal.....	431	-	-	-	1	8	6	-	-	-	-	-	1	18	366	1	1	1	-	2	-	-	27
Rumania.....	70	-	-	2	1	-	4	-	-	-	-	6	-	-	-	2	1	-	-	-	-	-	54
Spain.....	271	3	2	1	-	11	23	1	-	-	2	-	-	15	2	3	-	-	6	149	-	-	53
Sweden.....	58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51	-	-	-	-	-	7
Switzerland..	33	-	-	1	1	1	11	-	-	1	-	-	-	-	-	1	1	1	-	-	-	-	15
Yugoslavia...	93	-	-	-	-	-	3	-	-	-	-	1	-	-	-	1	2	-	10	-	-	-	76
Other Europe.	354	-	-	3	12	-	6	9	31	-	-	1	-	5	-	20	99	2	-	-	-	-	166
Other Europe																							
Canada.....	9821	25	1	197	2616	1372	326	76	1228	127	2	91	73	367	11	227	314	1293	67	32	4	-	1372
Mexico.....	6598	3	5	5	42	11	16	10	6	3	46	-	6	23	-	47	9	6	3	34	1	-	6322
West Indies...	3198	3	998	69	252	29	99	10	8	8	136	5	443	124	41	16	7	10	8	112	334	-	486
Other America.	3467	8	8	37	349	34	46	15	112	14	2340	9	82	73	49	13	15	20	9	49	19	-	166
Asia.....	227	-	-	1	25	2	5	7	3	-	-	-	-	15	-	7	14	4	-	1	-	-	143
Other countries	731	1	-	33	456	25	20	14	46	2	-	1	2	11	2	7	5	43	1	1	-	-	61

KF
5107
H61
194
C.4

750567
Justice
/
5-7-1

U. S. Department of Justice

ANNUAL REPORT OF THE

ATTORNEY GENERAL

OF

THE UNITED STATES

For The Fiscal Year Ended June 30

1945

333441

CONTENTS

46-1597 U

Annual Report of the Attorney General.....1-44
Report of the Judicial Conference, Sept. Sessions 1945.....45-75
Annual Report of the Solicitor General.....76-98
Report of the Assistant to the Attorney General.....99-104
Report of Assistant Solicitor General105-109
Report of Assistant Attorney General, Criminal Division.....110-156
Annual Report of Antitrust Division.....157-167
Report of Assistant Attorney General, Claims Division.....168-218
Report of Assistant Attorney General, Lands Division.....219-240
Annual Report 1945, Customs Division241-259
Report of Assistant Attorney General, Tax Division.....260-276
Annual Report of War Division, 1945.....277-302
Report of Administrative Division.....303-317
Federal Bureau of Investigation, 1945.....318-343
Annual Report of Immigration and Naturalization Service344-461
Board of Immigration Appeals.....462-470
Annual Report, Director of the Bureau of Prisons.....471-504
Report of the Pardon Attorney.....505
Annual Report, United States Board of Parole.....506-513
Annual Report, Bureau of War Risk Litigation.....514-517
Report of the Librarian518-520

333442

C O N T E N T S

Report of the Attorney General, Francis Biddle.	1
I. Introduction	1
II. Internal Security.	2
Sedition and Related Offenses	3
Alien Enemy Control	5
III. War Frauds and Wartime Economic Controls	8
War Frauds.	8
War Labor Disputes.	8
Price Control	10
IV. Selective Service and Conscientious Objectors.	11
V. The Federal Prisons.	14
VI. Enforcement of Antitrust Laws.	19
VII. Claims By and Against the United States.	23
VIII. Immigration and Naturalization	26
Immigration	26
Naturalization.	27
Deportations.	28
Legislation	29
IX. Land Acquisition for War Purposes.	32
X. Legislative Recommendations.	34
XI. Organizational and Administrative Changes.	37
XII. Opinions of the Attorney General	39

333443

3

REPORT OF THE ATTORNEY GENERAL
DEPARTMENT OF JUSTICE, WASHINGTON, D. C.

To the Senate and House of Representatives of the United States of America
in Congress assembled:

I have the honor to report on the business of the Department of Justice for the fiscal year 1945.

Detailed summaries of the work accomplished under the supervision of the heads of the various Offices, Divisions and Bureaus of the Department are transmitted with this report.^{1/} The Report of the Conference of Senior Circuit Judges which convened in Washington on September 25, 1945, is also transmitted herewith.

I.

Before reviewing the work of the year, appreciation must be expressed to the Congress for the highly cooperative and understanding attitude exhibited by it toward all suggestions and problems tendered by the Department, which

^{1/} For reasons of economy, The Annual Report of the Attorney General is not being printed at this time. For the use of the Congress, typewritten copies accompany this Report. Other interested persons may examine the complete Report in the Main Library of the Department of Justice. Detailed reports are transmitted for the following Offices, Divisions and Bureaus: The Office of the Solicitor General, The Office of the Assistant to the Attorney General, The Office of the Assistant Solicitor General, Criminal Division, Antitrust Division, Claims Division, Lands Division, Customs Division, Tax Division, War Division, Administrative Division, Federal Bureau of Investigation, Immigration and Naturalization Service, Board of Immigration Appeals, Bureau of Prisons, Office of the Pardon Attorney, and the Library.

was an important factor in the success with which the program of the Department was carried out.

During the past fiscal year, as in the prior two full years of wartime operation, the Department of Justice was primarily concerned with preserving the internal security of the country and with maintaining the law and order essential to a successful prosecution of the War effort. In the course of these activities, the Department worked in close cooperation with a number of the agencies most directly concerned in the war program, and a resulting coordination of aims and policies was achieved which greatly facilitated the handling of the mutual problems encountered.

The morale of Departmental personnel continued high and was demonstrated in the increased amount of work done in almost every division of the Department by a reduced number of employees. At the end of the fiscal year, 7,320 employees had entered the armed forces and 103 of these had lost their lives. Approximately 800 men and women had returned from military duty to the Department on July 1, 1945.

II

INTERNAL SECURITY

The thoroughness with which the Federal Bureau of Investigation has carried out its duties as the coordinating agency for all matters relating to the internal security of the country is graphically illustrated in the freedom from alarm and hysteria which the country has enjoyed since the inception of the national defense program. The system of safeguards devised for the protection of the people and resources of the nation has aided materially in

CLAIMS BY AND AGAINST THE UNITED STATES

In the conduct of civil suits and all claims for and against the United States, the Department, during the past fiscal year, disposed of the heaviest workload of cases of this type in its entire history. The number of cases terminated during the year amounted to 3,363, with an aggregate of over thirteen and a half million dollars recovered for the Government. All of this work was connected, either directly or indirectly, with the war effort. Among the cases dealing with war-related activities were admiralty and shipping problems involving mutual waiver and reciprocal aid arrangements with the United Kingdom and other countries, litigation in cost-plus cases, proceedings under the Royalty Adjustment Act of 1942 and a number of other correlated matters.

The upward trend in the amount of litigation pending at the end of the fiscal year, noted in last year's report, was continued during the past year. 13,989 cases were pending on July 1, 1945, or approximately thirty percent more than were pending on the same date the previous year. The importance of this pending litigation is emphasized by the fact that the amounts involved total over a half billion dollars.

The mutual aid and representation agreements made with the United Kingdom, in connection with admiralty claims, have proved to be of great reciprocal benefit. So far, however, the number of claims disposed of by the British representatives for the benefit of the United States has been greater than the number concluded by the American representatives for Great Britain's benefit.

The occupation of Bremen and Bremerhaven by American troops in May, 1945 resulted in the capture of a number of very valuable and useful German ocean-going ships. At the end of the fiscal year, steps had been taken to initiate prize court proceedings in order to acquire title to these vessels. A more complete report of these proceedings and their outcome will be presented in the next annual report.

As was predicted in the last annual report, the volume of litigation arising from the Renegotiation Act (58 Stat. 78) increased noticeably during the past year. The constitutionality of the Act has been challenged in a number of these cases and it is expected that the coming year will see the jurisdictional aspect of such suits conclusively resolved by Supreme Court decision. Because of the large financial sums involved and the importance of the constitutional issues presented, careful consideration of the statutory history and legal principles underlying the Act is required for the preparation of the Government's part in these proceedings. During the year, 41 cases challenging the constitutionality of the Act were filed, and 91 cases were instituted by the United States for the recovery of excess profits.

An interesting and unique legal question was presented in those cases in which the Government sued to recover expenses and damages for injury to members of the armed forces through negligence. No American precedent existed to indicate the right of the sovereign to recover but a similar case in England had been decided in favor of the Crown on the basis of a

VIII

IMMIGRATION AND NATURALIZATION

Immigration. Although war conditions rendered traveling difficult during the past year, over a third more immigrants were admitted into the United States for permanent residence than were admitted during the previous fiscal year. A total of 38,119 immigrants were received, of which 11,623 or seven percent, were quota immigrants. Of the 26,496 nonquota immigrants, the largest groups were from Canada and Mexico. 2,735 alien wives of citizens in the armed forces married abroad were admitted, over half of them coming from Australia and New Zealand. The Chinese quota, established in 1944, was the only national quota to be exhausted during the fiscal year, although a number of countries with small quotas, such as Greece, Portugal and Spain, filled at least 85 percent of their quota numbers.

The critical wartime need for additional manpower in agriculture, railway maintenance, lumbering, and war industry in general, was greatly relieved by the importation of laborers from Western Hemisphere countries. Since the initiation of this program of importation in 1942, 354,996 of these laborers have been admitted. However, for various causes such as death, repatriation and deportation, this number has been considerably reduced so that a little over half, or 173,139, remained in the country at the end of the year. It is expected that this number will materially decrease during the coming year as recruitment is now being continued in Mexico only, for agricultural and railway laborers, and there is every indication that such activity will be

30

with the various State Departments of Education, home study courses have been sponsored in thirty-eight States, to meet the needs of aliens who are unable to attend regularly scheduled classes or to whom such classes are not available. A new course at the beginning reading level has been prepared for those who speak English but are either unable to read it or who do so only with difficulty.

A decision of great importance to aliens of German nationality was rendered in Schwab et al. v Coleman, 145 F.(2d) 672, in which the Circuit Court of Appeals granted a writ of mandamus, requiring the District Court to proceed in the matter of petitions filed by five German aliens. Since the initiation of hostilities, the Government has refused to act upon the petitions of German aliens unless they had arrived in this country prior to January 1, 1933, and had applied for petitions prior to December 7, 1941. As a result of the Circuit Court's action, the five petitioners were admitted to citizenship and approximately 700 similar petitions have been granted.

Deportations. The greatest number of aliens deported since 1933 left the country during the past year. Of the 11,270 aliens deported, approximately seventy percent or 8,000 were Mexican nationals. An all-time high was achieved this year in voluntary departures of persons eligible for deportation. 64,490 aliens departed, the majority of whom were natives of Mexico. The unusually large numbers of both voluntary and involuntary departures were attributable in part to the large backlog of deportation warrants which could not be executed previously because of war conditions,

1945

X

LEGISLATIVE RECOMMENDATIONS ^{6/}

Proposed legislation, amendatory of the present immigration and naturalization laws, has been discussed and its passage recommended elsewhere in this report. Another legislative matter which merits the attention of the Congress is the registration of firearms. The increasing number of firearms throughout the country renders it essential that the traffic in such weapons be supervised, as an aid to effective law enforcement. As existing legislation is inadequate to meet this situation, I recommend that legislation be enacted, requiring the registration of all firearms except shotguns and small bore weapons and the payment of a small tax on their transfers. Such legislation would be of inestimable help in forming an accurate idea of the number of firearms in circulation and their current location.

Although recommendation has previously been made for the enactment of legislation concerning the disposition of tort claims against the Government, I consider it wise to renew this recommendation in view of the vexatious nature of the problem. The restriction upon the individual's right to sue for personal injury or property damage caused by the tortious act of a Gov-

^{6/} While the body of this report reflects the activities of the Department carried out under the guidance of Attorney General Francis Biddle, whose administration terminated at the end of the fiscal year, the legislative recommendations included herein are those of the present Attorney General, Tom C. Clark.

No. 1200

XI

ORGANIZATIONAL AND ADMINISTRATIVE CHANGES

Among the organizational and administrative changes which took place in the Department during the past year were the dissolution of the Bureau of War Risk Litigation and the Economic Warfare Section of the War Division. The Bureau of War Risk Litigation had 278 cases pending at the end of the fiscal year, at which time it was merged with and became part of the Claims Division. The Economic Warfare Section engaged in economic and financial studies of firms and organizations in Europe and the Far East and assisted in the formulation of plans for the investigation of industrial combines and cartels in enemy and enemy-held territory. A number of its staff were assigned to special duties with the United States Control Council and occupation forces in Germany. It was dissolved at the end of the fiscal year.

In March, 1945, the Department created an innovation in its administrative procedures by holding an examiners' conference in Washington for the purpose of mutual discussion of the problems inherent in this work, which covers examinations of the offices of United States attorneys, marshals, commissioners, district court clerks, circuit court of appeals clerks, bankruptcy referees and trustees and probation officers. The conference was eminently successful and a number of practical suggestions for the improvement of this phase of Departmental activity were discussed and adopted.

Surveys have been conducted in a number of the divisions with a view to allocating the administrative duties so that a uniform system will prevail

XII

OPINIONS OF THE ATTORNEY GENERAL

During the year, the Attorney General received, for his consideration, Executive Orders and Proclamations upon which he rendered advice as to their form and legality. In addition, 93 formal and informal opinions were prepared for other officers and agencies of the Government, most of which dealt with problems arising out of war-related activities.

Reports were submitted to the various Committees of Congress and to the Bureau of the Budget upon a large amount of legislation, both proposed and enacted, dealing with the war and reconversion, as well as other subjects.

The number of such legislative assignments handled during the year was over 100.

The formal opinions of the Attorney General, issued during the fiscal year, included the following:

July 1, 1944. The President. Pending a judicial determination, it was held that the Act of March 4, 1915 (38 Stat. 1164), providing for the payment of seamen's wages at certain times and double pay for every day of delay, did not prohibit the withholding of seamen's pay by the War Shipping Administration, under authority of a court-martial imposing forfeiture of pay. Such sentence of forfeiture was held to be "sufficient cause" for withholding within the meaning of the statute.

October 31, 1944. The President. This opinion held that the Contract Settlement Act of 1944 (58 Stat. 649) authorizes the Director of Contract

Settlement and the contracting agencies, subject to the Director's regulations, to settle finally, subject to the exceptions stated in section 6(c), all matters which are or may be in dispute relating to the performed part of a war contract, as well as all claims arising under the terminated part of the contract.

October 31, 1944. The Secretary of State. It was held that, except to the extent that Congress has specifically provided exemptions, agreements entered into between United States air carriers, or between such carriers and foreign air carriers, that are designed to control or to prevent competition in air transportation between the United States and foreign countries, are subject to the provisions of the antitrust laws to the same degree as are similar agreements between domestic air carriers. In addition, agreements of foreign air carriers, in which no United States air carrier is involved, but which affect the foreign commerce of the United States, are also subject to the antitrust laws.

November 28, 1944. The Alien Property Custodian. This opinion held that the Alien Property Custodian is authorized to waive the payment of royalties, including accrued royalties, by licensees and assignees, when another United States agency is required by contract to repay such licensees and assignees for those royalty payments, and that his authority is not conditioned upon a surrender by the licensees or assignees of their exclusive rights.

December 11, 1944. The Secretary of the Treasury. The abandonment of disabled or wrecked American vessels to foreign underwriters as total losses

105

REPORT OF ASSISTANT SOLICITOR GENERAL
HUGH B. COX

During the year the duties of the Assistant Solicitor General consisted of various general and special assignments from the Attorney General and the Solicitor General.

DUTIES ASSIGNED BY THE ATTORNEY GENERAL

Preparation of opinions. — It is the duty of the Assistant Solicitor General to prepare for the Attorney General formal legal opinions to the President, the heads of the ten executive departments, and the Veterans' Administration. It is also the duty of the Assistant Solicitor General to give informal opinions and legal advice to the various agencies and instrumentalities of the executive branch of the Government. During the year the office prepared and gave opinions, either formal or informal, to other agencies and officers of the Government in approximately 93 instances. A large number of these opinions dealt with questions arising out of activities directly related to the war.

The Assistant Solicitor General also gives opinions to the several divisions and bureaus of the Department of Justice on questions of law arising in the internal administration of the Department and out of its relations with other departments. During the year approximately 39 opinions of this kind were prepared.

Preparation and consideration of legislation. — The Attorney General directed the Assistant Solicitor General (1) to study the need for all proposed legislation relating to the war or to the problems of reconversion, (2) to draft, or to assist other agencies in drafting, such legislation of this kind as was determined to be necessary, and (3) to assist in clearing such legislation expeditiously through all interested agencies. Pursuant to this assignment the office of the

100

Assistant Solicitor General in the course of the past fiscal year did a substantial amount of work on legislation relating to the conduct of the war, the termination of war contracts, the disposition of surplus property, and the demobilization of industry.

In addition to work on war and reconversion legislation the office, in response to requests, prepared and submitted reports to congressional committees and the Bureau of the Budget on a large number of proposed bills dealing with other subjects. At the request of the Bureau of the Budget the office also examined a large number of bills passed by Congress and prepared reports which were submitted to the President before he considered these bills.

During the year the office handled over 700 legislative assignments.

Preparation of Executive orders and proclamations. — Under regulations issued by the President all proposed Executive orders, proclamations, and public land orders prior to their issuance are required to be submitted to the Attorney General for his approval as to form and legality. The duty of reviewing and revising Executive orders, proclamations, and public land orders has been assigned to the Assistant Solicitor General by the Attorney General. During the fiscal year this office passed upon 226 orders and proclamations. Many of the proposed Executive orders and proclamations required extensive study of the statutory provisions involved. Advice was frequently given to the various departments and establishments as to the preliminary drafting of Executive orders and proclamations prior to formal submission to the Attorney General. In numerous instances this office actively participated in the drafting of the order. In almost all cases the orders as submitted were revised in this office either in the interest of clarity of expression or for the purpose of making changes of substance required by the applicable laws.

After issuance all Executive orders and proclamations are filed with the Division of the Federal Register in accordance with law, and those which have general applicability and legal effect are published in the Federal Register.

Special assignments. — During the year the Assistant Solicitor General represented the Attorney General on the following permanent committees: The Postal Savings Committee;

REPORT OF THE CRIMINAL DIVISION

(Tom C. Clark, Assistant Attorney General to June 30, 1945)

During the past five years, the Criminal Division has devoted the greater part of its energies to work relating to the Internal Security. With the Allied victory in Europe and the war approaching its climax in the Pacific, a definite recession in the number of new wartime violations became evident. While the number of new cases began to decline, litigation in the appellate courts continued to increase and to become more difficult.

Despite the volume of work involving wartime violations, the Division devoted a great deal of time during the past year to a review of the proposed revision of Title 18 of the United States Code, dealing with substantive crimes and the punishment prescribed therefor, and made recommendations thereon for submission to the Committee on Revision of the Laws, House of Representatives.

A beginning was also made on a proposed Criminal Division Manual for use of United States Attorneys and their Assistants and for Attorneys in the Criminal Division as a practical aid and guide in the enforcement of criminal laws.

The activities of every section of the Division have been affected in some degree by the war. Nevertheless, the Division has at all times been mindful of its responsibility in the enforcement of the usual peacetime statutes. At the same time it has sought to hold the line in the field of civil rights enforcement in so far as it was possible and appropriate to do so under war circumstances. In the following pages of this report, which is set up by sections of the Division, the work for the year just completed appears in more detail.

John R. Dillon, a former high salaried employee of the War Production Board, pleaded guilty in the Eastern District of Missouri to two indictments. He charged personal long distance telephone calls to the Government totaling over \$600, received commissions totaling \$4,250 on the sale of machinery, while serving as an employee of the Government, and used Government transportation requests after termination of his service with the Government. He was sentenced to imprisonment for a year and a day and fined \$700 on one indictment and was given 6 months' imprisonment on the other indictment.

ADMINISTRATIVE REGULATIONS SECTION

The Administrative Regulations Section was established in February 1944 to handle matters growing out of the enforcement of regulatory statutes dependent for their enforcement upon Executive orders and administrative regulations. The work of the Section in connection with some of the more important regulatory statutes administered is discussed under appropriate headings infra.

Economic Controls. The Division has been charged with the duty of enforcing, by civil and criminal procedures, the various regulations issued by war agencies exercising powers under the Priorities and Allocations Clause of Section 2(A), Title III of the Second War Powers Act, as amended, and enforcing by criminal prosecution the regulations issued by the Office of Price Administration pursuant to the authority of the Emergency Price Control Act of 1942 as amended. These powers have been exercised at different times by the various agencies pursuant to powers delegated by the President; but the principal agencies issuing regulations and orders in so far as compliance litigation is concerned, have been the Office of Price Administration, the War Production Board, the War Food Administration, and the Solid Fuels Administration for War.

The regulations utilized to effectuate the wartime programs in an effort to secure the greatest possible military production and to protect the civilian economy at the same time were in many respects novel and

the Department of Justice for action. Three thousand nine hundred forty-one such reports were received during the past fiscal year. These reports covered such violations as miscellaneous price and ration priorities, gasoline, liquor, meat, steel priorities, rent control, building material priorities, refrigerators, food, tires, vegetables, fruit, sugar, automobiles, electrical appliances, lumber, poultry, beer, clothing, and corn. The investigative reports gave rise to a considerably larger number of cases, civil and criminal.

During the fiscal year 1945, 4,780 Office of Price Administration prosecutions were instituted and 4,679 cases were terminated against 5,859 defendants. Four thousand five hundred nineteen defendants were convicted. Pursuant to recommendations of the War Production Board, 165 cases were filed charging violations of priorities and allocations regulations and 118 cases were terminated against 198 defendants of whom 148 were convicted. In cases recommended for criminal prosecution by the War Food Administration, 70 informations or indictments were filed and 43 cases were terminated in the District Courts against 63 defendants, 59 of whom were convicted.

The Department has been successful in more than 90 per cent of its cases in the courts. Exclusive of very small cases handled entirely by United States Attorneys, treble damages, and other civil cases handled solely by the Office of Price Administration under provisions of the Emergency Price Control Act, 841 persons have been sentenced to jail, an additional 979 persons placed on probation, and 2,460 corporations and individuals fined a total sum of \$4,638,485 during the year.

Statutes and implementing regulations relating to the Trading with the Enemy Act, the Export Control Act, the Neutrality Act, and the Foreign Funds Control Act have been invoked as a weapon of economic warfare to prevent the movement of foreign funds and the export of critical materials to foreign nations. During the year, 131 cases of possible violation in this category were referred to the Department. In the case of Bates v. United States (323 U.S. 15), involving an alleged conspiracy to violate the Trading with the Enemy Act by acquiring gold bullion without a license and exporting it to Germany, the government consented in the Supreme Court, on a petition for

certiorari, to a reversal of the conviction and remand of the case to the circuit court of appeals on the ground that there was no evidence of a conspiracy with unknown German agents to procure American gold, the basis upon which the circuit court of appeals had affirmed the conviction. The Supreme Court accepted the Government's concession and vacated the judgment. On remand, after submission of a brief by the Department seeking to sustain the conviction on the theory of a conspiracy to acquire gold without a license, the Circuit Court of Appeals for the Seventh Circuit (148 F. (2d) 907) reversed the conviction for insufficiency of the evidence to show such a conspiracy.

Laws Relating to Operation of Railroads. The shortage of transportation facilities resulting from urgent need by persons travelling in connection with matters essential to the prosecution of the war, brought about a not unexpected result - a black market in railroad tickets. Its most prevalent form was the exaction by railroad employees of compensation in addition to the regular tariff charge. Another method was the channelling of passenger accommodations to persons, such as bellhops, who had frequent opportunity to resell them. These abuses resulted in serious congestion in many highly populated areas. To meet this serious situation the Criminal Division invoked for the first time in fifty years several sections of the Interstate Commerce Act prohibiting the sale of passenger accommodations in excess of established tariff rates. The first prosecution, instituted at Miami, Florida, resulted in the conviction of four ticket sellers, and each was sentenced to eighteen months' imprisonment (United States v. Stanley Howitt, et al.). The conviction was affirmed by the Circuit Court of Appeals for the Fifth Circuit, 150 F. (2d) 82. Successful prosecutions have also been conducted in other places, including St. Louis and New York City. Such prosecutions have had a salutary effect in generally eliminating black market operations in railroad tickets and to some extent alleviating difficult conditions in congested areas.

However, existing statutes are not sufficiently extensive to cover all abuses. Present laws apply only to railroad employees, and individuals conspiring with them. Private individuals reselling passenger accommodations for sums in excess of scheduled tariffs are not punishable under

REPORT OF ASSISTANT ATTORNEY GENERAL FRANCIS M. SHEA
IN CHARGE OF THE CLAIMS DIVISION

The Claims Division is charged with responsibility for the conduct of all civil suits and claims for and against the Government not otherwise specially assigned. The list of litigated and legislative matters handled by the Division includes: (1) all shipping and admiralty matters in which the Government is interested, including cases arising out of the operation of naval vessels and the war shipping activities of the Government; (2) the defense of suits for injunction, mandamus, or damages against Government officers, including military and naval personnel, arising out of activities performed in an official capacity; (3) the collection of sums other than taxes due the United States, including all war frauds civil actions, sums due the United States under the Litvinov assignment, and the collection of defaulted loans referred by the War and Navy Departments, the Federal Housing, Farm Credit and Farm Security Administrations; (4) cases arising out of the requisitioning of ships, tools, and all property other than land; (5) suits based upon contracts, express or implied, with the United States, and suits in contract and tort against cost-plus war contractors for which the Government may ultimately be liable; (6) all patent, copyright and bankruptcy cases; (7) the protection of Federal property, programs and transactions from illegal interference by private persons or state or local governments, as well as all cases, other than tax, involving inter-governmental immunities; (8) the defense of suits against the Government upon claims (other than Indian, tax, and claims for compensation for the alleged taking interests in land) whether for legal or equitable relief, founded upon the Constitution, any law of Congress or any regulation or order of an executive department; (9) interventions in Constitutional cases under the Act of August 24, 1937; (10) representation of the people of Puerto Rico in the Courts of the United States in cases appealed from the Supreme Court of Puerto Rico; (11) briefs and arguments in the Supreme Court on assignment from the Solicitor General; and special assignments from the Attorney General.

The seven sections of the Claims Division are the Admiralty and Shipping Section, Patent Section, Court of Claims Section, District Court Section, Miscellaneous Claims Section

War Frauds Section and Supreme Court Section. Until June 30, 1945 the Assistant Attorney General in charge of the Claims Division had supervision and direction of the Bureau of War Risk Litigation. Effective July 1, 1945, and by order of the Attorney General, that bureau was abolished and its functions and duties were transferred to the Claims Division. For the fiscal year 1945 a separate annual report is being submitted for the Bureau of War Risk Litigation. Hereafter its work will be reported as part of the Claims Division.

The Division has just completed its heaviest load of work since its creation in 1933 and is facing the next fiscal year with the largest accumulation of cases and matters yet carried over from one fiscal year to another. Every Section of the Division was involved in its work both directly and indirectly with the carrying on of the war. As in past years this report sets forth the work of the Division by Sections. The duties of each Section are briefly related, followed by a citation of a few of the important cases or matters handled during the year and closed with a statistical summary indicating the number of cases on hand at the beginning of the year, the number of cases handled, and the number of cases remaining before the Division as the fiscal year closed.

PATENT SECTION

Actions for the use of patented inventions are authorized by the Act of June 25, 1910, as amended July 1, 1918 (U. S. C. Title 35, Sec. 68), solely in the Court of Claims, where proofs are taken on questions of validity and infringement of the patent and where just compensation is awarded for the use of the patented invention.

Action may be brought in the United States District Courts for the cancellation of patents on the ground of fraud, accident or mistake to protect the people of the United States from illegal monopolies through improvidentially granted patents.

Three of the executive departments have facilities to file applications for patents. The other departments send their inventive ideas to the Department of Justice to be translated into formal applications for patents. After an application has been filed it is subject to actions by the Patent Office and responses by the attorneys of the Patent Section of Justice. If the decision of the Patent Office examiner takes an adverse action on the question of patentability, then an appeal, if considered desirable, is taken by the attorney to the Board of Appeals of the Patent Office, and if the examiner is affirmed, an appeal may be taken to the Court of Customs and Patent Appeals.

Interference proceedings are declared by the Patent Office to determine to whom a patent should be granted, where applications for substantially the same inventions are filed by different inventors. The attorneys of the Patent Section are called upon to conduct the contested proceedings on behalf of the Government or the Government inventor to determine the priority of invention, and the attorneys of the Section also institute suits under R. S. 4915 or 4918 (U.S.C. Title 35, Secs. 63, 66) where such procedures involve the rights of the Government to the inventions.

Actions are also brought by the attorneys of the Patent Section for civil penalties under the copyright laws and other matters, generally, connected with copyrights, and also on trade-marks as may affect the Government interests.

The trained specialized personnel of the Patent Section acts in an advisory capacity to other departments and to other bureaus of the Department of Justice regarding many miscellaneous matters pertaining to patents, trade-marks and copyrights.

In a number of instances patent owners who have entered into contract with the Government to furnish goods greatly exceeding the supply needed in peace times, have obtained enormous profits in sales to the Government where royalties for the use of the inventions were stated on a peacetime basis. By the Royalty Adjustment Act of October 31, 1942, procedures were established to reduce large royalties to a fair and reasonable amount where the supply of materials had netted large sums to the patent owners. The procurement agencies conducted the proceedings under this Act and the attorneys of the Patent Section were drawn in as consultants in highly-controversial cases. In a few instances the patent owner has brought suit against a contractor with the Government for the difference between the full royalty rate and that rate authorized by the Royalty Adjustment Board. In such cases the Patent Section is drawn into the controversy before the courts. The Royalty Adjustment Act provides also that suit may be brought against the United States in the Court of Claims or in the District Courts, in so far as such courts may have concurrent jurisdiction with the Court of Claims.

Inventions have played a prominent role in the successful prosecution of the war. Many applications for patents were filed by Government personnel. Likewise, patents for war inventions have been granted to others than Government employees in which the Government did not have a license or right to use the inventions. In many instances the patent owners have granted to the Government a license to use for the period of the war. Those patent owners who have not granted licenses and who contend that their inventions have been used by the Government have brought, or may bring, suits in the Court of Claims for the unauthorized use of their patented ideas.

Although the court actions and interferences are usually based upon war activities, there are other cases which have no relation to the conduct of the war. For example, a

large copyright case is in its active stage before the court where the plaintiff seeks to compel the Register of Copyrights to register a class of charts which are to be used in conjunction with machines and which the Register of Copyrights considers are not registerable by reason of a decision of the court in Taylor Instrument Companies v. Fawley-Brost, 139 F. (2d) 98, (C.C.A. 7) and the Supreme Court case of Baker v. Selden, 101 U. S. 99. The copyright office contends that the chart is a part of the machine, and that it is an object of use; whereas the plaintiff contends that the chart is an object of explanation.

CASES HANDLED

During the past year the principal cases of interest were:

United States of America v. Cold Metals Process Company.

This was an action brought by the Government in the District Court for the Northern District of Ohio, Eastern Division, for the cancellation of patents 1,744,016 and 1,779,195 on the ground of fraud and misrepresentation to the Patent Office. The applications were filed by Abram P. Steckel, who was named also in the action. After extensive proofs, and the case briefed and argued, the District Court ruled in favor of the defendants. The Government will take an appeal.

David McD. Shearer v. The United States, C. Cls. No. 41829.

By Special Act of Congress (Private No. 285, 71st Cong.) an officer of the Engineer Corps of the Army brought an action in the Court of Claims for compensation for use of three patents granted to him for revetments and means to lay the revetments. Shearer was in the employ of the United States at the time he made the inventions covered by the patents. Ordinarily, his action would have been barred by the prohibition contained in the Act of June 25, 1910. By the Special Act various limitations were waived by Congress. In the opinion of the Court of Claims of March 7, 1938, it was held that the Government had used the invention claimed in one of the Shearer patents (87 C. Cls. 40). That invention pertained to concrete revetments used on the Mississippi River. There was no established royalty. The Government was

JOHN EDGAR HOOVER
DIRECTOR



Federal Bureau of Investigation
United States Department of Justice
Washington, D. C.

REPORT OF THE DIRECTOR OF
THE FEDERAL BUREAU OF INVESTIGATION

JOHN EDGAR HOOVER
FOR THE FISCAL YEAR 1945

While in the war years there has been a concentration upon espionage, sabotage and related matters, the Federal Bureau of Investigation has not neglected its duties and obligations with respect to crimes within its jurisdiction.

Watchfulness and constant preparedness have borne fruit as reflected by the over-all accomplishments for the fiscal year of 1945.

Close cooperation among law enforcement agencies, proper training and vigorous and unrelenting investigation have been contributing factors to success in the war on crime.

During the year there were 13,813 convictions in cases investigated by the FBI with sentences totaling 31,962 years, 4 months and 6 days, 1 death sentence and 6 life sentences. Fines, savings and recoveries amounted to \$16,534,436.21, a total of 8,955 fugitives were located, and 7,892 automobiles were recovered in cases investigated by the Bureau. The percentage of convictions of persons brought to trial was 96.9.

INTERNAL SECURITY PROGRAM - PREVENTIVE MEASURES

Alien Enemy Control

The Federal Bureau of Investigation by Presidential Proclamations of December, 1941, and July, 1942, was made responsible for the apprehension of alien enemies in the Continental United States, Puerto Rico and the Virgin Islands. Japanese, German and Italian nationalists were proclaimed alien enemies shortly after the outbreak of hostilities and on July 17, 1942, the President of the United States classified similarly the nationalists of Bulgaria, Hungary and Rumania.

FACTORY
BUY
UNITED
STATES
PAPER
PRODUCTS
AND
STAMPS

333465

As of June 30, 1945, 16,054 alien enemies have been apprehended by the Federal Bureau of Investigation and cooperating agencies. In this group were 7,041 Germans, 5,421 Japanese, 3,568 Italians, 1 Bulgarian, 12 Hungarians and 11 Rumanians. Of this number 290 alien enemies were apprehended during the fiscal year 1945, these consisting of 219 Germans, 68 Japanese and 3 Italians.

The status of alien enemies at the close of the fiscal year was as follows:

Released prior to or subsequent to hearings	5,653
Repatriated	1,150
Deceased	150
Paroled	5,830
Interned	3,204
Dispositions pending	<u>67</u>
Total	16,054

Closely connected with alien enemy control is the denaturalization program which has furnished a potent weapon in dealing with naturalized citizens of enemy countries who used their citizenship as a cloak for subversive activities. The civil action to cancel such citizenship is based on the premise that the defendant secured his certificate of naturalization through fraud and illegality by having a mental reservation at the time he took the oath to support the laws and Constitution of the United States. A total of 198 naturalization certificates had been cancelled as of June 30, 1945, of which 10 were later reversed by higher courts. Nine cancellations occurred during the past fiscal year.

Visa Control

Since July 1, 1941, the Federal Bureau of Investigation has participated with the Department of State, the Immigration and Naturalization Service and the Army and Navy Intelligence Services in a program designed to detect and exclude those applicants for United States visas whose presence in this country would probably be prejudicial to its security. During the past fiscal year, 17,741 cases, many of which related to a number of visa applicants, were completed. This work involved a search of 82,055 names and the review and summarization of the information contained in 74,390 case files. During this period, three interdepartmental committees operated full time in the consideration of visa applications while a fourth committee operated on a part-time basis.

The names of visa applicants, their relatives, their sponsors and the organizations with which such persons have been affiliated were searched through the Bureau files. All pertinent information thus secured was furnished to the Department of State for consideration together with other information by committees comprised of one representative from each of the cooperating services. In this manner advisory opinions were formulated for the benefit of the Secretary of State in determining the advisability of admitting the visa applicants.

Exit and Re-Entry Control

The strategic and decisive role of the United States in the present world conflict and particularly in connection with its tremendous industrial efforts necessitated the institution of a program designed to prevent the departure of persons bearing vital military and industrial information who could conceivably make such data available to the enemy. Since December 1, 1941, the FBI has furnished to the Department of State all pertinent information in its files relating to aliens seeking departure permits. Through this procedure it has been possible to reduce the intrinsic danger to the internal security occasioned by the movement of aliens out of the United States. During the 1945 fiscal year, 8,669 such cases were handled, these involving the search of 20,831 names and the review of 24,439 case files.

In addition, the names of all American seamen applying for passports permitting them to sail to foreign ports were checked through the files of the Federal Bureau of Investigation. This procedure was instituted in view of the fundamental position of the American Merchant Marine in the war effort and in anticipation that the Axis powers would endeavor to impair our overseas shipping by all possible means, including efforts to plant agents, saboteurs and informants on American ships. A committee composed of the representatives of the various intelligence agencies carefully examined cases in which derogatory information was present for the purpose of furnishing an advisory opinion for the benefit of the Department of State. During the past fiscal year, 47,310 cases were completed. Aside from the security angle, this program offered protection to the American Seaman in that it prevented his innocent association with persons having subversive background.

Foreign Travel Control

The primary purpose of this program was the control of travellers to the United States so that espionage agents, saboteurs and other subversive persons could be prevented from operating within the country. At the inception of the control the Military Intelligence Division and the Office of Naval Intelligence actively participated in the paneling

COORDINATION WITH MILITARY AND NAVAL INTELLIGENCE SERVICES

Full coordination among the FBI, the Military Intelligence Division of the War Department, and the Office of Naval Intelligence of the Navy Department was maintained during the year. Close liaison is necessary in order that the responsibilities placed upon these agencies by the President with respect to the investigation of espionage, sabotage and subversive activities can be properly discharged.

To this end each week the Directors of the FBI, ONI and MID met in conference at Washington, D. C., and functioned as a committee to coordinate the activities of their respective agencies. This committee operated as an effective medium for delimiting the jurisdiction of the three agencies, resolving questions of over-all policy, and intelligently planning future coordinated operations in spheres of mutual interest.

In addition to the foregoing meetings similar conferences were held by ranking officers of the three intelligence agencies in those cities in which there is located a headquarters of each organization. In the remaining field divisions the FBI maintained constant liaison with appropriate local representatives of the Military and Naval Intelligence Services. These conferences proved most productive in eliminating duplication of effort, and have made possible complete integration of investigative efforts in the field.

SUMMARY TABLE

The accomplishments of the Federal Bureau of Investigation for the fiscal year ending June 30, 1945, are summarized in the following tabulation:

333468

ANNUAL REPORT

of the

Immigration and Naturalization Service
U. S. Department of Justice
Philadelphia, Pennsylvania

For the Fiscal Year Ending June 30, 1945

Ugo Carusi
Commissioner

The abnormal wartime need for forest products, coupled with the fact that lumber camps in this country are more accessible from Canada than from the United States, led to a demand for Canadian woodsmen in the Northeastern States. The Canadian Government agreed to issue labor exit permits to 5,742 men. These men were allocated by the War Manpower Commission among 64 producers. Each furnished a blanket bond guaranteeing maintenance of status and eventual departure of the men allocated to them. Woods labor is uncertain and labor turnover is rapid, so that 15,173 woodsmen were admitted to maintain 5,742 jobs. On June 30, 1945, there remained 4,087 woodsmen in the United States.

Alien registration and alien population.--All aliens remaining in the United States for 29 days or longer are required to register under the provisions of the Alien Registration Act of 1940. During the past fiscal year there were 153,015 registrations recorded.

The initial registration period for aliens began on August 27, 1940, and continued through December 26 of that year. During this period 4,889,770 aliens registered as residents of continental United States. Factors determining the alien population are: net immigration; naturalization; mortality; and a number of miscellaneous factors including deportation, voluntary departure, derivative citizenship, denaturalization, and expatriation. By using the true figures for the period January 1, 1941 to June 30, 1945, inclusive, 110,995 for immigration, and 1,437,570 naturalizations, estimating the alien mortality as 374,185, and the miscellaneous factors as constituting 148,207 for the same period, it is possible to arrive at the approximate alien population. On such a basis it is estimated that there were approximately 3,050,803 resident aliens in continental United States on June 30, 1945 (see Chart E). This estimate does not take into account the number of aliens temporarily in the United States, that is, non-immigrants, border crossers, and imported laborers.

Alien crewmen.--There were 76,946 vessels and 44,389 planes inspected by immigration officers on arrival, and a similar number on departure. Likewise, there were 768,921 alien and 894,915 citizen crewmen examined. There were 5,577 seamen who deserted, of whom 1,519 British, 1,325 Chinese, and 911 Norwegian made up the three largest national groups. As was pointed out last year, apprehensions of deserting seamen take place in most instances soon after desertion, so that frequently those who deserted have departed voluntarily within the same month. (See Table 22.)

Petitions for immigration visas.--Under the Immigration Act of 1924, nonquota or preference quota status is given to certain near relatives of citizens of the United States. A petition for the issuance of an immigration visa, with appropriate proof of citizenship, is made to the officers of this

Service. If the conditions for nonquota or preference quota status are met, the petition is forwarded to the State Department for further action. There were 11,508 visa petitions filed and approved by this Service for the same year, 1945. More than half of them, 6,443, were for relatives of members of the armed forces, the greater number of these for alien wives. However, there were a few for children of citizen fathers, the latter being under 21 years of age, and for parents in liberated zones. The principal countries of birth of these beneficiaries and the numbers involved totaling 5,051, were as follows:

Algeria.....	158	New Zealand.....	540
Australia.....	3,175	Northern	
England.....	470	Ireland.....	110
Italy.....	353	Scotland.....	245

Over half of the 5,065 beneficiaries of civilian petitions--3,630--in contrast to those of servicemen, were principally from countries of Axis domination as follows:

Austria.....	222	Hungary.....	169
Czechoslovakia..	311	Italy.....	708
Germany.....	1,613	Poland.....	607

Preexamination.—Preexamination is a privilege accorded aliens who are in the United States in a status other than that for permanent residence and who desire to proceed to an American consul in Canada for the purpose of formally applying for an immigration visa for permanent residence. If the application for preexamination is authorized, the alien is given a hearing at the immigration office in the United States nearest to him to determine his admissibility to this country. If he is found admissible he is issued a preexamination border-crossing card to facilitate his entry into Canada, for the purpose of obtaining an immigration visa there.

There were 4,164 new applications for preexamination and 3,012 applications returned to this Service by applicants with further information, making a total of 7,176 applications received during the year. Of these, 7,109 were disposed of.

Reentry permits.—Immigrant aliens who have been lawfully admitted to the United States for permanent residence and who desire to depart temporarily may be granted permits for reentry. The number of applications for such permits received during the year exceeded only slightly the number received during the corresponding period of the previous year, until the month of May. Because of the ending of the war in Europe apparently, there was a considerable increase in the number of applications for permits received during May and June, the number being 1,398 and 1,363, respectively, compared to less than 800 received during each of the corresponding months of the previous year.

naturalization work, certain of the naturalization courts in which there has been little or no activity relinquished jurisdiction over naturalization work.

Certificates of arrival and preliminary applications for naturalization.--Preliminary applications to obtain certificates of arrival and to file declarations of intention were received during 1945 from 30,609 aliens--a reduction of 15 percent as compared with last year. The number, however, is less than a tenth of the number filed in 1941--323,985--the peak year. Preliminary applications for certificates of arrival and for petitions for naturalization numbered 195,524, a reduction of 64,221, as compared with last year.

Registry of aliens.--Section 328(b) of the Nationality Act of 1940 reenacts the substance of the Act of March 2, 1929, as amended, whereby an alien otherwise eligible for naturalization, who entered the United States prior to July 1, 1924, but in whose case there is no record of admission for permanent residence, may make application to the Commissioner of Immigration and Naturalization for the creation of a record of registry of admission. Upon proof of date of entry, continuous residence, nondeportability, and good moral character, the record of registry is made. An alien so registered is deemed to have been lawfully admitted for permanent residence. During the past year there were 8,851 applications for registry and 10,102 records of registry created. Since 1929 there have been 218,003 records of registry whereby aliens have been able to establish legal residence and thereby become eligible for United States citizenship. (See Chart H.)

Naturalizations granted.--The total number of persons naturalized during the year was 231,402. (See Tables 38 to 42, and 45 to 47, inclusive, and Chart I.) While this number is a reduction of almost half from the peak of 441,979 last year, it is greater than the number granted in any of the fiscal years from 1907, the first fiscal year of Federal supervision, through 1940. The provisions for granting naturalization to aliens serving honorably in our armed forces were further simplified for those serving overseas by relaxing the requirements in certain cases for certificates of arrival. Since the United States entered the war, citizenship has been acquired by naturalization as follows:

	Total	MILITARY		Civilian
		In U.S.	Outside U.S.	
Total	1,125,324	97,091	13,587	1,014,646
Jan.--June 30, 1942....	133,010	1,296	--	131,714
Year ended June 30, 1943	318,933	36,049	1,425	281,459
Year ended June 30, 1944	441,979	42,717	6,496	392,766
Year ended June 30, 1945	231,402	17,029	5,666	208,707

Throughout the duration of the war every effort has been made to give the opportunity for naturalization to members of the armed forces of the United States as expeditiously as possible. Alien members of those forces serving outside of the United States are naturalized through an administrative process by representatives of the Service designated by the Commissioner or a Deputy Commissioner. Since the passage of Title X of the Second War Powers Act, May 27, 1942, there have been nine members of the Immigration and Naturalization Service, one United States Attorney, and 58 representatives of the Department of State Foreign Service of the United States who have been designated as representatives of the Immigration and Naturalization Service to grant naturalization outside of the United States. Naturalization of members of our armed forces was granted in the following places during the last fiscal year:

Places of Overseas Naturalization
Year ended June 30, 1945

<u>Total</u>	5,666		
England.....	997	New Guinea.....	1,411
France.....	1,208	Other Pacific.....	239
Italy.....	727	Africa.....	26
Other Europe.....	127	West Indies.....	30
India.....	246	Canal Zone.....	41
Other Asia.....	115	South America.....	46
Australia.....	444	Newfoundland.....	9

(See Tables 43 and 44.)

Naturalization of aliens who are technically enemies but are seemingly loyal to the United States, has a particularly significant value to the alien in time of war, and requires special care on the part of naturalization examiners. In one field district a highly controversial situation, which has existed since 1941, was resolved when the circuit court of appeals granted a writ of mandamus requiring the United States district court to take final action on five petitions filed by German aliens who had not left Germany until after the beginning of the Nazi regime. Since the United States entered the war this court refused to take final action in the cases of alien enemies unless they had arrived in the United States prior to January 1, 1933, and had made application to file petitions for naturalization prior to December 7, 1941. As a result of the decision of the appellate court, the five petitioners were admitted to citizenship, and since then approximately 700 such petitions have been granted.

Certificates of citizenship by derivation.—Any person who derived citizenship through the naturalization of a parent or parents or the naturalization or citizenship of a husband, or any person who is a citizen of the United States by reason of the citizenship of his parent or parents at the time of his birth outside of the United States, may have issued by the Commissioner a certificate of citizenship. During the year

renunciation of nationality during time of war within the United States by making written application to the Attorney General. In addition to approximately 5,000 citizens, most of whom were American-born Japanese whose renunciation of citizenship was approved under the statutory authorization cited above, the following persons lost United States nationality for the causes stated:

By being naturalized or taking oath of allegiance to a foreign state.....	738
By entering or serving in the armed forces of a foreign state.....	339
By making formal renunciation of nationality before U. S. diplomatic or consular officer.....	344
By voting in a foreign political election or plebiscite.....	473
By departing from or remaining outside the U. S. in time of war for purpose of avoiding U. S. military service, or deserting from armed forces of the United States.....	1
Other grounds.....	41
Total.....	<u>1,936</u>

Among those who expatriated themselves in foreign lands were 1,141 persons in Canada, 212 in Mexico, and 296 in European countries.

Office of Assistant Commissioner for Alien Control

1. Border Patrol

Activities.--During the fiscal year 1945, Border Patrol officers accomplished more in the way of alien apprehensions than in any previous year since the patrol was organized in 1924, 69,164 aliens having been taken into custody. This represents an increase of 122 percent, or 37,990 more aliens than last year and 3,737 more aliens than the combined totals of the four preceding years. This was due to the unprecedented illegal influx of Mexican nationals into the Imperial Valley of California, the Yuma Valley of California and Arizona, and the lower Rio Grande Valley of Texas. Patrol officers also apprehended 136 alien smugglers, 20 more than in 1944, and 1,339 violators of other laws, a decrease of 44 percent, or 1,052, from the 2,391 of fiscal year 1944.

During the fiscal year 1945 they patrolled 8,863,416 miles, examined 1,354,533 conveyances, and questioned 4,161,573 persons. During the preceding year, they patrolled 8,103,943 miles, examined 2,097,761 conveyances, and questioned 5,925,036 persons. During 1945, they seized and delivered to other appropriate law enforcement agencies 75 automobiles and trucks valued at \$39,664.25, and recovered 25 such vehicles valued

Closing of detention facilities.--In September 1944, it was possible to close the Kenedy Internment Camp, Kenedy, Texas. The Kooskia Internment Camp, Kooskia, Idaho was closed in May, and the Seagoville Internment Camp, Seagoville, Texas, in June. Because of the changed status of Italy, the State Department agreed during September to permit this Service to withdraw its surveillance personnel from the Shenvalee Hotel, New Market, Virginia, where Italians of the diplomatic group were being detained. Additionally, the female detention section of the Gloucester City Detention Station was closed during February because of the reduced number of detained females and because suitable quarters for the detention of women were provided at Ellis Island. Because of the unusually large number of Mexican aliens apprehended by the Border Patrol, it was necessary to establish detention facilities at Border Patrol Sector Headquarters at McAllen, Texas, and El Centro, California.

Internee work programs.--This year as in the previous fiscal year, a high percentage of the work at the detention facilities was performed by internees. Some of this work was performed under the provisions of the Geneva Convention without pay, while the rest was paid for at the rate of 10 cents per hour, but not to exceed eight hours per day. The internees generally have rendered a high quality of service, although because of the constant change in internee personnel and the consequent disruption of internee organizations, some problems have arisen. Without exception, the internee work programs within the facilities have proved very successful and economical.

The Service continued the program of furnishing, on a voluntary basis, internees for work on Forest Service, railroad maintenance-of-way, and other projects, and at the close of the year 324 internees were so engaged.

Family reunion.--The program of reuniting at family camps the families of interned alien enemies in cases where hardship factors were present had been largely completed by the end of the fiscal year 1944. Only 56 applications were acted upon during the present fiscal year, of which number 33 were received from interned Japanese whose families were in Hawaii. Altogether, 38 applications were approved, involving 165 persons who were accepted for voluntary internment at the Crystal City Internment Camp.

Cooperation with other agencies.--This Service has received during this fiscal year excellent cooperation and assistance in the alien enemy program from the following Government agencies: the Alien Enemy Control Unit, Department of Justice; the Special War Problems Division, Department of State; the War Relocation Authority, the Office of the Provost Marshal General; the Bureau of Public Assistance, and the U. S. Public Health Service, Federal Security Agency; and the Forest Service, Department of Agriculture. Splendid cooperation and assistance

333475

to internees have been provided by the War Prisoners Aid of the International Young Men's Christian Association, the American Friends Service Committee, the National Catholic Welfare Conference, and the Young Women's Christian Association. Two conferences with representatives of these organizations were held in the Central Office during the year so as to coordinate the various programs and plan for future welfare activities. These organizations have contributed materially toward lightening, for the management of the detention facilities, the problems of morale building among the internees.

Protecting powers under the Geneva Convention.--During the year the Spanish Embassy withdrew as Protecting Power for the Japanese and the Swiss Legation withdrew as the Protecting Power for the Germans and Italians. From the beginning of the war, the Spanish Embassy had represented the Japanese and the Swiss Legation had represented the Germans and Italians. The Swiss and Spanish representatives carried out their difficult and oftentimes delicate missions of representing and protecting the interests of internees under the Geneva Convention in a conscientious, yet always reasonable and cooperative manner, and the Service's relations with these representatives were most pleasant. A policy of mutual give and take was followed, with beneficial results, whereas in view of the many problems inherent in the application of the various provisions of the Geneva Convention in the cases of thousands of internees, there could easily have been almost endless complaint, bickering, and dispute.

Feeding of internees and other aliens.--During March 1945, the Quartermaster General of the Army established new food allowances for prisoners of war which were adopted by this Service since under the Geneva Convention civilian internees are fed according to Army standards. The change involved a reduction in the use of rationed meats and other types of foods, the substitution of legumes for meats to a considerable extent, and the greater use of low or no-ration-point meats.

The average cost of food served detainees by this Service during the fiscal year 1945 was 47.67 cents per day, or 15.89 cents per meal, as compared with 48.48 cents per day, or 16.16 cents per meal during the fiscal year 1944.

As pointed out in the annual report for the fiscal year 1944, it was impossible to obtain suitable contracts for the feeding of detainees at the Terminal Island and Gloucester City detention stations, and Service-operated messes were established. During this fiscal year, Service-operated messes were established at the Detroit Detention Station and at the Ellis Island Detention Station. Based on the last prices paid feeding contractors at the facilities named, the following savings were effected during the fiscal year through Government operation:

333476

- 53 -
 UNITED STATES DEPARTMENT OF JUSTICE
 Immigration and Naturalization Service
 Philadelphia, Pa.

397

Table 3. Aliens admitted under the Immigration Act of 1924, years ended June 30, 1938 to 1945, by classes and sex, with comparative percent of total for quota and nonquota immigrants and statistical nonimmigrants

Class	1938	1939	1940	1941	1942	1943	1944	1945
Number admitted.....	252697	268331	208788	151784	111238	104842	142192	202366
Section 3.....	132066	140947	109868	62985	65612	75983	107253	154150
Government officials, their families, dependants, servants, and employees.	6221	7777	7448	9269	12038	16328	23630	18054
Temporary visitors for business.....	15729	19322	11946	10438	8070	*19776	*39990	*76747
" " " pleasure.....	64111	68987	53379	24222	17065	7924	8699	30982
Continuous transit thru the U. S..	45146	44115	36304	18749	28305	31906	34856	28174
Carry on trade under treaty.....	859	746	791	307	134	49	78	193
Section 4.....	78137	64982	46923	52579	31029	19814	25545	36593
Bands of U. S. citizens.....	989	1088	963	368	223	145	126	119
Wives of U. S. citizens.....	5347	3759	3195	1543	904	630	1059	2735
Married children of U. S. citizens.	3926	2196	1316	211	135	100	117	224
Returning residents.....	50341	42267	26145	35269	15466	4105	4756	6896
Wives of nonquota countries.....	14262	12119	11886	12501	12554	13491	17595	22770
Their wives +	85	75	63	44	29	20	5	47
Their unmarried children +	32	29	36	41	13	11	14	11
Members of religious denominations..	283	323	296	212	68	70	72	102
Their wives.....	70	148	143	75	31	22	32	50
Their unmarried children.....	105	234	191	117	37	23	31	58
Professors of colleges, universities.	52	242	259	136	30	22	6	12
Their wives.....	29	117	137	68	12	11	5	3
Their unmarried children.....	28	88	103	41	12	6	6	5
Students.....	2451	2182	2044	1766	1368	1021	1643	2807
Who had been U. S. citizens....	111	88	100	168	80	54	37	32
Fish subjects admitted to Puerto Rico.....	19	8	15	11	2	1	-	-
Other nonquota classes.....	7	19	31	8	65	82	41	663
Section 5 - quota immigrants....	42494	62402	51997	36220	14597	9045	9394	11623
(Male.....)	124784	135157	107451	75840	69080	74258	102798	134778
(Female.....)	127913	133174	101337	75944	42158	30584	39394	67588
All classes admitted.....	252697	268331	208788	151784	111238	104842	142192	202366
Quota immigrants.....	42494	62402	51997	36220	14597	9045	9394	11623
Nonquota immigrants.....	25401	20596	18759	15556	14184	14680	19157	26496
Statistical nonimmigrants.....	184802	185333	138032	100008	82457	81117	113641	164247
Percent of total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quota immigrants.....	16.8	23.2	24.9	23.9	13.1	8.6	6.6	5.7
Nonquota immigrants.....	10.1	7.7	9.0	10.2	12.8	14.0	13.5	13.1
Statistical nonimmigrants.....	73.1	69.1	66.1	65.9	74.1	77.4	79.9	81.2
Temporary visitors for business or pleasure..	31.6	32.9	31.3	22.8	22.6	26.4	34.3	53.3
Continuous transit thru U. S....	17.9	16.4	17.4	12.4	25.4	30.5	24.5	13.9
Returning residents.....	19.9	15.8	12.5	23.2	13.9	3.9	3.3	1.1
Other nonimmigrants.....	3.7	4.0	4.9	7.5	12.2	16.6	17.8	10.0

Includes agricultural laborers admitted under Act of April 29, 1943, at seaports.
 Born chiefly in quota countries.

333478

UNITED STATES DEPARTMENT OF JUSTICE
Immigration and Naturalization Service
Philadelphia, Pa.

400

Table 4. Immigration to the United States during specified periods, 1820 to 1945, by countries 1/ (Cont'd)

Countries	1921-1930	1931-1940	1941-1945	Total - 126 yrs. 1820-1945
All countries.....	4,107,209	528,431	170,952	38,461,395
Europe.....	2,477,853	348,289	53,066	32,677,701
Albania 9/.....	1,663	2,040	4	3,707
Austria 10/.....	32,868	3,563	-)	4,144,507
Hungary.....	30,680	7,861	732)	
Belgium.....	15,846	4,817	2,479	160,684
Bulgaria 11/.....	2,945	938	162	66,018
Czechoslovakia 9/.....	102,194	14,393	753	120,766
Denmark.....	32,430	2,559	532	335,557
Estonia 9/.....	1,576	506	111	2,193
Finland 9/.....	16,691	2,146	395	19,988
France.....	49,610	12,623	11,020	606,018
Germany 10/.....	412,202	114,058	6,836	6,028,787
(England.....	157,420	21,756	13,101	2,654,292
Great (Scotland.....	159,781	6,887	705	734,479
Britain (Wales.....	13,012	735	139	86,533
(Not specified 2/.....	-	-	-	793,741
Greece.....	51,084	9,119	1,073	431,681
Ireland.....	220,591	13,167	1,059	4,593,167
Italy.....	455,315	68,028	935	4,720,158
Latvia 9/.....	3,399	1,192	185	4,776
Lithuania 9/.....	6,015	2,201	393	8,609
Luxemburg.....	727	565	332	1,624
Netherlands.....	26,948	7,150	1,160	254,919
Norway 3/.....	68,531	4,740	700	805,555
Poland.....	227,734	17,026	1,675	416,430
Portugal.....	29,994	3,329	2,934	258,978
Rumania.....	67,646	3,871	381	157,326
Spain.....	28,958	3,258	1,215	171,338
Sweden 3/.....	97,249	3,960	884	1,218,332
Switzerland.....	29,676	5,512	2,155	297,835
Turkey in Europe.....	14,659	737	133	156,006
Union of Soviet Socialist Republics.....	61,742	1,356	192	3,343,539
Yugoslavia 9/.....	49,064	5,835	425	57,212
Other Europe.....	9,603	2,361	266	22,946
Asia.....	97,400	15,344	3,368	921,907
China.....	29,907	4,928	1,368	383,541
India.....	1,886	496	345	10,218
Japan.....	33,462	1,948	358	277,949
Turkey in Asia.....	19,165	328	111	205,474
Other Asia.....	12,980	7,644	1,186	44,725

See footnotes at end of table.

333478

UNITED STATES DEPARTMENT OF JUSTICE
Immigration and Naturalization Service
Philadelphia, Pa.

Table 4. Immigration to the United States during specified periods, 1820 to 1945, by countries 1/ (Cont'd)

Countries	1921-1930	1931-1940	1941-1945	Total-126 yrs. 1820-1945
America.....	1,516,716	160,037	109,714	4,511,180
Canada & Newfoundland.....	924,515	108,527	53,506	3,059,234
Mexico.....	459,287	22,319	22,674	800,929
West Indies.....	74,899	15,502	17,248	464,219
Central America.....	15,769	5,861	8,670	57,824
South America.....	42,215	7,803	6,667	127,969
Other America 12/.....	31	25	949	1,005
Africa.....	6,286	1,750	1,696	27,756
Australia & New Zealand.....	8,299	2,231	2,636	57,168
Pacific Islands.....	427	780	472	11,617
Not specified 8/.....	228	-	-	254,066

1/ No official records were made of the influx of foreign population to this country prior to 1820. Although the number of immigrants arrived in the United States from the close of the Revolutionary War up to 1820 is not accurately known, it is estimated by good authority at 250,000. Data for years prior to 1906 cover countries whence aliens came and for years following, countries of last permanent residence. Owing to changes in the list of countries separately reported and to changes in boundaries, data for certain countries are not comparable throughout. For 1820 to 1867 the figures are for alien passengers arriving; for 1868 to 1903, for immigrants arriving; for 1904 to 1906, for aliens admitted; and thereafter for immigrant aliens admitted.

2/ United Kingdom not specified.

3/ From 1820 to 1860 the figures for Norway and Sweden were combined.

4/ No record of immigration from Japan until 1861.

5/ No record of immigration from Turkey in Asia until 1869.

6/ From 1820 to 1898 included all British North American possessions.

7/ From 1899 to 1919 Poland is included with Austria-Hungary, Germany and Russia.

8/ The figures 33,523 in column headed 1901-1910, include 32,897 persons returning in 1906 to their homes in the United States.

9/ Countries added to the list since the beginning of World War I are theretofore included with the countries to which they belonged.

10/ Austria included with Germany after 1937.

11/ Bulgaria, Serbia, and Montenegro prior to 1920.

12/ Included with countries not specified prior to 1925.