

UNITED STATES DEPARTMENT OF JUSTICE, IMMIGRATION AND NATURALIZATION SERVICE, PHILADELPHIA, PA.

Table 7. Annual quotas allotted under the Immigration Act of 1924, and quota aliens admitted during years ended June 30, 1938 to 1945, by countries or regions of birth and sex

Nationality or country of birth	Annual quota	Quota immigrants admitted*							
		1938	1939	1940	1941	1942	1943	1944	1945
All countries.....	153,879	42,494	62,402	51,297	56,220	14,597	9,045	9,394	11,623
Albania.....	100	106	97	88	7	1	3	10	5
Belgium.....	1,304	278	307	441	1,171	415	203	127	79
Bulgaria.....	100	106	105	92	102	14	8	20	9
Czechoslovakia.....	2,874	2,853	2,716	1,979	1,787	568	362	323	276
Danzig, Free City of	100	89	177	100	40	13	6	9	6
Denmark.....	1,181	323	282	255	318	106	131	106	98
Estonia.....	116	40	107	98	63	27	18	27	16
Finland.....	569	496	461	282	355	58	99	63	53
France.....	3,086	720	817	741	1,823	1,058	492	210	159
Germany.....	27,370	17,868	32,759	26,083	13,051	4,883	1,276	1,324	1,190
Great Britain & N.I.									
England.....		1,698	2,096	1,974	3,332	962	990	1,033	2,400
Northern Ireland.....	65,721	238	154	134	115	64	99	80	276
Scotland.....		634	506	488	447	244	252	308	419
Wales.....		66	72	42	62	36	36	40	87
Greece.....	307	351	381	346	232	199	301	287	218
Hungary.....	869	962	1,087	1,432	584	284	163	212	117
Ireland (Eire).....	17,853	1,100	1,418	966	331	161	196	123	232
Italy.....	5,802	3,428	4,155	3,905	674	59	67	159	268
Latvia.....	236	154	223	184	171	105	62	62	43
Lithuania.....	386	397	365	294	232	126	117	93	78
Luxemburg.....	100	18	24	24	85	97	23	2	11
Netherlands.....	3,153	331	637	1,093	1,103	213	192	208	99
Norway.....	2,377	518	465	456	448	100	102	176	100
Poland.....	6,524	4,218	6,512	4,354	4,406	2,203	1,533	1,338	1,122
Portugal.....	440	323	404	417	315	143	261	377	418
Rumania.....	377	407	499	469	286	282	220	230	215
Spain.....	252	264	253	225	265	175	255	240	182
Sweden.....	3,314	364	324	411	285	111	94	80	57
Switzerland.....	1,707	427	605	617	759	235	121	46	52
Union of Soviet Socialist Republics	2,712	917	1,727	1,614	1,584	724	391	383	341
Yugoslavia.....	845	852	850	651	238	107	90	167	177
Other Europe.....	+ 500	271	193	175	141	66	77	154	146
Asia.....	1,754	823	835	797	650	345	302	293	473
Western Hemisphere..	+	516	419	374	250	173	331	859	1,967
Other quota regions.	+1,850	338	370	396	508	240	172	225	234
Sex.....									
(Male.....)	+	20,913	31,699	26,463	18,291	7,199	4,579	4,716	4,725
(Female.....)	+	21,581	30,703	25,534	17,929	7,398	4,466	4,678	6,898

* Includes aliens to whom visas were issued during the latter part of the preceding year which were charged to the quota for that year. Nationality for quota purposes does not always coincide with actual nationality. See Sec. 12 of the Act of 1924.

* Quota for colonies, dependencies, or protectorates included with allotment for the European country to which they belong.

Table 9. Immigrant aliens admitted, year ended June 30, 1945, showing principal races or peoples by countries of birth

Country of birth	Number admitted	Bohemian-Moravian	Cuban	Dutch and Flemish	English	French	German	Greek	Irish	Italian	Latin American	Magyar	Negro	Polish	Portuguese	Russian	Scandinavian	Scottish	Slovak	Spanish	West Indian	Other Races	
All countries.	38119	153	1932	410	7116	2120	1386	352	2119	409	4359	106	1708	1073	668	448	617	1935	130	422	546	10110	
Europe.....	10141	143	2	177	2575	207	1045	278	585	279	16	86	8	819	558	219	370	498	117	237	3	1919	
Belgium.....	92	-	-	44	1	11	1	-	-	-	-	-	-	11	-	-	-	-	-	-	-	-	24
Czechoslovakia	289	120	-	-	-	-	14	-	-	-	-	4	-	3	-	1	-	-	86	-	-	-	61
Denmark.....	108	-	-	3	-	1	-	-	-	-	-	-	-	-	-	-	103	-	-	-	-	-	1
Finland.....	58	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1	10	-	-	-	-	-	46
France.....	207	-	-	2	9	152	5	1	-	-	6	1	-	7	1	1	-	-	-	2	-	-	20
Germany.....	1260	12	-	6	3	9	899	4	-	1	1	3	-	35	-	10	2	2	1	-	1	271	
Great Britain.	3242	3	-	6	2488	2	7	3	54	4	3	-	7	9	1	6	5	484	-	2	2	156	
Greece.....	235	-	-	-	2	-	-	230	-	-	-	-	-	-	-	1	-	-	-	-	-	-	2
Hungary.....	132	-	-	-	-	-	11	-	-	-	-	62	-	2	-	-	-	-	-	-	-	-	57
Ireland (Eire)	286	-	-	-	21	-	1	-	253	1	-	-	-	-	-	-	-	2	-	1	-	-	7
Italy.....	320	3	-	-	1	1	1	8	-	271	1	-	-	-	-	-	-	-	3	-	-	-	31
Lithuania.....	86	-	-	-	1	-	-	-	-	-	-	-	-	5	-	-	-	-	-	-	-	-	80
Netherlands...	111	-	-	103	-	-	-	-	-	-	-	-	-	1	-	-	1	-	-	-	-	-	6
Norway.....	114	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	107	-	-	-	-	-	5
Poland.....	1222	2	-	-	2	1	24	-	-	-	-	-	-	727	-	16	-	-	2	-	-	-	448
Portugal.....	562	-	-	-	-	-	-	-	-	-	-	-	1	2	556	1	-	-	-	-	-	-	2
Rumania.....	234	-	-	-	1	-	20	3	-	-	1	11	-	4	-	7	-	-	-	-	-	-	187
Spain.....	238	-	2	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-	-	-	229	-	2
Sweden.....	67	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64	-	-	1	-	-	2
Switzerland...	70	-	-	-	1	24	27	-	-	-	-	-	-	2	-	1	4	-	4	1	-	-	6
U. S. S. R....	399	1	-	6	1	-	12	1	-	-	-	-	-	4	-	165	2	1	-	-	-	-	206
Yugoslavia....	184	-	-	1	-	-	12	-	-	-	1	4	-	-	-	-	-	-	20	-	-	-	146
Other Europe..	625	2	-	5	43	6	11	28	278	2	-	1	-	6	-	9	70	9	1	1	-	-	153
Canada.....	8866	6	1	133	2417	1668	256	26	1196	105	1	17	54	174	-	131	185	1242	10	1	-	-	1243
Newfoundland...	513	-	-	-	322	8	-	2	151	-	-	-	-	1	-	1	1	21	-	-	-	-	6
Mexico.....	6455	-	3	4	14	7	5	4	3	-	20	-	2	12	1	50	1	1	-	22	-	-	6306
West Indies....	4660	2	1917	32	167	14	6	3	3	1	321	-	1467	48	18	2	2	5	1	55	520	76	
Central America.	3395	-	2	3	58	13	7	1	1	6	3050	-	126	2	-	1	-	7	-	27	5	86	
South America...	1326	-	4	11	56	14	14	-	5	8	945	2	42	10	87	5	5	6	-	64	14	34	
Asia.....	560	-	-	1	105	12	3	23	8	-	1	-	-	4	1	34	5	13	-	1	-	349	
Africa.....	267	-	-	7	52	121	1	14	1	8	-	-	4	2	2	-	-	5	-	7	-	43	
Other countries.	1936	2	3	42	1350	56	49	1	166	2	5	1	5	1	1	5	48	137	2	8	4	48	

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

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Table 12. Immigrant aliens admitted and emigrant aliens departed, years ended June 30, 1941 to 1945, by races or peoples and sex

Races and sex	I M M I G R A N T					E M I G R A N T				
	1941	1942	1943	1944	1945	1941	1942	1943	1944	1945
All races.....	51,776	28,781	23,725	28,551	38,119	17,115	7,363	5,107	5,669	7,442
Armenian.....	93	61	52	128	120	3	-	1	1	-
Bohemian and Moravian...	437	110	88	148	153	43	5	3	6	9
Bulgarian, Serbian, and Montenegrin.....	56	23	36	35	52	11	9	1	9	6
Chinese.....	73	13	4	34	109	735	124	4	49	257
Croatian and Slovenian...	81	37	46	94	119	1	2	1	20	13
Cuban.....	596	551	551	1,014	1,932	726	316	5	4	6
Dalmatian, Bosnian, and Hercegovinian.....	22	15	3	44	34	-	-	-	8	6
Dutch and Flemish.....	1,344	386	381	430	410	100	79	33	191	152
East Indian.....	-	-	1	-	-	87	14	2	12	22
English.....	6,115	3,802	3,629	4,100	7,116	1,287	1,073	1,413	2,130	2,520
Filipino.....	56	18	4	8	13	1,954	46	-	-	8
Finnish.....	366	78	96	73	78	43	5	24	16	12
French.....	3,283	2,363	1,763	1,571	2,120	232	123	118	121	418
German.....	2,154	800	498	1,014	1,386	1,960	74	39	45	35
Greek.....	410	263	378	385	352	85	17	2	18	17
Irish.....	1,883	1,707	1,511	1,526	2,119	167	104	90	103	17
Italian.....	696	146	150	244	409	142	36	12	7	8
Japanese.....	30	7	-	-	-	1,805	623	-	-	-
Korean.....	7	-	-	-	-	13	-	-	-	-
Latin American.....	1,148	1,132	1,444	2,533	4,359	1,518	769	323	406	27
Lithuanian.....	121	64	73	65	79	6	2	-	3	-
Magyar.....	279	131	86	164	106	33	16	5	8	-
Negro.....	229	171	198	608	1,708	236	145	29	36	2
Polish.....	686	436	434	840	1,073	34	25	10	43	2
Portuguese.....	395	201	312	472	668	238	105	95	126	18
Rumanian.....	90	84	37	98	116	13	5	4	5	-
Russian.....	940	269	211	374	448	185	36	37	51	12
Ruthenian (Russniak)....	98	80	57	77	51	2	-	1	-	-
Scandinavian (Norwegians, Danes & Swedes).....	1,351	594	625	652	617	130	185	75	144	16
Scotch.....	1,865	1,649	1,387	1,475	1,935	325	219	231	239	42
Slovak.....	163	102	129	133	130	21	3	3	8	-
Spanish.....	443	292	404	391	422	342	111	42	42	9
Swedish.....	150	94	80	99	168	18	11	3	4	-
Turkish.....	15	18	23	70	51	12	5	-	20	7
Welsh.....	97	88	89	110	145	22	25	15	24	3
West Indian (except Cuban).....	152	127	186	358	546	206	123	5	10	1
Other people and unknown.....	25,852	12,869	8,759	9,184	8,975	4,380	2,928	2,481	1,760	2,31
Sex..... (Male.....)	23,519	12,008	9,825	11,410	13,389	11,219	4,445	2,838	2,759	3,74
(Female.....)	28,257	16,773	13,900	17,141	24,730	5,896	2,918	2,269	2,910	3,69

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Table 13. Immigrant aliens admitted and emigrant aliens departed, years ended June 30, 1941 to 1945, 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				
	1941	1942	1943	1944	1945	1941	1942	1943	1944	1945
All countries..	51,776	28,781	23,725	28,551	38,119	17,115	7,363	5,107	5,669	7,442
Europe.....	26,541	11,153	4,920	4,509	5,943	3,326	1,091	1,719	2,666	3,997
Albania.....	2	-	-	1	1	-	1	-	-	-
Belgium.....	1,816	346	120	126	71	14	3	-	1	29
Bulgaria.....	135	15	3	6	3	3	-	-	-	-
Czechoslovakia...	314	137	102	136	64	11	-	-	-	3
Denmark.....	244	84	100	51	43	20	105	-	-	1
Estonia.....	41	14	14	26	16	3	-	-	-	-
Finland.....	244	44	49	29	29	36	5	17	13	8
France.....	4,801	4,430	1,201	337	201	78	31	9	11	242
Germany.....	4,028	2,150	248	238	172	1,758	2	-	2	2
Great (England.	7,368	838	901	1,210	2,784	372	632	1,405	2,199	2,709
Britain(Scotland	295	51	71	96	192	99	64	47	116	296
(Wales...	51	18	2	15	53	6	2	10	8	17
Greece.....	268	174	229	226	176	77	6	1	-	3
Hungary.....	330	186	75	87	54	18	9	-	-	-
Ireland (Eire)...	211	70	132	68	125	52	18	10	11	38
Italy.....	450	103	49	120	213	104	21	3	1	8
Latvia.....	97	27	21	24	16	-	-	-	-	-
Lithuania.....	242	52	43	37	19	4	-	-	-	-
Netherlands.....	823	139	77	71	50	17	4	2	9	13
Northern Ireland.	61	13	33	44	302	10	5	3	7	22
Norway.....	369	72	71	127	61	5	1	-	9	17
Poland.....	451	343	394	292	195	4	-	1	1	-
Portugal.....	1,101	437	395	431	570	135	56	100	148	191
Rumania.....	122	67	45	70	77	10	-	-	-	-
Spain.....	300	234	254	271	156	200	50	25	29	78
Sweden.....	518	205	58	58	45	44	28	24	35	79
Switzerland.....	1,375	585	123	33	39	36	21	23	2	32
Union of Soviet										
Socialist Repub-										
lics.....	41	60	32	41	18	138	17	23	19	73
Yugoslavia.....	142	73	29	93	38	6	2	-	5	6
Other Europe.....	301	186	49	85	110	16	8	16	40	130
Asia.....	1,801	564	334	227	442	2,818	817	12	95	329
China.....	1,003	179	55	50	71	816	135	4	44	176
Japan.....	289	44	20	4	1	1,823	618	-	-	-
Palestine.....	268	150	107	45	133	14	7	1	10	43
Syria.....	14	24	9	8	18	-	-	-	4	3
Other Asia.....	227	167	133	120	219	165	57	7	37	107
Canada.....	11,280	10,450	9,571	9,821	11,079	835	595	439	451	567
Newfoundland.....	193	149	190	322	451	46	14	6	9	38
Mexico.....	2,824	2,378	4,172	6,598	6,702	4,392	2,889	2,498	1,732	1,170
West Indies.....	4,687	1,599	2,312	3,198	5,452	1,430	770	35	58	123
Central America...	1,239	805	1,218	1,985	3,423	637	266	123	238	246
South America.....	2,216	989	693	1,160	1,609	1,352	737	224	196	346
Africa.....	564	473	141	112	406	98	67	26	76	124
Australia.....	137	100	97	461	1,261	106	16	15	121	138
New Zealand.....	57	20	23	116	364	50	12	3	12	23
Other countries...	237	101	54	42	987	2,025	89	7	15	341
Chiefly unknown										

WASHINGTON, D. C.

December 28, 1945

ORDER NO. 3732

Supplement No. 14

Order
175-59

The War Division is hereby abolished effective at the close of business December 28, 1945.

All activities, functions, funds and personnel of the War Division are hereby transferred effective December 29, 1945, as follows:

To the Immigration and Naturalization Service:

The control of alien enemies; the control of foreign travel; the administration of voluntary renunciation of citizenship under the Act of July 1, 1944 (Public Law 405, 78th Congress, 2d Session).

To the Criminal Division:

Criminal matters arising out of martial law and other military control measures over the civil population of the United States and its territorial possessions.

The administration of the Foreign Agents Registration Act of 1938 as amended.

To the Claims Division:

Civil matters arising out of martial law and other military control measures over the civil population of the United States and its territorial possessions.

Habeas corpus matters and other civil litigation relating to alien enemies.

The conduct of litigation in which the Alien Property Custodian or the office of the Alien Property Custodian is interested and of litigation arising from the foreign funds control program of the Treasury Department; the preparation of informal legal opinions to the Alien Property Custodian and the Treasury Department involving problems relating to alien property or foreign funds control; consultation with the Custodian and the Treasury Department on matters of legal policy in the administration of the foregoing programs under the Trading with the

(over)

Enemy Act and the formulation of legislative recommendations, for submission to the office of The Assistant to the Attorney General.

Representation on the Interdepartmental Committee of the "Proclaimed List of Certain Blocked Nationals."

To the Antitrust Division:

Representation on the Interdepartmental Committee on Cartels.

To the Assistant Solicitor General:

The responsibility of assisting and advising Federal agencies in connection with the preparation and presentation of proposals for the legislative or administrative consideration of state and local governments.

All prior orders describing the functions of the War Division or any of its component units are hereby superseded.

ROBERT C. CLARK

Attorney General

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U.S. Dept. of Justice

ANNUAL REPORT OF THE

ATTORNEY GENERAL

OF

THE UNITED STATES

For The Fiscal Year Ended June 30

1945

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ANNUAL REPORT OF THE WAR DIVISION
FOR THE FISCAL YEAR 1945

Herbert Wechsler, Assistant Attorney General

The rapid and successful course of military events during the fiscal year 1945 had a marked effect upon the activities and subsequent operations of the War Division. As the success of our armed forces in Europe and in the East mounted, many problems of internal security took on a new complexion. The purposes of control of alien enemies changed from a program of detention and restriction to the institution of wide spread repatriation measures. The opening up of European territory to our armed forces permitted the Division to abandon certain defensive economic warfare undertakings in this country and to initiate investigations into the files of firms in Germany. At the same time the Division seized the opportunity to make preliminary arrangements to secure evidence from former enemy held sources which promised to be of material aid to the conduct of litigation being handled on behalf of the Alien Property Custodian. The attention of the Division was also directed at the intensified efforts of foreign propagandists and informational agents to secure the attention and the support of the American public for various foreign political and economic proposals. Finally, the objectives of the federal-state relations program for which the War Division is responsible were shifted from the processing of defense and war proposals to proposals dealing with reconversion and veteran problems.

Because of the swift progress of the war, both substantive and administrative changes were necessary in conducting and directing the work of the War Division during the fiscal year. It became manifest during the year that some of the activities of the Division could properly be eliminated by the end or shortly after the end of hostilities and that others could be curtailed. It was appreciated that the War Division was not primarily organized to handle post war problems or to participate in reconversion or other similar peace time

projects. In consequence preliminary plans were drawn for the dissolution of certain activities of the Division and for the transfer of others so that the War Division as an administrative unit might terminate its activities as rapidly as possible after the termination of hostilities. Accordingly, some activities were concluded and others were curtailed.

Plans for the early liquidation of the War Division were in process of formulation as the fiscal year drew to a close. It is contemplated that these plans will be executed during the fiscal year 1946.

I

ALIEN ENEMY CONTROL AND RELATED MATTERS

During the fiscal year the Division continued to enforce the provisions of Revised Statutes, Sections 4067-4070 (50 U.S.C. 21-24) and the Presidential Proclamations and Regulations of the Attorney General authorizing the control of alien enemies. Furthermore, it administered the Act of July 1, 1944, c. 368, 58 Stat. 677, 8 U.S.C. 801, which added to Section 401 of the Nationality Act of 1940 subsection (i), providing that an American citizen under certain conditions may voluntarily relinquish his United States nationality. In discharging its responsibilities under the aforementioned Statutes and Executive Orders, the Division executed related functions, including the conduct of litigation arising out of suits brought to test the constitutionality of (a) the evacuation of persons of Japanese ancestry from the Pacific Coast and their subsequent detention, (b) the exclusion of individuals deemed disloyal from areas of the eastern, western, and southern defense commands and (c) various phases of military rule in Hawaii.

Review of Alien Enemy Cases

At the start of the fiscal year on July 1, 1944, 2,525 resident alien enemies were interned by order of the Attorney General, 4,840 were paroled and 1,926 had been unconditionally released. During the fiscal year, Presidential Warrants were issued, hearings were held, and reviews were made in 155 new cases of resident alien enemies. A substantial number of these cases involved aliens whose names had been found on authentic lists of Nazi Party members which were newly discovered. In ad-

II
ALIEN PROPERTY

The close of the past fiscal year marked the completion of three years of activity on the part of the Division in carrying out the functions of the Attorney General in representing the Alien Property Custodian in litigation to which he is a party or in which he has an interest, arising under the Trading with the Enemy Act, as amended by Title III of the First War Powers Act of 1941, and rendering advice to the Alien Property Custodian in relation to legal problems arising under the Act. The Division also continued to represent the United States in matters arising from the administration of the same Act by Foreign Funds Control of the Treasury Department under Executive Order 8389, as amended. Furthermore, the Division assumed the main burden, in cooperation with the office of the Alien Property Custodian and the Treasury Department, of drafting proposed legislation amendatory of the Trading with the Enemy Act.

As of June 30, 1945, 2,170 cases arising during the present war had been referred to the Division by the Office of the Alien Property Custodian. Of this number, 1,638 were still active at the close of the fiscal year. Only one World War I case is still active, United States vs. Silliman, in which the Government is suing the attorney for the Hackfeld interests for fraud and deceit in filing and prosecuting a false claim with the Custodian. It is anticipated that the case will come to trial early in 1946.

The distribution of the current cases is as follows:

333491

<u>Type of Case</u>	<u>Pending</u> <u>7-1-44</u>	<u>Received</u> <u>during fis-</u> <u>cal year</u> <u>1945</u>	<u>Closed dur-</u> <u>ing fiscal</u> <u>year</u>	<u>Pending</u> <u>6-30-45</u>
1. Against the Alien Property Custodian for return of property or payment of debts.	26	27	21	32
2. Patents or patent contracts.	20	8	1	27
3. Estates and trusts.	455	311	236	530
4. Alien Property Custodian or the United States as plaintiff.	85	24	10	99
5. Admiralty.	39	1	0	40
6. Bankruptcy and reorganization.	12	9	10	11
7. Tax	4	0	0	4
8. Customs.	310	292	0	602
9. Miscellaneous	278	14	3	293

Cases Presenting Issues Basic to the Administration of the Act.

Uebersee Finanz-Korporation v. Markham called for the determination of legal principles of most basic relevance to all alien property litigation. Uebersee, a Swiss corporation, sued in the District Court for the District of Columbia to recover shares in several domestic corporations vested by the Custodian as property of "foreign nationals" and believed to be held for the Von Opel interests of Germany. It appeared on the face of the complaint that the plaintiff is a national of a foreign country, Switzerland. Under Section 5(b) of the Trading with the Enemy Act, as amended by Title III of the First

War Powers Act, 1941, and under Executive Orders 9095 and 9193, the Alien Property Custodian is authorized to vest the property of such a foreign national. For this reason it was contended a motion to dismiss the complaint upon the theory that a suit for return of property vested by the Alien Property Custodian may be maintained only under Section 9(a) of the Trading with the Enemy Act, read in conjunction with Section 5(b) of the Act, as amended by the First War Powers Act, 1941; that Section 9(a) thus affords a judicial remedy only where the property has been vested without authority of law, as that authority is presently defined in Section 5(b); and that the complaint failed to allege facts sufficient to establish that the authority of the Custodian to vest was exceeded in this case.

The Government conceded in this case that the Court has jurisdiction under Section 9(a), thus abandoning the position taken in three earlier cases. In Draeger Shipping Company, Inc. v. Crowley, 49 F. Supp. 215 (S.D.N.Y. 1943), the Department had maintained that the remedies afforded by Section 9(a) of the Act to persons who were not enemies or allies of enemies were limited to World War I seizures of enemy property and were not applicable to vestings by the Custodian of property of foreign nationals pursuant to Section 5(b), as amended by Title III of the First War Powers Act, 1941. This position was not sustained in the Draeger case, where Judge Bondy held that it was necessary to hold Section 9(a) applicable in order to save Section 5(b) from constitutional invalidity. A similar result was reached in Duisberg v. Maricham, 54 F. Supp. 365 (D.N.J. 1944), which was subsequently dismissed on another ground. Halbach v. Maricham and seven companion cases interwoven with the Duisberg case were settled during the past fiscal year on terms eminently favorable to the Custodian.

Challenged Transfers of Enemy Property

In value involved and economic implications, one of the major cases of alien property litigation arising from World War II was Standard Oil Company v. Maricham, tried in the Southern District of New York commencing on May 21, 1945. The question presented was whether I. G. Farbenindustrie had retained ownership in certain patents and stocks in patent-owning corporations which had been assigned to Standard interests.

The facts presented were these: From 1927 to 1940, Standard Oil Company (N.J.) itself and through its subsidiaries and affiliates entered into a series of agreements with I. G. Farbenindustrie, A. G., a German corporation, for the cooperative handling of processes, research and development relating to the petroleum industry. The program included the formation of several new corporations in which I. G. and the Standard interests were to be stockholders. Standard Oil Company (N.J.) paid I. G. Farbenindustrie \$35,000,000 and gave I. G. a 20 per cent stock interest in Standard I. G. Company, one of the corporations organized to exploit I. G.'s patents. Prior to 1942, substantially all of the I. G. Farbenindustrie's United States patents within the field of the agreements, were purportedly assigned to one or more of the new corporations or to a dummy as trustee. Shortly after the outbreak of the war in Europe in 1939, I. G. Farbenindustrie purportedly sold all of its stock in the jointly owned corporations to the Standard interests and by December 7, 1941, I. G. had no apparent record of ownership of either patents or stocks.

The Custodian vested all the German interests in the Standard-I.G. contracts, in the patents which had been "assigned" thereunder and in the stock of the corporations. On July 13, 1944, the Standard Oil Company brought an action under Section 9(a) of the Trading with the Enemy Act, claiming the entire ownership of all the I. G. patents and all of the corporate stock vested by the Custodian. The Court denied a request for a temporary injunction restraining the Custodian from disposing of the patents and the stock pending the outcome of the main action. (57 Fed. Supp. 332) The Custodian's answer asserted full and continued ownership by I. G. of all of the patents and stock up to the moment of vesting and, further, that all of the Standard-I. G. operations were illegal under the antitrust laws. The case was under submission at the close of the fiscal year.

Some thirty other actions in which the plaintiffs seek the return of vested property are pending. Many of these involve transfers, made ante bellum, which the Government contends were not bona fide but for the purpose of cloaking continued foreign ownership to prevent seizure by this Government in the event of war. Some of the leading cases in this group are: Kind v. Marigam pending in the Southern District of New York and involving

the capital stock of Graef & Schmidt, Inc., the American sales outlet for J. A. Henckels, A. G., Solingen, Germany, one of the leading manufacturers of cutlery in the world; Buerk v. Markham pending in the Western District of New York, involving the shares of stock of Buffalo Electro-Chemical Company, Inc.; Leipprand v. Maricham pending in the Southern District of New York, involving the capital stock of the Bauer Type Foundry, Inc., the American affiliate of Bauersche Geisserei of Germany, one of the world's leading manufacturers of type; Zeiler v. Markham pending in the Southern District of New York, involving the capital stock of E. Leitz, Inc., the American outlet for the photographic and scientific equipment of E. Leitz G.m.b.H. of Wetzlar, Germany.

Patents

The large number of patents, patent contracts, patent applications and inventions vested by the Custodian has been productive of litigation involving various aspects of patent law. After adverse rulings in the Patent Office in interference cases, the Custodian referred several matters for prosecution in the district courts under R. S. §.4915 or for appeal in the Court of Customs and patent appeals. On the other hand, the Department has been asked to defend the Custodian in such suits where he has been the prevailing party in the Patent Office. In Polaroid Corporation v. Maricham (148 Fed., 2d, 219), the Department urged that the Custodian could not be joined as a party defendant in a Section 4915 suit because of sovereign immunity. The Court of Appeals for the District of Columbia in a comprehensive opinion held that a suit could be maintained.

The Custodian has vested the German interests in many international patent contract agreements. Many of these agreements are involved in pending or prospective antitrust actions. This situation presents very complex policy and legal questions as to whether, in view of the action taken under the antitrust law, any independent court action brought by the Custodian to rescind the agreements should or can be brought.

Estates and Trusts

1. State Legislation Conflicting with the Trading with the Enemy Act.

In California, Montana, Nevada and Oregon, the Custodian has frequently been confronted with reciprocity

of inheritance statutes which are invoked to disinherit the nonresident enemy nationals and thus to defeat the vesting of their interests by the Custodian. These statutes, in general, provide for the escheat to the respective states, or the passing to nonalien heirs, of property which would otherwise have passed to aliens, unless reciprocity is afforded by the laws of the country of which such aliens are citizens or subjects.

This problem was presented to the Custodian for the first time in Estate of Alvina Wagner, pending in the Superior Court for the City and County of San Francisco, California. The decedent left a will under which she bequeathed all her estate of nationals of Germany. The Custodian vested the interests of the German nationals, and instituted an action in the United States District Court for the Northern District of California against the executor and six resident heirs whose claim rested on the operation of the reciprocity statute for a judgment directing the executor to deliver the net estate to him. The District Court held that it had jurisdiction and that the California statute was unconstitutional "because the State of California attempted, by the probate statute in question, to enter the field of foreign relations, a domain reserved exclusively for the federal government, free from local interference." (Crowley v. Allen, 52 F. Supp. 850 [N.D. Cal., So. Div., 1943]). Reversing, the Circuit Court of Appeals for the Ninth Circuit confined its attention solely to the jurisdictional point and held that the matter was exclusively within the probate jurisdiction of the state courts. (Allen v. Markham, 147 F. (2d) 136 [C.C.A. 9, 1945]). A writ of certiorari was granted by the Supreme Court on May 28, 1945. Meanwhile, the constitutionality of these statutes has been tested in the state courts of California in Estate of Ignazio Bevilacqua and the Estate of Alfred Carl Knutson and Estate Christ Corcofingas, and in the state courts of Montana in the Estate of Fred Giesler and the Estate of Johanna Kossen. Cases pending in Oregon and Nevada have been held in abeyance to await a definitive decision in the other jurisdictions.

A somewhat related problem, involving the California alien land law, was raised in People of the State of California v. Saito pending in the Superior Court of San Diego County, California. There the Custodian had vested real property with respect to which the Attorney General of California sought a declaration of escheat to the state.

2. Testamentary Devices to Evade Vesting.

It is frequently provided in a will that a legacy is given to enemy nationals with their enjoyment postponed until payment becomes possible by the restoration of ordinary facilities of communication with enemy countries. In these cases, the courts have fairly uniformly held that the Custodian takes the interest of the enemy nationals, unfettered by any conditions. (Estate of Paula Reiner, 44 N.Y. Supp. 262 [Surr. Ct., N.Y. Cty., 1943]; Estate of Katherine H. Thee, 49 Dist. and Co. 363 [Orphans' Court, Phila. Cty., Pa., 1943]). Sometimes, however, the provisions are more elaborate and alternative contingent remainders are created in favor of American nationals in the event that the enemy nationals are unable to receive payment of their distributive shares within a certain period. In these cases, the Department has taken the position that the Custodian stands in the place of the enemy nationals and is entitled to distribution just as though they were in this country ready to accept payment. This position has been upheld by some courts and repudiated by others. A recent case in which the Custodian was upheld is Estate of Louise K. Engelmohr, in the Orphans Court of Montgomery County, Pennsylvania (decided May 8, 1945).

3. Inter Vivos Trusts

On June 8, 1945, the President promulgated Executive Order 9567 which opened up to vesting by the Custodian the property covered by inter vivos trusts and life insurance policies, as well as cash and securities amounting to a quarter of a billion dollars. Previously, the Custodian had in a few isolated instances on special findings vested the corpora of inter vivos trusts. One of these cases was the Franz E. Lehmann Trust Fund which was created to provide a substantial annuity in favor of a German national. A large portion of this annuity was paid to the Custodian during the past fiscal year.

4. Miscellaneous Problems in Estate Law.

In asserting his right to vest estate property, the Custodian must deal with numerous technicalities of estate law. One which occurs with some frequency is the question whether an enemy-national whose interest has been vested is in fact alive. The legal presumption that life continues until positive proof of death or facts giving rise to a presumption of death are shown, has been successfully invoked. (Estate of Charles Bleudonne, 53 N.Y.S. 2(d) 56, decided January 17, 1945).

Estates under guardianship present special difficulties. In two closely parallel cases arising in different sections of New York State, incompetents for whom properties were held departed for Italy. The right of the Custodian to succeed to the estates turned on the question whether the individuals were capable in law of changing their domicile or residence. In one case the Custodian prevailed, and in the other his claim was rejected (C.C.A. 2d, Dec. 10, 1945).

The Custodian has been gradually collecting, through the filing of petitions for withdrawal, funds amounting to approximately \$3,000,000 which were deposited with the City Treasurer of New York City under Surrogate Court Orders, for the benefit of enemy-nationals prior to the vesting of their interests. Similar cases exist in the courts of New Jersey, Michigan, and the District of Columbia.

General Litigation

Enemy banks and insurance companies have presented special problems. The Custodian has generally followed the policy of vesting the residual assets after liquidation conducted by the state authorities for the benefit of domestic creditors. In certain cases, however, the Custodian vested all the American assets of various creditors and depositors of enemy banks whose claims had been rejected by the New York State authorities and totaled many millions of dollars. On the basis of these claims, fifty-two actions against the Superintendent of Banks in New York were brought. None is now at issue, and a number have been dismissed upon settlement. Important to these cases are the decisions in Singer v. Yokohama Specie Bank (293 N.Y. 542, 58 N.E. (2) 726), and Orvis v. Bell (50 N.Y.S. (2) 682), which held that foreign creditors were not entitled to share in the proceeds of liquidation. Brooks v. Fujikawa, in the District Court in Hawaii, held, adversely to the Custodian as successor to enemy stockholders, that creditors of the bank were entitled to continued interest on their deposits despite the inter-position of freezing controls which prevented payment of debts. This case is now on appeal to the Circuit Court of Appeals for the Ninth Circuit.

A considerable volume of admiralty litigation has been undertaken by the Department in attempting to substitute the Custodian as a party in place of enemy claimants against twenty-seven Italian ships which were sabotaged by their officers and crews. These applications have been prosecuted with varying results. In the Pietro Campanella, 47 F. Supp. 374, 1942 A.M.C. 1387, it was held that the enemy's rights in the litigation could not be circumvented by vesting, although it was also held that the enemy's interest in the vessel was wholly divested. For procedural reasons this decision was not appealed, and five other judicial districts have followed it. In the case of The Antoinetta, 49 F. Supp. 148, 1943, A.M.C. 305, however, it was held that " * * * since a claimant's right to defend * * * can only rest upon his claim to the libeled property," the Custodian may be substituted for him. In The Aussia, 52 F. Supp. 927, 1943 A.M.C. 1325, it was held that seizure of the vessel by the Custodian deprived the court of jurisdiction because it rendered moot the issues of the original controversy. The Antoinetta was appealed by the enemy claimant, and The Aussia was appealed both by the United States as libellant and by the enemy claimant. Both were argued March 30, 1945 in the Circuit Court of Appeals for the Third Circuit and stand submitted without decision. The Custodian has also vested the proceeds of marine insurance policies covering three vessels involved in Admiralty litigation in the Southern and Eastern Districts of New York.

Cases in which the Custodian is Involved in Litigation as Successor to the Enemy's Interest.

In addition to certain cases discussed under other headings, a number of cases have arisen where the Custodian sues or is sued in what may be termed his proprietary or representative capacity. A case which will be dispositive of more than \$100,000,000 of debt claims filed with the Custodian is Cabell v. Markham, originating in the United States District Court for the Southern District of New York. The plaintiff, the former counsel for an association vested by the Custodian, seeks compensation for professional services. The District Court held that Section 9(e) required that a debt claim to be valid must accrue prior to the date of the enactment of the Trading with the Enemy Act on October 6, 1917, and that notice

thereof should be filed prior to the enactment of the Settlement of War Claims Act of 1928, in order to be enforceable against the Custodian. It was further held that, so construed, the Act was not unconstitutional, since it did not deprive the plaintiff of a property right. The Circuit Court of Appeals for the Second Circuit reversed on the ground that Section 9(e) was meaningless as applied to World War II, and that Section 9(a) was operative without the conditions it imposed. Certiorari was granted by the Supreme Court on June 4, 1945.

Other debt claim cases involving divergent problems are pending. For example, an injured stevedore, in Stasi v. Maridian, asserts his right to compensation by the Custodian under a claim which was reduced to judgment after the vesting of the judgment debtor's property. Claims for fees by attorneys or attorneys in fact for enemy-nationals normally present no question different from that involved in the cases of other creditors. In certain cases, however, courts under state law have jurisdiction to allow fees to attorneys for legatees, which gives those fees a status comparable to expenses of administration. The Department does not oppose the payment of such fees. Similarly, where the enemy-national has, prior to the appropriate effective date specified by Executive Order No. 8389, and prior to vesting, assigned a part of his legacy or share, the Custodian will take the position that he vests only the residuum. In a number of cases the courts have denied fees to attorneys or attorneys in fact for enemy-nationals, relegating them to their right to proceed before the administrative tribunal set up by the Custodian, or to sue under Section 9(a) as a debt claimant, if that right should be sustained.

The Custodian is engaged in a number of proceedings before the Tax Court of the United States where he has succeeded to the interests of enemy-nationals. He is also questioning the propriety of the exaction of inheritance taxes by the State of Iowa from seven estates pending there upon the basis of a statute requiring a higher tax from non-resident aliens than from residents. The position taken by the Department is that the tax violates Article IV of the Treaty of Friendship, Commerce and Consular Rights between the United States and Germany which

is still regarded as vital despite the intervention of war, by the State Department. He has also been involved extensively in real property litigation by reason of his interest in property subject to mortgage foreclosure, condemnation and partition suits.

In many instances the Custodian as successor to enemy-national creditors has filed claims in bankruptcy, re-organization, and receivership proceedings. One of the most important of these proceedings is that of Nippon Yusen Kaisha in the United States District Court for the Northern District of California. In three cases, the Custodian has succeeded to the interests of the widows and dependent children of resident aliens who were killed in industrial accidents and has been obliged to prosecute claims before the Industrial Accident Boards or Commissions of two states.

Pursuant to the vesting orders in the seizure of the assets of certain Japanese nationals, the Custodian has acquired a large number of claims against the United States pending in the Customs Court. The litigation is of two kinds: suits against the United States to recover excessive duties exacted by the Collector of Customs, and appeals for reappraisal of the value upon which rates of duty will be based. Since the effect of the vesting orders causes the United States to become the real party plaintiff, as well as defendant, it was decided not to prosecute this litigation beyond substituting the Custodian for the plaintiff. Once such substitution is made, the court is requested to continue the proceedings until legislation with respect to the ultimate disposition of enemy property has been passed. The Custodian has been substituted as plaintiff in 461 suits and undetermined motions for substitution are outstanding in eighty-nine cases.

Litigation in which the Custodian is "interested", although neither he nor the United States is a party, presents policy questions as to the filing of intervenor and amicus curiae briefs. In Angermueller v. General Aniline & Film Corporation, in the District of New Jersey, an employee, discharged by order of the Custodian, brought suit for breach of contract against the defendant corporation, 97 per cent of the stock of which had been vested

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by the Custodian. The defense by the corporation is that of frustration or impossibility of performance by reason of the Custodian's order. The Custodian will either file a brief amicus curiae or seek to intervene as a party defendant. In Singer v. Yokohama Specie Bank (293 N.Y. 542, 58 N.E. (2) 726, 294 N.Y. 639, 60 N.E. (2) 842, 1945) in which the Department intervened on behalf of the Treasury the court held that where a Japanese bank undertook to have its New York agency pay a debt which it owed plaintiff, plaintiff acquired the status of a preferred creditor in liquidation proceedings under the New York Banking law notwithstanding that a Treasury license would be necessary before payment. The court did not expressly deal with the Government's contention that under Executive Order 8389 a license was necessary before any substantive rights of the parties to the funds could be transferred.

Legislative Work and Advisory Opinions

From its inception the Division has kept under active consideration the necessity of proposing modifications of the Trading with the Enemy Act in the light of experience with its administration. Early in 1944 members of the Division, in cooperation with the State and Treasury Departments and the Office of the Custodian, undertook the preparation of a comprehensive bill which was introduced both in the Senate and the House of Representatives and proceeded to hearings during June 1944.

The 78th Congress expired before further action was taken on this proposed legislation, and the progress of the war made advisable a modified legislation program affecting certain problems outside the range of the earlier bills and dealing somewhat differently with certain of the problems they comprehended. Pursuant to this program the Division and other interested agencies have since prepared a bill which has now been introduced in the House of Representatives, limited in scope to one of the many problems comprehended by the earlier bill. It would authorize the President or such officers or agency as he may designate to restore to its former owners property owned at the time of vesting by certain categories of foreign nationals who were never hostile to the United States, including the nationals of enemy-occupied countries whose properties were vested for protective purposes only. The bill also articulates the authority to restore

to American citizens property vested by reason of the owners' former residence in enemy or enemy-held territory but in respect of which there are no present reasons warranting further retention. Work is continuing on further proposals, clarifying existing statutory authority and procedures and dealing with problems to be met in making ultimate disposition of vested property.

Reports were prepared from time to time in response to requests by Congressional Committees for comment upon bills dealing with alien property and related questions. In response to requests of the Alien Property Custodian, opinions were rendered by the Attorney General and informal opinions by the Assistant Attorney General on questions concerning the scope of the Custodian's powers and duties under the statutes and Executive Orders. These opinions dealt with such basic problems among others, as the construction of the term "foreign national" as used in Trading with the Enemy Act, and the power of the Custodian to forgive royalties in respect of patents licensed for use by the United States.

The Custodian frequently succeeds to interests in patent and other agreements which are of questionable validity under the Antitrust laws. Requests for advice on such matters, as well as contemplated actions in the Custodian's administration of vested property which may present questions under the Sherman Act, were referred by the Division to the Antitrust Division and discussed with that Division. Sixteen such matters were cleared through the Division during the year.

III

ECONOMIC WARFARE PROGRAM

The Division continued its economic and financial studies of firms and organizations in Europe and the Far East during the year and participated in the formulation of plans for the investigation of industrial combines and cartels in enemy and enemy-held territory. In response to subpoena, a considerable number of reports and studies were presented before public hearings of the Subcommittee on War Mobilization of the Senate Military Affairs Committee. During the year a number of the staff members of the Economic Warfare Section were assigned to special duties with the United States Control Council and occupation forces in Germany. At the end of the year the Section was dissolved.

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During the fiscal year the work embodied in this program was planned to include investigations of European and Far Eastern industries and world trade in cartelized commodities with the following objectives:

1. To discover and analyze important inter-company connections among European and Far Eastern firms and the control of these firms by German and Japanese companies;
2. To analyze the means by which German and Japanese control could be eliminated;
3. To examine the legal problems which might arise because of the use of inter-company connections by the German and Japanese governments as a means of espionage and economic warfare;
4. To analyze inter-company agreements between foreign and American companies in order to determine their effects on American trade and commerce;
5. To examine the effect of cartel agreements among foreign companies upon the trade, commerce, and business structure of Latin American and other countries.

The program dealt with six of the chief industries of Germany: chemicals, iron and steel, non-ferrous metals, electrical equipment and electronic devices, and machinery and tools. Studies were also instituted on French, Swiss, Swedish and other banking institutions in Europe which might have helped to establish and maintain German economic influence in territories outside of Germany. Reports were scheduled on the international cartels in tin, fats and oils, rubber, asbestos, nitrogen, and other important commodities in international commerce.

While these studies were in the course of preparation a request was received by the Attorney General from the Chairman of the Subcommittee on War Mobilization of the Committee on Military Affairs of the U. S. Senate "to assemble such material as the Department of Justice had on the manner in which our enemies, in particular the Germans and the Japanese, had used commercial ties to obtain vital United States military information."

The testimony was presented by the Attorney General and members of the Economic Warfare Section to the Subcommittee on August 29, and on September 7, 8, 12, and 13 covering pertinent documentary material in the files of the Division relating to the following matters:

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A. Agreements between the Universal Oil Products Co., Inc., of Chicago, a patent-holding and research organization in the petroleum field, and the Japanese Gasoline Co., of Osaka, Japan, whereby technical information was furnished the Japanese not generally available to the United States oil industry.

B. Examples of vital information on U. S. aircraft, aluminum, iron and steel, and machine tool industries reaching Japan via the channels of ordinary commercial and cartel agreements.

C. Activities of large German steel firms which crippled non-German production by means of cartel manipulation, propaganda and espionage in this country, and centers of influence in South America.

D. Details of the methods by which German-controlled firms in the United States helped supply Germany with vital raw materials and evaded measures by the United States to prevent dumping of German goods on American markets.

Over 200 exhibits and charts were submitted in the course of this testimony. The record is part 16 of the official Hearings of the Subcommittee.

Shortly after the completion of the Hearings before the Subcommittee of the Senate Military Affairs Committee and while the Division was still engaged in cartel and commodities studies, it was requested to provide a plan for the organization of a project to examine the files of firms in European areas being freed from German occupation. In response to the request, the Division prepared Guides for the Investigation of key German firms. These Guides set forth as complete an outline as possible of the activities, products, physical assets, management, and affiliates of certain key firms in German industry, indicated lines of inquiry that might be successfully pursued and pointed out subjects for investigations in which specific U.S. Government agencies were particularly interested.

During the fiscal year, the Chief of the Section and two staff members were dispatched to London as experts attached to the Finance Division of the U. S. Group, Allied Control Council. Their initial tasks were to help make arrangements for the examinations of the files of firms in liberated territories and to acquire the necessary equipment and personnel for further work inside Germany. Later these men were attached to the Financial Branch, G-5, SHAEF. Additional staff members were sent abroad at the request of the War Department

in early June for detail to the Control Council and the U. S. Forces. As the year came to a close members of the staff were assisting the military authorities in examining the files of such German enterprises as I. G. Farben and the major steel firms, including the Vereinigte Stahlwerke.

IV

ASSISTANCE TO FEDERAL AGENCIES IN MATTERS INVOLVING
STATE LEGISLATION

During the fiscal year the War Division continued to assist and to advise federal agencies in connection with proposals for state and local legislative consideration, and with state and local proposals which were of material interest to federal agencies. It advised and assisted in the drafting of proposed bills and in the preparation of interpretive material; conducted legal research into state and local law procedures; acted in a liaison capacity between affected federal agencies and state and national organizations; and generally made available to federal agencies with respect to such proposals, the technical experience it had gained in the field of state and local relations.

In facilitating the development and presentation of proposals for state legislation, the Division acted as a clearing house. It obtained from the Bureau of the Budget a determination of the relation of the proposed legislation to Presidential policy and a designation of all affected federal agencies and consulted with these agencies for the purpose of assisting in the resolution of conflicts. As an additional function, whenever the originating agency so desired, proposals were referred to the Drafting Committee of State Officials of the Council of State Governments. The bills were then brought by the Council of State Governments to the attention of the Governors of the States, the State Attorneys General, members of State Commissions on Interstate Cooperation, and other state officials. Where a proposal was affected with a local interest, every effort was made to obtain the suggestions and approval of municipal, county, and other local associations.

The 1945 federal-state program contained a total of 21 proposals, which were processed and presented to the states in the Council of State Governments' Reports Nos. 1 and 2 of "Suggested State War and Postwar Legislation" as follows:

V

INTERDEPARTMENTAL COMMITTEE ON THE PROCLAIMED LIST

The Division represented and assisted the Attorney General in performing the functions and duties assigned to him by the President's Proclamation No. 2497 of July 17, 1941. It participated, in conjunction with the representatives of the State Department, Treasury Department, Department of Commerce, and the Office of Inter-American Affairs, in publicly listing certain persons and enterprises in Latin America whom this Government considered to be undesirable and whom it therefore proscribed from communication or dealing with United States nationals under the Trading with the Enemy Act.

The agencies charged with the administration of the Proclaimed List, in cooperation with the governments operating similar lists made determined efforts to eliminate Axis influence in this hemisphere by preventing goods from reaching Proclaimed List nationals or consignees who acted as cloaks for such nationals, with the aim of depleting stocks and ultimately forcing liquidation or bankruptcy. As a result of its operations, hundreds of firms were reorganized to eliminate undesirable elements or were forced to close.

The Proclaimed List Program has been guided by the policy that the List was to be used only insofar as local controls were not effective. Pursuant to this policy, the List was gradually withdrawn from those countries which had effectively eliminated Axis spearheads by the imposition of local controls.

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

FOR THE FISCAL YEAR ENDED JUNE 30

1946



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X

IMMIGRATION AND NATURALIZATION

Immigration.—During the past year the largest number of immigrants in sixteen years entered the United States for purposes of permanent residence. A record number of 108,721 immigrants were received, of which 29,095 or approximately twenty-six percent were quota immigrants. Because of restricted travel conditions none of the large European countries exhausted their quotas but Estonia, Greece, Portugal, Rumania and Spain, which have relatively small quotas, filled all but a small portion of them. Of the quota immigrants admitted, those from England, Poland and Germany constituted the three largest groups. In accordance with the President's directive of December 22, 1945, concerning displaced persons, 3,770 persons in this category were admitted as quota immigrants during the year, 312 of whom were children and 924 of whom were persons who had been detained at Oswego, New York.

Of the nonquota immigrants admitted, by far the largest group consisted of alien wives of members of the armed forces. During the year 44,775 wives, 61 husbands and 721 children of service personnel were admitted. In addition, 12,160 citizen children born abroad were received. During World War I, war brides who married United States citizens thereby acquired citizenship. However, this law relating to citizenship of wives was repealed in the interim between wars and those alien wives now arriving in the United States are admitted, not as citizens, but as nonquota immigrants.

As was predicted in last year's report, the number of laborers imported during the war from Western Hemisphere countries for work in agriculture, railway maintenance and lumbering decreased sharply during the year. On July 1, 1945, 173,139 of these laborers remained in this country but by June 30, 1946, this number had dropped to 68,745 or less than half, most of whom were Mexican nationals.

Naturalization.—While the number of immigrants admitted this year was the largest in sixteen years, the number of persons naturalized was the smallest in the last ten years. 150,062 persons were naturalized of which 15,213 were members of the armed services. 2,054 of the servicemen naturalized were granted naturalization overseas.

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posals now pending before the Congress. Among these is H. R. 392, 79th Cong., which would extend existing law so that all persons required to furnish photographs by virtue of any provision of the immigration and naturalization laws could take advantage of the photographic facilities which, under the present law, are operated by welfare organizations solely for the benefit of aliens seeking naturalization.

Another bill, H. R. 4149, 79th Cong., would provide a simple and expeditious procedure for the registration of aliens who entered the United States prior to July 1, 1924, and H. R. 4605, 79th Cong., would preserve the nationality of naturalized veterans of World War II, their wives, children and dependent parents against loss by reason of residence for specified periods in certain foreign countries.

The enactment into law of these proposals would be of material assistance to the Department in its administration and enforcement of the immigration and naturalization laws.

XI

CLAIMS BY AND AGAINST THE UNITED STATES

In no other aspect of Departmental activity has the effect of the termination of hostilities been more marked than in the handling of civil suits and claims for and against the United States. During the period of one year the number of such cases terminated increased over three hundred percent while the amounts involved were over nine times as much as those of the previous year. 10,550 cases were terminated involving approximately one hundred and twenty-four million dollars. For the most part, this litigation involved controversies arising out of the recent war effort and included cases relating to admiralty and shipping, war frauds, veterans affairs, alien property and other war-related matters. Although an unprecedentedly large number of cases were disposed of during the year, the volume of new cases received was such that on July 1, 1946, 35,381 cases were pending which involved amounts totaling over one billion dollars.

Reference was made in the last annual report to the capture by American troops of a number of German ships. Nine prize cases were instituted and are now pending in regard to these ships, which, in the meantime, have been appropriated from the court by the War Shipping Administration. The conclusion of these libel proceedings is expected in the near future.

The mutual waiver and legal aid or "Knock-For-Knock" agreements established during the war between the United States and

other maritime countries in connection with admiralty claims were of invaluable assistance in expediting the settlement of such claims without litigation. During the past year, the agreements with Norway and Australia were terminated by those countries and negotiations for French, Belgian and Dutch agreements were taken over by the State Department and made a part of the projected lend-lease settlement. The agreement with Great Britain is still in effect, however, and has been highly effective in resolving a number of controversies related to shipping.

Cases involving alien property and similar matters arising under the Trading With the Enemy Act continued to increase in numbers and complexity during the year. The ingenuous and diverse methods employed by alien industrial firms to cloak the true ownership of assets have rendered the Government's task of acquiring and retaining title to such assets a difficult one. Many of these cases require investigation and study of evidence obtainable only in Europe, in order to disclose the widespread ramifications of these cloaking conspiracies. To carry on such investigation, an Overseas Unit was created during the year which was attached to the Economic Division of the Office of Military Government in Germany. This Unit had 151 cases assigned to it during the year, regarding which it performed investigative work in a number of countries throughout Europe.

Two decisions important to the administration of the Renegotiation Act of 1944 (58 Stat. 78) were delivered by the Supreme Court during the year in the cases of *Macauley v. Waterman Steamship Company* and *Mine Safety Appliance Company v. James V. Forrestal*. In the *Macauley* case an attempt was made to enjoin the members of the Maritime Commission from renegotiating certain shipping contracts. The Court, in its denial of the petition, held that it was essential that the administrative remedies afforded by the Act be exhausted before relief could be sought by way of injunction. In the *Mine Company* case the withholding of payment by Government officials was sought to be enjoined on the ground that the Act was unconstitutional. The Court concluded, however, that such a suit could not be maintained since its effect would be to force payment of a debt by the Government by means of a suit to which the United States has not given its consent. Both of these opinions lend further support to the conclusion that compliance with that portion of the Act which makes the Tax Court the initial forum for review is necessary before recourse to other tribunals can be had.

A large part of the coming year's work will consist of suits

involving violations of the False Claims Statute, the Contract Settlement Act of 1944, and the Surplus Property Act of 1944. Surplus property and veterans preference cases are also expected to increase, while admiralty and shipping matters will continue to be prolific sources of litigation for some time to come.

XII

LEGISLATIVE RECOMMENDATIONS

I have referred elsewhere in this report to various changes in the immigration and naturalization laws which would be of benefit in the administration of those statutes. In addition, I wish to direct the attention of the Congress to certain other proposed measures which are designed to supplement or amend existing legislation. One of the most important of these measures is a bill to provide for the registration of firearms. The numerous complaints received from Federal, State and local law enforcement officers regarding the ease with which criminals may obtain firearms has served to emphasize the necessity for remedial legislation. Furthermore, the increasing number of firearms in the country and the frequency with which they have figured in the commission of crimes of violence make it imperative that the acquisition and circulation of such weapons be supervised. In view of the inadequacy of existing legislation to control the situation now prevailing, I recommend that legislation be enacted requiring the registration of firearms and providing for a tax upon their transfers.

Pursuant to the requirements of the Attorney General's regulations controlling the conduct of alien enemies, a large number of prohibited articles were deposited by such aliens with the various United States marshals and local police officers, at the outset of the war. Some of these articles have been lost and others remain unclaimed. There is at present no way in which aliens can recover for the loss of these articles although a procedure has been established enabling them to file claims for recovery. I, therefore, recommend the enactment of a bill to provide for the payment of such claims and to enable the Department to dispose of property of this type which remains unclaimed.

I also recommend enactment of a bill which would provide for the vocational and trade training of inmates of the Federal penal and correctional institutions who are not employed by the Federal Prison Industries, Inc.

Another bill (S. 634, 79th Cong.) which has been submitted to the Congress would require a witness seeking immunity from

prosecution under certain Acts to claim his privilege against self-incrimination. At present the statutes are not in accord on this matter and I therefore recommend the enactment of this bill which would amend existing law so as to uniformly require a person to claim his privilege against self-incrimination as a condition precedent to securing immunity from prosecution.

I also recommend the enactment of S. 677, 79th Cong., which is a bill to provide a correctional system for adult and youthful offenders convicted in courts of the United States. This legislation was originally drafted by a Committee of the Conference of Senior Circuit Judges and is directed primarily at the problem of the disparity in sentences imposed in different judicial districts for similar crimes.

The bill (S. 1699, 79th Cong.), relating to the admissibility of foreign documents in the custody of Allied occupation authorities, would permit the authentication of documents and business records which, due to the dislocation caused by the war, cannot be authenticated in the usual manner. This measure would be of material assistance in expediting litigation and I recommend its enactment.

The work of the Department would be greatly facilitated by the enactment of S. 2264, 79th Cong., which is a bill to amend the Act providing for the appointment of court reporters. Under the provisions of this bill, the Department would be authorized to employ contract reporters for the reporting of various proceedings which are specifically excluded by order of court from the scope of duties required of official salaried reporters in Federal district courts.

By means of a bill (S. 2265, 79th Cong.) to make criminally liable persons who negligently allow prisoners in their custody to escape, it is hoped to reduce such escapes to a minimum. I recommend the enactment of this measure which would make it a misdemeanor for any person having a prisoner in his custody by virtue of any process issued under the laws of the United States negligently to suffer such prisoner to escape.

In addition to the specific legislative measures which I have recommended for enactment, there are a number of other matters concerning the Office of Alien Property which are now under consideration and concerning which I may ultimately request the cooperation of Congress in regard to the enactment of suitable legislation. Among these are: directions with respect to the disposition of the net proceeds of vested properties; and provision against reacquisition by former enemy owners; continuation

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of the authority to vest property, and of other needed powers, in the event that enactment of legislation terminating the war or the First War Powers Act, 1941, is proposed; provision for the final disposition, through dedication to the public and other means, of enemy patents vested in the Attorney General, together with consideration of the treatment to be accorded so-called "captive" patents, viz., those owned by corporations in which the Attorney General has vested stock; and, finally, dependent upon the final outcome of pending litigation, provision permitting the Attorney General, in appropriate cases, to sell vested property notwithstanding the institution of a suit for its return under Section 9(a) of the Trading With the Enemy Act, as amended; together with consideration of the remedies of friendly foreign nationals claiming to be former owners of vested property.

XIII

ORGANIZATIONAL AND ADMINISTRATIVE CHANGES

The advent of the forty-hour week during the year necessitated a number of changes in the administrative and accounting procedures of the Department. Preliminary arrangements were made to handle all allotment ledger work and payroll preparation on punched card machines and studies were made into the feasibility of using such machines for all personnel records and other purposes. This innovation in operational procedures is expected to increase the production and accuracy of this type of work.

Pursuant to Department of Justice Order No. 3732, Supplement No. 10, dated August 28, 1945, the Board of Parole was placed under the administrative supervision of The Assistant to the Attorney General. The Board, however, reports directly to the Attorney General. All personnel engaged in parole work in the several institutions were retained under the jurisdiction of the Bureau of Prisons but in connection with the handling of parole matters they were made subject to such policies as the Board of Parole might promulgate pursuant to the provisions of the Parole Act.

A number of special committees were created within the Department during the year. The formation and workings of one of these, the Veterans' Hearing Committee, have already been described in this report. The Committee on Superior Accomplishments was established for the purpose of awarding recognition, in the form of financial increases, to those employees whose services served to materially further the interests of the Government. Such services include the initiation of new methods or devices

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U.S. DEPARTMENT OF JUSTICE
T. ANNUAL REPORT OF THE ATTORNEY GENERAL
OF THE UNITED STATES FOR THE
FISCAL YEAR ENDING JUNE 30.

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REPORT OF ASSISTANT ATTORNEY GENERAL JOHN F. SONNETT
IN CHARGE OF THE CLAIMS DIVISION

I.

The Claims Division of the Department of Justice performs all functions involved in the legal representation of the interests of the United States in matters of a civil nature except those which are specially assigned by reason of their character to other Divisions of the Department. In its operations the Claims Division engages in what is perhaps the largest general law practice in the world and works in close cooperation with the several Departments, agencies and instrumentalities of the Government as primary sources of its business and with the United States Attorneys throughout the country as the field officers for the conduct of the work.

The United States engages in many activities and creates or enters into many legal relations of public and private law nature, all giving rise to rights and liabilities which, at times, require legal examination and representation. The Department's traditional functions of supervision and coordination of the work of United States Attorneys have become expanded necessarily by the growth of administrative activities and legislation into active participation in many complex problems created particularly by the impact of wartime operations of the Government. It has been necessary, therefore, and still is necessary, to maintain an organizational flexibility which could be accommodated at any time to changing and expanding requirements. Perhaps the best demonstration of the work of the Division is the organizational structure designed to categorize in relatively broad channels the various functions it is called upon to perform. It is significant that the designation of the Sections in the Division, established at a time when the work was capable of predictable classification, is no longer fully descriptive of the assignments which the Sections are required to carry out.

Basically, the work of the Claims Division consists of two broad classes: affirmative assertions, by litigation or otherwise, of claims, rights and interests of the United States, and the defense of suits brought against the United States, its officers and instrumentalities. This general

grouping encompasses a large variety of legal situations. So far as possible, of course, the representation of the United States in the courts throughout the country is carried on by United States Attorneys and their staffs. There are a large number of situations, however, which by their nature require direct action and participation by the Division. The work is distributed among ten Sections and one Special Assignments Group. The Sections, in alphabetical order, are (1) Admiralty and Shipping Section, (2) Alien Enemy Section, (3) Alien Property Section, (4) Court of Claims Section, (5) District Court Section, (6) Miscellaneous Claims Section, (7) Patent Section, (8) Supreme Court and Legislative Section, (9) Veterans Affairs Section, and (10) War Frauds Civil Section. Detailed descriptive and statistical information concerning each Section is given in Part II of this Report. A summary statement of the functions of each, and its relation to the coordinated work of the Division, follows.

2. Alien Enemy Section: This Section was established as the result of the dissolution of the War Division of the Department on December 28, 1945, and the distribution of its functions relating to alien enemy litigation to this Division. The primary responsibility of the Section is to carry to a conclusion suits instituted by various alien enemies designed to obtain judicial review of the administrative control measures taken with respect to them by this Department and by other agencies of the Government concerned with the wartime Alien Enemy Control Program. The cases involve problems arising from the removal of alien enemies from strategic territories, renunciation of citizenship, detention, deportation and similar situations.

3. Alien Property Section: This Section, as well, was established as a result of the dissolution of the War Division of the Department on December 28, 1945, and the distribution of its functions relating to alien property litigation to this Division. Under Executive Order No. 9142 of April 21, 1942, certain functions theretofore conducted by the Department of Justice under the Trading with the Enemy Act were transferred to the Alien Property Custodian. The Attorney General continued, however, to represent the Alien Property Custodian in litigated matters and, in addition, was charged with the function of advising the Custodian concerning legal matters arising under the Act and with representing the interests of the United States in matters arising from the administration of the same Act by the Treasury Department. These functions were carried on, first in the War Division, and now in the Claims Division, by what is now the Alien Property Section.

Although much valuable experience has been gained during the First World War and the intervening period before the war just ended, and although amendatory legislation had sought to set at rest many of the questions arising in this field, the broad scope of the Act and its impact upon the rights and obligations of many persons have created a constant flow and pressure of work. To meet the tasks the Section is divided into five operating units: (1) Estates and Trusts; (2) Defense and Patents; (3) General Litigation; (4) Appeals, Opinions and Legislation; and (5) Overseas. The work of this Section includes assertion of the interests of the United States in various proceedings involving administration of estates, testamentary and inter vivos trusts and the rights of minors and incompetents; the defense of suits brought for the return of properties vested by the Custodian upon grounds of concealed enemy interests; representation of the Government's interests in proceedings by creditors to reach vested

funds or properties; litigation involving patents vested by the Custodian; handling of problems created by liquidation of enemy properties, and similar tasks arising from the many facets of the situations arising in the operations of the Act.

4. Court of Claims Section: This Section is charged with the defense of all suits brought against the United States in the Court of Claims, except for such matters specifically assigned elsewhere as cases involving admiralty, patent, tax and Indian claims, as well as claims for just compensation based upon alleged governmental taking of interests in land. The scope of the Section's activity is demonstrated by the fact that the suits it is required to defend arise under the Constitution and laws of the United States, administrative regulations, implied and express contracts entered into by the United States, and under special legislation vesting in the Court of Claims authority to hear and determine specific cases. In addition, the pressure of war work has compelled the assignment to this Section of Contract Settlement Act litigation as well as of Contract Renegotiation Act cases in the Tax Court of the United States.

7. Patent Section: This Section has as its basic function the representation of the interests of the United States in all matters relating to patents and allied fields, including copyrights and trade-marks. This includes defense of suits in the Court of Claims, brought under 35 U.S.C. 68, for just compensation for governmental use of patented inventions; institution and prosecution of proceedings for cancellation of patents on grounds of fraud, accident, or error as well as proceedings to require assignment of patents to the United States where the conditions of the inventor's employment so require; the preparation and prosecution of patent applications on behalf of various departments and agencies of the Government, only three of which have independent facilities for the purpose; and, generally, maintenance of a consultative service and facilities for the Government in all matters arising in this field. Of course, the work was of particularly great significance during the war, when the inventive genius of the country was concentrated upon weapons of battle and of production, and now the Section has the difficult job of facilitating adjustment in a highly technical field to the work of a nation at peace.

8. Supreme Court and Legislative Section: This Section is primarily responsible for the handling of cases originating throughout the Division, in which appellate review is sought, in State courts, Circuit Courts of Appeals and the Supreme Court of the United States, of decisions in favor of or against the United States.

II

As indicated above, the Claims Division is the aggregate of its operating Sections. The day-to-day work of these Sections and their accomplishments are the true record of the work of the Claims Division. Detailed reports of each Section's operations are presented in this portion of the Report. Since, as stated earlier, the work of the Supreme Court and Legislative Section constitutes a synthesis of the Division's work, its report is first presented, followed by the others in alphabetical sequence.

Legislation

The function of the Section of preparing memoranda concerning bills and proposed bills upon which the views of the Claims Division are requested has continued to increase. One hundred and ten (110) such matters were processed during the past fiscal year.

ALIEN PROPERTY SECTION

As of June 30, 1946, a total of 2467 cases had been assigned to this Section for handling under the Trading with the Enemy Act. Of this number, 1720 cases were open and pending at the close of the fiscal year. A statistical table of the cases appears at the end of this report. A description of the major cases and problems handled by the Section in the course of the year, follows:

ESTATES AND TRUSTS UNIT

State legislation conflicting with the Trading with the Enemy Act.

Reciprocity of inheritance statutes such as exist in California, Montana, Nevada, and Oregon have frequently been invoked to defeat the vesting of interests in estates of non-resident enemy nationals by the Custodian. These statutes generally provide for escheat to the state or for the passing to otherwise eligible heirs of property distributable to aliens living in countries which do not have reciprocal inheritance laws. The Government has taken the position that these state statutes providing for reciprocity of inheritance are unconstitutional in that they invade the field of foreign relations, or in the alternative, that existing treaties of friendship and commerce between the United States and most European countries provide sufficient reciprocity of inheritance to satisfy the various state statutes. This contention was rejected by the Circuit Court of Appeals for the Ninth Circuit in the case of Allen v. Markham, 156 F. (2d) 653, where the court reversed the District Court and held that the California statute was constitutional and that the treaty of 1925 with Germany was inoperative during time of war. A petition for certiorari is being presented to the Supreme Court of the United States for review of the decision.

In so far as the California statute is concerned, additional problems have been presented by reason of an amendment enacted in 1945, effective on September 15 of that year. The original statute placed the burden of showing reciprocity of inheritance on the person urging such reciprocity, that is, the Custodian. The amendment repealed provisions for escheat to the state and placed the burden of proof, not of the existence of reciprocal laws, but of the lack of such laws upon those urging the non-existence of reciprocal laws of inheritance, in other words upon resident heirs. Without receding from the contention that the California statute is

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unconstitutional or that the Treaty of 1925 with Germany provides for reciprocity of inheritance, cases theretofore held in abeyance pending the outcome of Allen v. Markham were placed on the calendar on the theory that the amended statute effected a procedural rather than a substantive change, was applicable to all pending proceedings regardless of the date of the death of the decedent, and that therefore those claiming the non-existence of reciprocity of inheritance statutes had the burden of proving such non-existence. In the Estate of Paul Hess, the Superior Court Judge in Los Angeles County agreed with the Government and directed distribution to the Custodian. On the other hand, in the Estate of Maria Thramm, a different Superior Court Judge in Los Angeles County, after some vacillation and after entering contradictory orders, decided that the amendment to the California statute effected a substantive not a procedural change and that the amendment applied only to the estates of persons dying after its effective date. Whether or not the amendment to the California statute does or does not apply to pending estates was submitted to the Circuit Court of Appeals in the Allen v. Markham case. However, the Court did not directly rule on this point, but stated that whether a foreign state granted reciprocal rights of inheritance was a fact which had to be alleged and proved and that the complaint contained no such allegation.

Other cases pending in California and in the states of Montana, Oregon and Nevada are now being held in abeyance pending the final disposition of Allen v. Markham.

Powers of appointment and the rule against perpetuities.

Powers of appointment and testamentary trusts must have their validity tested under the rule against perpetuities. The slow and uncertain development of the law in these respects has raised complex and difficult legal problems. In the Estate of Martha S. Parker, argued and submitted before the Probate Court of Essex County, Massachusetts, during May and June 1946, an inter vivos trust created in 1851 containing a general testamentary power of appointment posed problems involving novel interpretations of the rule against perpetuities as that rule is applied to powers of appointment. The creator of the trust, i. e., the donor of the power, was also the donee of general testamentary powers. The question was whether under such a distinctive set of facts the English rule or the so-called American rule should be applied. No court in the United States had ever passed upon the identical situation.

Resort to federal courts for determination of estates and trusts problems.

The difficulties both legal and tactical attendant upon attempts to enforce vesting orders in state courts have long confronted the Custodian in his efforts to function under the Trading with the Enemy Act, particularly with regard to decedents' estates the administration of which is exclusively a state matter. The Supreme Court of the United States has recently determined in Markham v. Allen, 326 U.S. 490, that so long as the res of an estate and its direct administration by the state courts is not disturbed, a federal court has jurisdiction to adjudicate the rights between parties interested in an estate. As a result of this ruling the Custodian has with greater frequency resorted to a federal forum to have his rights defined under his vesting orders in estate and trust matters. Indeed, resort to the federal courts has been considered imperative in cases where an estate or the individual heirs of an estate have been sued in a state court other than a probate court for specific performance of alleged contracts to devise and bequeath estates. It is extremely doubtful that the Custodian has authority to submit to the jurisdiction of a state court as a defendant. Two such cases have been instituted in the district courts on behalf of the Custodian: Markham v. Davis (Estate of Henry Droet) in the United States District Court for the Eastern District of Oklahoma, and Markham v. Mississippi Valley Trust Co. (Estate of Ernst W. Oelfcken) in the United States District Court for the Eastern District of Missouri. In two other cases involving the construction and validity of trusts, one inter vivos and the other testamentary, recourse to the federal courts was made necessary because of the reluctance and failure of executors and trustees to seek a construction in the state courts. They are Markham v. Beers (Estate of Frederick Butterfield) in the United States District Court for the Eastern District of New York and Markham v. Tibbetts (Estate of Martha M. Taylor) in the United States District Court for the Southern District of New York. In the latter case the defendants not only dispute the Government's contentions with regard to the applicable trust law but also challenge that the Custodian's vesting order attached to any interest whatever in the trust or estate. In still another matter, Markham v. Edmonds (Estate of Shirley M. Suhling) proceedings to construe the decedent's will were instituted in the United States District Court for the Western District of Virginia because it was believed that participation in a similar proceeding already instituted by the executor in the appropriate state court would be prejudicial to the Government's interests.

Inter vivos trusts.

The Alien Property Custodian has only recently begun to vest interests of foreign nationals in inter vivos trusts. Although problems posed by inter vivos trusts have arisen in matters related to decedents' estates, such as in the Estate of Frederick Butterfield, these problems were directly presented under an inter vivos trust created by Franz Eugen Nortz. This man migrated to the United States early in the century with his wife and one of his four sons. During the 1930's Nortz created a trust for the benefit of his three sons who remained in Germany. Provision was included for the termination of the trust upon the consent of all parties. During the continuance of the trust and subsequent to 1937, Nortz transferred substantial sums to Argentina, Brazil and Switzerland. He also loaned to his own brokerage house large sums of money presumably in accordance with broad powers reserved to himself under the trust. After Nortz died in 1941 his American son became substitute trustee. As substitute trustee he did not account for moneys transmitted by his father to foreign countries presumably on the theory that these were not trust funds but had been removed from the trust fund by his father. The same attitude was taken by the substitute trustee with regard to the moneys loaned to his father's brokerage house. As to the remainder of the trust fund, the trustee contends that, since the Commissioner of Internal Revenue taxed the funds, not as trust funds but as assets of his father's estate, the Custodian, as an officer of the same Government, is bound by the Commissioner's interpretation and is therefore estopped from now asserting that they are trust funds to which his vesting order attaches. The accounting filed in the Supreme Court of Westchester County, New York, was referred for hearing to a referee. The referee has found in favor of the Government. The report of the referee has not been confirmed and appeals are expected.

Guardianships and incompetents.

The Custodian has in the course of his vesting program seized, usually by res vesting orders, funds of incompetents held in the United States for foreign nationals. Two somewhat parallel cases have been adjudicated in the courts during the past year. In each case the incompetent was residing in Italy. In one case the incompetent was a citizen of Italy. In the other the incompetent was a naturalized citizen of the United States. In both cases the committee contended that the incompetent had not sufficient mental capacity to change his residence or domicile and therefore must be regarded as continuing

his residence and domicile in the United States. In Application of the Alien Property Custodian (Viscomi), which concerned the Italian citizen, the County Court of Oneida County, New York, refused to direct the committee to turn over the funds which had been seized by the Custodian upon the ground that the incompetent, notwithstanding his actual residence in Italy, was still legally resident and domiciled in the State of New York. 53 N. Y. Supp. (2d) 416. Upon appeal to the Appellate Division of the Fourth Department of the State of New York, 60 N. Y. Supp. (2d) 897, this holding was reversed and the property was directed to be delivered to the Custodian pursuant to his vesting order.

In the case of Josephberg v. Markham, involving the estate of the incompetent, Alfred Cerutti, an American citizen residing in Italy, the incompetent's property was turned over to the Custodian pursuant to his vesting order and the committee then instituted suit for its return under §9(a) of the Trading with the Enemy Act. The District Court for the Southern District of New York dismissed the complaint on the ground that the incompetent was an enemy or a national of a designated enemy country within the definitions and meaning of the Trading with the Enemy Act and executive orders and regulations issued thereunder. This holding, however, was reversed by the Circuit Court of Appeals, 152 F. (2d) 644, on its determination that an American citizen whose presence in Italy was for reasons beyond his control, did not become a resident of Italy or an enemy or foreign national within the purview of the Trading with the Enemy Act. The cases above are not inconsistent. The Viscomi case is, in effect, a holding that prior to delivery of possession no court may inquire into the enemy character of a person found to be an enemy by the Custodian. In the Cerutti case the determination of non-enemy character of the designated national was sought after possession had been delivered and in accordance with the remedy provided by the Trading with the Enemy Act.

Impounded funds.

Substantial sums of money arising from the administration of decedents' estates, partition actions, satisfactions of mortgages and the like, are paid into city, county or state treasuries solely for the reason that the persons entitled to them are enemies. These funds have been vested. Motions based on petitions of the Alien Property Custodian generally result in orders awarding such funds to the Custodian. In the City Treasury of the City of New York alone there is now deposited over \$600,000 of such funds, all from decedents' estates.

DEFENSE AND PATENTS UNITSuits under §9(a) of the Act for the return of vested property.

By far the most important, the most difficult and the largest in point of money involved, of the suits brought under §9(a) of the Act for the return of vested property, are those in which efforts were made to cloak enemy interest.

The American Bosch case is a suit brought by three Swedish corporations to recover from the Custodian 535,000 shares of stock, being 77 per cent of the outstanding shares of American Bosch Corporation. This stock was seized as beneficially owned by Robert Bosch, G.m.b.H., a German company. One of the plaintiffs claims to be the owner; the other two plaintiffs allege they are pledgees from the first plaintiff. The Government defends the seizure on the contention that the alleged interests of the several plaintiffs were acquired through a cloaking conspiracy.

Swiss Bank Corporation v. Markham is a suit for the return of 44,000 common shares and 2,225 preferred shares of Schering Corporation, a New Jersey corporation, as well as shares of two New York corporations which the Custodian had seized in April 1942. The plaintiff alleges that it had received the securities as collateral for a loan made in 1937 to a Swiss corporation. It is known that the New Jersey Schering corporation was a subsidiary of Schering, A. G., of Berlin. The Government's defense is predicated on the belief that the alleged interest of the plaintiff in the securities vested is the result of an intricate network of cloaking transactions initiated before and in contemplation of war.

The Custodian vested the majority of the stock, patents, rights and license agreements of the Askania Regulator Company upon the finding that the beneficial interest in this property was owned by Askania Werke, A. G., in Germany. An American citizen has brought suit for royalties under the vested license agreements on the allegation that he purchased such interests from the German company. (Brassert v. Markham, D. C. Conn.) The Government has defended the suit on two grounds, first, that the alleged purchase was made without license after the freezing controls became effective and, second, that if the purchasing agreement was valid then it is an attempted cloaking. The matter was tried in May and June of 1946 and a decision is awaited. It is anticipated that the case will be appealed regardless of the trial court's decision.

Littell and Marks v. Markham is a suit for the return of all the outstanding capital stock seized by the Custodian of American Hyalsol Corporation, a patent holding company, holding valuable patents licensed to DuPont and to Proctor and Gamble. The stock was vested on the finding of the Custodian that it was beneficially owned by two German chemical companies, Deutsche Hydrierwerke, A. G., and Bohme Fettchemie, G.m.b.H. Also vested was the interest of Hyalsol in its contract with a Swiss corporation on which there is due over a million dollars. Here, too, the Government regards the formation of the American Hyalsol Corporation and its Swiss counterpart as elaborate devices to cloak and conceal the interests of German corporations in valuable patents.

Other important cases involving huge sums of money and valuable patents in which the Government hopes to establish bold cloaking conspiracies are Standard Oil Co. v. Markham, now on appeal before the Circuit Court of Appeals for the Second Circuit, where the beneficial interests in certain patents is believed to have reposed at the time of seizure in I. G. Farben of Germany; Hebersee Finanz-Korporation v. Markham, believed to be a cloaking effort of the German von Opel interests; Haas v. Markham, a World War II suit for the return of stock in the Rohm and Haas Chemical concern which opened inquiries into a possible cloaking successfully foisted upon a World War I Alien Property Custodian; and Kind v. Markham, believed to represent a cloaking device employed by J. A. Henckel, K. G., of Germany. In the latter case the district court found adversely to the Government and the matter will be appealed to the Circuit Court of Appeals for the Second Circuit.

A matter which engages the attention of the Overseas Unit is a threatened suit against the Custodian in an attempt to recover approximately 97 per cent of the outstanding shares of General Aniline & Film Corporation, a Delaware corporation, organized by I. G. Farbenindustrie, A. G., which the Custodian vested in 1942. I. G. Chemie, a Swiss corporation, claims ownership of these vested shares valued at some \$55,000,000. It is believed that this suit when brought will present one of the largest cloaking conspiracies ever devised. Only the world-wide activities of such a gigantic financial institution as the I. G. Farbenindustrie, A. G., could make so intricate a network of cloaking manipulations possible.

Suits under §9(a) of the Act for the payment of debt claims.

Hartwell Cabell, a New York attorney, had rendered legal services to an Italian insurance company and its United States

branches prior to the outbreak of the war. His claim for services filed with the Superintendent of Insurance of the State of New York who was supervising liquidation proceedings of the New York branches of the Italian company was allowed, except for a sum of \$7,000, which was regarded as a debt due from the Italian company rather than its United States branches. The assets of the Italian company were vested by the Alien Property Custodian in 1942. Mr. Cabell filed a claim with the Custodian but was not paid. Suit was brought in the District Court for the Southern District of New York under §9(a) of the Trading with the Enemy Act to recover from the Custodian the amount of the debt. The Custodian defended against the suit upon the contention that §9(e) of the Act barred suits for the recovery of debt claims which were not in existence prior to October 6, 1917. The district court upheld the Government's view and dismissed the complaint. Upon appeal to the Circuit Court of Appeals for the Second Circuit, judgment was reversed (Cabell v. Markham, 148 F. (2d) 737) upon the holding that §9(e) is limited in its applicability to seizure made during World War I. The Supreme Court affirmed the Circuit Court of Appeals (Markham v. Cabell, 326 U.S. 404).

The far-reaching effect of the Supreme Court's decision is made clear from a realization that a remedy was thus afforded to creditors of enemies while no corresponding remedy is available to creditors of friendly aliens whose property may have been vested for protective purposes only. It also opened the door to the filing of large numbers of suits in what would amount to a race to the quick, since more than \$100,000,000 in debt claims had been filed with the Custodian, although few suits had been brought in the belief that §9(e) prevented them. No legislative pattern existed to assure the equitable payment of debt claims. These questions were presented to the Supreme Court but not resolved. The court carefully refrained from deciding whether a judgment obtained by a debt claimant could be satisfied by the Custodian or the Treasurer. Legislation was quickly drafted to provide for the orderly settlement of debt claims and the elimination of inequities. This legislation became Public Law 671, 79th Cong. 2d Sess.

Unauthorized suits against the Custodian.

The Trading with the Enemy Act contains the only consent of the United States to be sued in so far as seizures under that Act are involved. The authority to sue thus conferred is rather limited. Frequently, however, suits are instituted

to secure redress for alleged grievances which have no legislative sanction.

Typical of this type of suit is the action brought by Axel Wenner-Gren, an internationally known Swedish industrialist and financier, against the Attorney General of the United States and the Secretaries of State, Treasury, and Commerce, for a judgment removing his name from the proclaimed list of enemy nationals and unblocking his funds in the United States. Since the blocking of funds and the proclamation of enemy nationals are powers derived from the Trading with the Enemy Act, the plaintiff's right to sue must be found within that Act. The Act contains no provision for the redress of the type of grievance of which the plaintiff complains. However, the question presented in this case will undoubtedly become moot before a motion to dismiss can be heard on the merits since the funds of non-enemy nationals are being unblocked and proclaimed lists are being abandoned.

Patent litigation.

By reason of the Custodian's vesting of patents, he is frequently confronted with litigation both in the Patent Office and in the federal courts. For example, the Polaroid Corporation filed an application for a patent identical with one that had been seized by the Custodian, thus giving rise to an interference proceeding in the Patent Office. The Custodian sustained the priority of invention in the German national whose patent had been vested. An action was thereupon commenced by Polaroid Corporation in the District Court for the District of Columbia. The jurisdiction of the federal district courts over the Custodian in such a proceeding was unsuccessfully challenged by the Custodian. (Polaroid Corporation v. Markham, 148 F. (2d) 219). Thereafter a district court decision in favor of the Custodian was reversed on procedural grounds by the Court of Appeals for the District of Columbia, in that findings of fact made by the district court were not sufficient (151 F. (2d) 89). The district court has amended its findings to conform to the holding of the Court of Appeals without altering its decision in favor of the Custodian. A new appeal is now pending before the Court of Appeals.

In Lichtenwalter v. Caron, the Custodian had vested a patent relating to a chemical process for the separation of nickel and cobalt. An application filed by Lichtenwalter was declared to be an interference with the vested patent. The Patent Office found in favor of the Custodian and Lichtenwalter has appealed the proceeding to the Court of Customs

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and Patent Appeals where it is now pending.

An interesting patent problem is presented by Markham v. Dong (Application of Amende). The Patent Office had refused an application for a patent which the Custodian had vested on the ground that the application did not set forth sufficient facts to show that the invention was workable. The application, however, referred to but did not attach a German application for a patent of the same invention which did disclose the missing elements. Suit was thereupon instituted by the Custodian in the District Court for the District of Columbia. The German application was not available at the time of the original hearing but has since been obtained. The Patent Office has been asked to reconsider its previous denial of the application for a patent and, failing that, the proceedings in the District Court now held in abeyance will be prosecuted. Under ordinary circumstances, now that the German application is available, a new application might be filed in the Patent Office. The Government, however, cannot do this since the new application must be signed by the inventor, in this case an enemy national in Germany.

Patent contracts and licenses.

The Custodian has vested many patent contracts, licenses, and other agreements. These vestings have frequently given rise to the question of whether or not such agreements or licenses violate provisions of the anti-trust laws. This has made necessary extensive discussions and negotiations with the Anti-trust Division of the Department of Justice and has often resulted in a joinder by the Custodian as plaintiff in existing anti-trust suits.

United States v. Harck and Co. involved a broad anti-trust cartel action in which the Custodian had an interest to the extent of forty-nine United States patents and sixteen patent applications. The Custodian joined as plaintiff in this suit which was terminated through a consent decree whereby the Custodian obtained clear title to the patents for non-exclusive royalty-free licensing. A similar case is United States v. Bendix Aviation Corporation which involved 131 United States patents and fifteen applications which the Custodian had vested.

A judgment obtained in the lower federal courts in United States v. National Lead Co., et al. declared that the defendants were violating the anti-trust laws in respect to certain patents. The Custodian vested thirty of the patents involved in that suit relating to titanium. However, the Custodian has not joined as a party in the present litigation. The case

is now before the United States Supreme Court on appeal. The Supreme Court will be asked to make clear that its decision is without prejudice to the rights of the Government in the vested patents, and without prejudice to the jurisdiction of the district court to modify its decree so that the rights of the Government in these patents may be clarified.

Contract renegotiations to eliminate anti-trust violations with respect to vested patent agreements and licenses are now pending with such concerns as Bausch and Lomb, General Electric Storage Battery Company, and Campbell Products, Inc.

GENERAL LITIGATION UNIT

Elimination of enemy participation.

Two factors have kept the cases handled by the General Litigation Unit largely in the preparatory and interlocutory stages. First, enemies who formerly owned interests in vested property asserted the right to participate in litigation between the Custodian and non-enemy claimants involving ownership of the vested property. It was not until the Supreme Court denied certiorari in United States v. Antoinetta, 153 F. (2d) 138; cert. den. June 5, 1946 sub nom., Lorenso v. United States - - U. S. - - that the way was cleared to try such cases on their merits free from any participation by former enemy owners. Second, the termination of hostilities permits investigations to be made and the necessary evidence to be gathered in enemy countries, thus bringing closer to trial the many cases which had been postponed because of the lack of such evidence.

Summary possession of vested property.

Attempts to defeat the Custodian's right to summary possession of property vested in World War II by attacks on the constitutionality of §5(b) of the Trading with the Enemy Act, as amended by Title III of the First War Powers Act, 1941, were defeated in a well-reasoned opinion by the United States Circuit Court of Appeals for the Second Circuit. Silesian-American Corporation v. Markham, 156 F. (2d) 795. There, a New York corporation sought to avoid issuing and delivering to the Custodian certificates evidencing his ownership of stock which he had vested as being held for the benefit of an enemy, by contesting in limine the fact of enemy ownership. In several other cases initial refusals to deliver to the Custodian property which had been vested were overcome and

delivery obtained through negotiation with the holders of the property without resort to formal trial.

Enemy banking institutions.

The Custodian's policy of permitting the primary liquidation of enemy banks in the United States by state banking authorities was advanced by the discontinuance of his action, as successor in interest to the Bank of Japan, against the Superintendent of Banks of the State of New York to recover a disputed obligation of approximately \$17,333,000 of Yokohama Specie Bank (New York agency). The Custodian had vested the interests of Bank of Japan as a creditor of Yokohama Specie Bank (New York), but the satisfaction of this obligation would have made it impossible for the Superintendent of Banks to pay the allowed claims of American creditors in full. After extensive investigation of the facts and consideration of the law, the Custodian's action was discontinued in order to permit the Superintendent to pay the allowed claims of American creditors and to expedite the disposition to the Custodian of the assets of Yokohama Specie Bank (New York) remaining in the hands of the superintendent after payment of allowed claims of domestic creditors and his expenses of liquidation.

During the period covered by this report the liquidation by the state banking authorities of these enemy banks progressed to the point where the state officials have sought authorization from the appropriate state courts to turn over to the Custodian the assets remaining in their hands after completing the liquidations of the domestic affairs of the banks. Upon receipt by the Custodian of these residual assets, the disposition of debt claims filed against such assets under the provisions of §34(a) of the Trading with the Enemy Act, as amended, will involve not only extensive administrative hearings, but probably much litigation.

APPEALS, LEGISLATION AND OPINIONS UNIT

The Appeals, Legislation and Opinions Unit, created during this fiscal year, is charged with the responsibility of handling appeals in both state and federal courts, studying and drafting of legislation pertaining to alien property and foreign funds control, preparing opinions both formal and informal relating to the Trading with the Enemy Act, and representing the Department in interdepartmental studies of international questions relating to the Trading with the Enemy Act.

Appeals

Markham v. Cabell, 326 U. S. 404, defined the extent of the remedies available to debt claimants, under §9(a) of the Trading with the Enemy Act, whose claims arose after October 6, 1917, but before December 8, 1941. The Government had contended that the express provisions of the Trading with the Enemy Act barred suit on a debt claim unless the debt had been in existence prior to October 6, 1917. The Supreme Court, however, refused to construe the statute so strictly as to bar suits for debt claims which arose prior to the outbreak of World War II. It refrained from passing, however, upon whether §5(a) of the Trading with the Enemy Act contained authority which might be exercised to prevent the payment of any judgment obtained upon such a debt. As a result of this far-reaching decision, legislation was introduced to the Congress providing for orderly processes for the presentation and equitable payment of debt claims arising out of World War II.

Another matter, Ueberssee Finanz-Korporation v. Markham presents a question of basic importance to the administration of the Trading with the Enemy Act. Suit has been brought by a Swiss corporation, admittedly a foreign national, to recover shares of stock in various domestic corporations believed by the Government to be owned by the von Opel interests in Germany. The return is sought and the jurisdiction of the court invoked under the remedies allegedly afforded by §9(a) of the Trading with the Enemy Act. The Government contends that §5(b) of the Act, as amended, conferred upon the Custodian the right to seize the property of foreign nationals and the effectiveness of that power depends upon the Custodian's ability to retain property which he is authorized to seize. It is suggested that if the plaintiff is aggrieved its remedy lies not under the Trading with the Enemy Act but under the Tucker Act. The District Court for the District of Columbia agreed with the Government and dismissed the complaint. The plaintiff has appealed to the Court of Appeals for the District of Columbia and the matter was argued in May 1946. Regardless of the holding of the Court of Appeals, it is expected that the case will eventually be presented to the Supreme Court for a final determination.

In all, thirty-three separate appeals in state and federal appellate courts have been handled among which are such important and complex matters as that presented by Standard Oil v. Markham, now before the Circuit Court of Appeals for the Second Circuit; United States v. Antoinetta, and twelve others, decided in favor of the Custodian by the Circuit Court of

Appeals for the Third Circuit, 153 F. (2d) 138, cert. den. June 5, 1946; and Silesian-American Corporation v. Markham, 156 F. (2d) 795.

Legislation.

In cooperation with other agencies of the Government, H. R. 3750 reintroduced as H. R. 4571, relating to the return of vested property to nationals of certain foreign countries, was drafted. This bill was enacted and became Public Law 522, approved March 8, 1946. H. R. 5089 reintroduced and passed as H. R. 6890 and S. 2378 was similarly drafted. This latter bill concerns itself with the settlement of debt claims against former owners of vested property. This legislation was introduced to offset the possible inequities that may have resulted from the Supreme Court's holding in Markham v. Cabell. There are now five bills in the process of study for reports. Three of these, H. R. 5571, H. R. 4001, and S. 1522 pertain to the payment of war claims from vested property. Another, S. 2350 deals with the transfer of Foreign Funds Control functions to the Department of Justice. One bill, H. R. 5617, is a private bill for the benefit of the Trent Trust Company.

Executive orders necessary to implement legislation recently passed by Congress in the orderly administration of the Trading with the Enemy Act have been drafted with the active participation of this unit. Some of these orders are E. O. 9725, dealing with the administration of Public Law 522, E. O. 9567 further amending E. O. 9095 to permit the vesting of German and Japanese cash and securities, and an executive order designed to facilitate the administration of the Philippine Property Act. Participation in the drafting of departmental orders has on occasion been sought and obtained.

Opinions.

Informal opinions from the Attorney General to the Office of Alien Property Custodian have frequently been drafted. These opinions covered such varied aspects of the administration of the Trading with the Enemy Act as the Custodian's authority to pay federal and state taxes, the authority of the Custodian to use vested funds for the preservation of German art treasures, the effect of the Federal Administrative Procedure Act on the Office of Alien Property Custodian, and the right of the Custodian to assert a certain claim against the War Production Board. In all, eight informal opinions to the Custodian were rendered.

Drafts of formal opinions of the Attorney General have also been prepared from time to time. These formal opinions included one concerning the authority of the Custodian to sell vested property to non-citizens of the United States; another related to advice to be given by the Custodian to bank liquidators in Hawaii with respect to the liability of the Treasury for the costs of prior liquidation undertaken by Treasury agents. A third opinion relating to the transfer of United States property in the Philippine Islands to the Philippine Republic was made moot by the passage of the Philippine Property Act.

Interdepartmental conferences.

The far-reaching economic aspects of the war and the effect of the administration of foreign and enemy property under the Trading with the Enemy Act on treaty provisions with Italy and on foreign economic policy have required frequent interdepartmental conferences. In this connection the Appeals, Opinions and Legislation Unit prepared a draft of proposed recommendations to the Cartel Committee of the Executive Committee on Economic and Foreign Policy and to its Subcommittee on German Patents on the extent of German participation in international cartel agreements and on the policy with respect to vested patents in the United States. Discussions were also had on the relationship of certain proposed economic clauses of the Italian Peace Treaty to the Trading with the Enemy Act, particularly those dealing with problems on industrial and literary property.

OVERSEAS UNIT

The Overseas Unit was created late in 1945 and is attached to the Economics Division of the Office of Military Government in Germany where it is known as The Department of Justice Mission. It undertook investigative activities in Germany and other countries of Europe early in 1946. Many of the cases pending in the Section require evidence for their defense or prosecution obtainable only in Europe. A special unit for this work was deemed necessary because the investigative facilities of the Allied Control Council in Germany and United States Military Government Forces there and elsewhere in Europe were not equipped to gather evidence in a form admissible under the rules of evidence of the various courts in which they were pending or of the kind sufficiently probative of the issues involved.

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By the end of the fiscal year, 151 separate cases requiring investigation had been forwarded to the Unit and investigations have already been conducted in England, Germany, Belgium, Italy, Austria, and Switzerland.

Legislation recently enacted has extended the class of persons who may seek redress under the Trading with the Enemy Act for the return of property and the presentation and prosecution of debt claims. Such legislation will add substantially to the investigative burden of this Unit. Among the important cases being investigated are the I.G. Chemie, Littell and Marks v. Markham, and, the Schering and Bosch cases. In addition to the cloaking aspects presented by these cases, there is a general overall cloaking conspiracy investigation being conducted in Germany to ascertain, if possible, the extent to which German industrial firms attempted to hide their foreign interests in patents, cartel agreements, and other property by cloaking their ownership in the hands of American, allied or neutral individuals and organizations.

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STATISTICAL TABLE
ALIEN PROPERTY SECTION

<u>Type of case</u>	<u>Pending July 1, 1945</u>	<u>Received during fiscal yr.</u>	<u>Closed during fiscal yr.</u>	<u>Pending June 30, 1946</u>
Estates & Trusts	510	185	124	571
Sec. 9(a) Return	19	20	2	37
Sec. 9(a) Debt	3	27	0	30
Unauthorized suits	6	5	8	3
Patent litigation	19	3	7	15
Patent contracts, licenses, etc.	12	4	5	11
Actions to enforce vesting orders	21	10	5	26
Actions involving real property	25	18	12	31
Enemy banks and in- surance companies	19	2	4	17
Bankruptcies, receiver- ships & reorganizations	7	3	4	6
Admiralty	63	0	2	61
Customs	844	7	0	851
Taxation	10	1	0	11
Workmen's Compensation	3	0	1	2
Criminal	4	1	1	4
World War I litigation	5	0	0	5
Miscellaneous	<u>33</u>	<u>11</u>	<u>5</u>	<u>38</u>
TOTALS	1603	297	180	1720

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ANNUAL REPORT

of the

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

For the Fiscal Year Ended June 30, 1946

Ugo Carusi
Commissioner

NEW LEGISLATION AND PRESIDENTIAL REGULATIONS

A number of legislative measures affecting the responsibilities of the Service were passed during the fiscal year just ended. A number of regulations of the President also related to Service functions. Most of the laws and executive pronouncements were the result of situations created by the war, or the transition from war to peace. The following relate to immigration.

Two laws were passed that were designed to ease the problems of members of the armed forces who married or became engaged to nationals of foreign countries. Public Law 271, passed December 28, 1945, provided for the expeditious admission to the United States of alien spouses and alien minor children of citizen members of the armed forces. The other, passed near the close of the fiscal year, June 29, 1946 (Public Law 471), facilitates the admission of alien fiancées or fiancés of citizen members of the armed forces of the United States.

The fact that many international organizations were meeting in the United States led to the creation of a new nonimmigrant class of aliens by adding subdivision (7) to Section 3 of the Immigration Act of 1924. This was effected by the passage of the International Organization Immunities Act of December 29, 1945 (Public Law 291). Certain privileges, exemptions and immunities were extended to representatives, officials, or employees of international organizations and their families, attendants, servants, and employees. Executive Order No. 9698, of February 19, 1946, designated the following

Separate quotas, of 1,413 for Austria and 25,957 for Germany, for the remainder of the fiscal year ended June 30, 1946, and for each fiscal year thereafter, were fixed by the President's Proclamation No. 2666, of September 28, 1945. Thus the quotas for the two countries were reestablished as they were prior to April 28, 1938. On December 22, 1945, the President issued a directive that endorsed the use of established quotas for the admission of certain displaced persons, refugees, and orphaned children from Europe.

During the fiscal year 1946, legislation was also passed concerning nationality and naturalization. The plight of naturalized citizens who could not return to the United States during the war was ameliorated by the Act of October 11, 1945 (Public Law 193). The period during which a naturalized citizen or his minor child might reside abroad without losing United States citizenship was increased from five to six years from the date of approval of the Nationality Act of 1940.

Two statutes had to do with the naturalization of members of the armed forces. The Act of November 21, 1945 (Public Law 227), waived certain fees provided by the nationality laws for members of the military or naval forces of the United States. The law of December 28, 1945 (Public Law 270), repealed and terminated certain provisions of the Second War Powers Act relating to the naturalization of persons serving in the armed forces of the United States during the Second World War.

SUMMARY OF SERVICE ACTIVITIES AND PROBLEMS

The year ended June 30, 1946, was one of transition that brought necessary changes and adjustments. Almost as soon as fighting stopped in Europe, members of the Service could see changes in work emphasis. Functions that stemmed from the war--departure control, alien enemy detention and parole, the seaman program, naturalization of members of the armed forces--all of these decreased in volume and some in importance. Plans were made and effected for the orderly completion of these programs. As avenues of world travel opened for civilians, immigration officers found that more and more time was needed for examining aliens to determine their eligibility for admission to the United States. Deportations impossible to accomplish during the war were undertaken, and smuggling and illegal entries at the seaports as well as the land borders had to be anticipated and guarded against.

Entry examinations of aliens and citizens, principally border crossers, totaled over 76,000,000. Not for sixteen years have as many immigrant aliens come to the United States to make it a permanent home, as the 108,721 who were granted admission during the report year. Of these, 29,095, or less than one-fifth of the authorized quota of 153,879 were quota

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Displaced persons. --The President's directive of December 22, 1945, concerning immigration from the American occupation zones in Europe provided that 90 percent of the quotas for central and eastern Europe should be used for persons who could not or would not be returned to their pre-war homes. The Commissioner of Immigration and Naturalization was a member of the committee that went to Europe to survey the problem and set up a plan of operations. The plan effected was a joint one, in which a number of agencies cooperated. Military authorities determined that applicants for admission would not be detrimental to the security of the United States and also furnished transportation to the port of embarkation. The Public Health Service made physical examinations. Applicants for visas were examined and visas approved by consuls of the Foreign Service of the United States. UNHRA had the care and custody of refugees until they embarked, and the War Shipping Administration furnished the ships on which they traveled. All expenses, such as visa fees, transportation costs and head tax were privately paid by individuals or welfare agencies.

Displaced persons were considered for admission in the following order: American citizens, orphaned children, close relatives of American citizens, then other refugees. Upon arrival at New York, officers of the Immigration and Naturalization Service made sure that all requirements of the immigration laws were met.

Persons who qualified for admission as immigrants could be sponsored by an individual or by approved welfare organizations guaranteeing financial support. The first ship bringing displaced persons arrived May 20, 1946. From then until June 30, 1946, there were 2,534 such persons admitted as quota immigrants and 17 admitted nonquota. Almost half of those admitted--1,215--were charged to the quota of Poland; the next largest group--718--were charged to the German quota.

The President specified that special attention be given to orphan children. By June 30, 1946, the United States Committee for the Care of European Children, Inc. (the only sponsoring agency authorized to be responsible for unaccompanied children) had received 122 children from Europe. Another group--190 Polish children who had

been housed in Mexico--were admitted to the United States under the Polish quota. These children were assigned quota numbers in March, which was prior to the beginning of the displaced persons program in Europe.

For a year or more, there had been some concern about approximately 1,000 refugees who were transported from the war zone of Italy and detained at Fort Ontario, Oswego, New York. This group of persons was granted the privilege of preexamination, and most of them were readmitted as quota immigrants.

Nonquota immigrants.--As has been the case in the past three years, nonquota immigration exceeded quota immigration. During the year, 79,626 nonquota immigrants were admitted to the United States. Usually, nonquota immigration is principally that from the countries of the Western Hemisphere. There were 29,396 natives of nonquota countries, including 15,323 natives of Canada, 6,415 from Mexico, and most of the remainder from the West Indies, and Central and South America, but the principal class in the fiscal year 1946 was war brides.

War brides.--The Act of December 28, 1945, facilitated the entry into the United States of alien wives, husbands and children of members of the armed forces of this country, by waiving visa requirements, and the excluding provisions concerning physical and mental defectives. Under the law as it was in 1918-19, women who married citizens of the United States, thereby acquired United States citizenship. Unlike the war brides of World War I, those now coming to the United States are not admitted as citizens, but as non-quota immigrants, as the nationality law concerning the citizenship of wives was repealed in the meantime.

To expedite admission, a group of immigration officers went to England and France for a short time to assist in the preliminary examination and documentation work. Several immigrant inspectors accompanied shiploads of war brides from Hawaii to the West Coast for the same purpose. From April 1946, when the first ships arrived bringing the wives and children of soldiers, through June 30, 1946, there were 44,775 wives, 61 husbands, and 721 alien children who came to the United States. In addition to the alien children, there were 12,160 citizen children born abroad who entered the country.

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

FOR THE FISCAL YEAR ENDED JUNE 30

1947



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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 1947.

Detailed descriptions of the activities of the various Offices, Divisions and Bureaus of the Department are transmitted with this report.¹ There is also transmitted the Report of the Conference of Senior Circuit Judges which convened in Washington on September 27, 1947.

I

Before entering upon a discussion of Departmental activity during the past year, I desire to express my sincere appreciation of the courtesy and understanding manifested by the Congress toward the work of the Department during that period. The cooperation and assistance received in this regard was of inestimable help to the Department in the discharge of its responsi-

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, the Office of Alien Property, Criminal Division, Antitrust Division, Claims Division, Lands Division, Customs Division, Tax Division, Administrative Division, Federal Bureau of Investigation, Immigration and Naturalization Service, Board of Immigration Appeals, Board of Parole, Bureau of Prisons, Office of the Pardon Attorney and the Library.

VII

ALIEN PROPERTY

By virtue of Executive Order No. 9788, dated October 14, 1946, the Governmental functions relating to the acquisition, custody, and disposition of alien property were returned to the Department of Justice, after having been exercised by the Office of Alien Property Custodian since 1942. In view of the tremendous expansion which this phase of activity had undergone during the war years, I was aware that the former organizational framework within which it had been carried on in the Department, that is, as a Unit in the Claims Division, would prove hopelessly inadequate to accommodate it in its expanded state. Accordingly, on October 15, 1946, I directed the establishment of the Office of Alien Property and delegated to the Director thereof all of the authority, with respect to alien property, vested in me by Executive Order No. 9788. By acquiring the status of an independent Office of the Department the alien property program has gained the increased scope and autonomy which it requires for maximum efficiency.

The enormous value of the property involved in this program renders it one of the most important activities, from a financial standpoint, in the entire Department. The aggregate value of the property already vested, and that subject to vesting, amounts to hundreds of millions of dollars, and the responsibility attendant upon the acquisition, administration, and disposition of such assets is proportionately heavy. All enemy-owned property thus acquired is administered in the interests of the United States and the proceeds from the sale or liquidation of assets are deposited in the United States Treasury. Enemy-owned patents, however, are not sold but are made widely available to industry through the issuance of non-exclusive, royalty-free licenses for

a nominal administrative fee. By enabling American industry to utilize the results of enemy technical proficiency and ingenuity, in the form of improved techniques and processes, the licensing of such patents has been of incalculable value to our national economy.

The task of properly disposing of alien property is not without difficulty since, in many instances, the legal problems involved are as numerous and intricate as the claims of those asserting interests of various kinds in the property. However, during the past year, the passage of several legislative enactments relating to the disposition of such property has been of material assistance in eliminating legal technicalities which previously had operated to delay ultimate disposition. In addition, some progress has been made toward resolving inter-custodial problems involving jurisdictional conflicts among the various governments seizing enemy assets. Tentative proposals have been agreed upon by the several countries concerned, with respect to German external assets, and a proposed comprehensive agreement has been drawn up by representatives of the Inter-Allied Reparation Agency. The agreement which is now being studied by the interested nations, is expected to simplify greatly the solution of the problems relating to this aspect of property disposition, and to serve as a precedent in the settlement of inter-custodial claims relating to Japanese external assets.

I am hopeful that, during the coming year, further simplifications of procedures will be evolved which will expedite the disposition of the great mass of property now in custody.

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XIV

THE CUSTODY OF ALIEN PROPERTY

At the outset of the alien property program, the forms of property vested were confined to those that required wartime control or management or were of value to the war effort and included, in general, business enterprises, patents, copyrights, trade-marks, real property, tangible personal property, and interests in estates and trusts and other property under judicial supervision. By virtue of Executive Order No. 9567, dated June 8, 1945, the scope of the program was broadened to include cash, securities, and all other forms of property of German and Japanese nationals. During the past year, jurisdiction over alien property located in the Philippine Islands was transferred to the Philippine Alien Property Administrator who assumed supervision of assets totaling over twenty-eight million dollars.

As of June 30, 1947, the total value of the alien property controlled by the Office of Alien Property amounted to \$405,422,000. On the same date, the aggregate value of property, title to which had been vested, amounted to \$292,692,000. Excluded from such evaluations are properties whose cash value is difficult to determine. Typical of such properties are patents, copyrights, trade-marks, and similar rights, over a half million of which were vested in the Office of Alien Property on June 30, 1947. A total of \$36,614,000 was realized from the sale and liquidation of vested property during the fiscal year, over sixty percent of which was derived from the disposition of personal property.

The ingenuity and artifice exercised by alien interests to cloak the true ownership of property has enhanced the difficulty of determining the rightful ownership of many valuable assets. This has been particularly true of business enterprises in which alien controlling interests have been concealed in a maze of transactions which require detailed and painstaking analysis in order to arrive at any correct determination of their status. How-

ever, through extensive investigation and careful study of the records of such companies, the Office of Alien Property has succeeded in detecting most of the financial and organizational subterfuges which have been resorted to for the purpose of evading the vesting of property.

After World War I it was discovered that, in many instances, stock in domestic corporations which had been vested and subsequently sold, had returned to its former enemy owners by the time World War II began. Such ownership naturally militated against the interests of the United States in its defense effort and, in order to guard against the recurrence of such a situation, General Order No. 35 was issued, prohibiting the acquisition, either directly or indirectly, of any interest in vested stock of certain "key corporations", by persons other than American nationals. The "key corporations" referred to are those corporations, subject to the supervision and control of the Attorney General, which have been designated by him as of importance in fields closely related to the defense economy of the United States. During the past year three concerns were designated as "key corporations", the American Bosch Corporation, the Schering Corporation, and the General Aniline and Film Corporation.

The task of disposing of alien property was facilitated greatly by the enactment, during the previous year, of Public Law 322, 79th Congress, 2d Session, approved March 8, 1946, which authorized the return of such property to certain classes of friendly foreign nationals. These classes included non-enemy governments, American citizens regardless of their wartime residence, citizens of allied and neutral countries not voluntarily resident in enemy countries during the war, and enemy citizens who have continuously resided outside enemy or enemy-occupied territory since December 7, 1941, and were not engaged in business in such territory. These classes were broadened, during the past year, by the passage of Public Law 671, 79th Congress, 2d Session, approved August 8, 1946. This Act authorizes the return of vested property to persons voluntarily resident in enemy countries at any time since December 7, 1941 who, while so resident, were deprived of life or substantial liberty by any discriminatory law, decree, or regulation issued by such countries against political, racial or religious groups. Another class included comprises those nationals of enemy countries who, while resident in such countries, were debarred from exercising the full rights of citizenship because of discriminatory laws, decrees or regulations. This Act has helped to resolve the inequitable and anomalous

situation which formerly existed with respect to such persons, whereby they were prevented from recovering the property which had been wrested from them by the enemy.

XV

LEGISLATIVE RECOMMENDATIONS

In addition to the recommendations I have made heretofore with respect to changes in the immigration and naturalization laws, I desire to bring to the attention of the Congress certain pending legislative proposals, the enactment of which would prove of material assistance to the Department of Justice in the performance of its statutory functions.

The great body of Federal statutory law, in its present state, lacks that integration and unification which it should possess if it is to be the readily accessible and practical source of information it was originally designed to be. The accretion, over the years, of innumerable statutes has made the task of correlating the various amendments and changes in any given field of law an exceedingly difficult one. There is pending at present a proposal, S. J. Res. 171, 80th Congress, which would authorize the codification of the general and permanent laws of the United States. I strongly recommend the enactment of this resolution which will prove of tremendous help, not only to the work of the Department, but to all persons whose work requires research into the Federal laws.

In recent years the fees paid to jurors and witnesses in United States courts and before United States commissioners have not reflected the economic changes which have made necessary financial increases to meet higher costs. As a result, the present schedule of fees is inadequate properly to recompense such persons for the travel, time, and effort they are called upon to expend. To remedy this situation, I recommend the enactment of the bill, H. R. 5039, 80th Congress, which would provide for increases in the per diem and travel rates paid to jurors and witnesses.

The Department of Justice has consistently favored those administrative and judicial innovations which conduce to the more orderly and expeditious disposition of the Government's legal business. In conformity with this policy, I wish to recommend the enactment of S. 24, 80th Congress, which would authorize the appointment of additional assistant United States Attorneys without the necessity for obtaining a judge's certificate, setting out the necessity therefor. The procedure, whereby prior

judicial authorization was obtained for such appointments, was originated in 1896 when the volume of Government litigation was much less than it is today, but it is no longer suited to present conditions. The passage of this legislation would enable the Department to apportion the total number of assistants, for whom Congressional appropriation has been made, among the various districts so that proper disposition of litigation may be made.

A committee of the Judicial Conference of Senior Circuit Judges has worked in close cooperation with representatives of this Department on a measure designed to establish a procedure whereby the question of the mental competence of a defendant to stand trial might be raised, and such issue determined. Such procedure would also be available when preexisting insanity becomes manifest only after conviction and penal confinement, and would authorize the continued restraint of such persons after the expiration of sentence. Two bills to achieve this purpose are at present pending in the Congress, S. 850 and H. R. 2519, 80th Congress, and I strongly recommend their enactment.

I renew the expressions of approval I have proffered previously with respect to measures authorizing the registration of firearms, and the appointment of public defenders for indigent litigants in Federal courts.

XVI

ORGANIZATIONAL AND ADMINISTRATIVE CHANGES

A number of changes were effected during the year in the organizational and administrative structure of the Department, all of which were initiated for the purpose of further consolidating and integrating Departmental activity. The establishment, on October 15, 1946, of the Office of Alien Property within the Department has been described elsewhere in this report. A further change, relating to the establishment of this Office, occurred on April 30, 1947, when the functions, personnel, and funds of the Alien Property Section of the Claims Division were transferred to the Office of Alien Property and the Section itself was abolished.

The growth of litigation involving the Administrative Procedure Act made it essential that the Department adopt a uniform approach to cases arising under the Act. Accordingly, on October 15, 1946, I created an Intradepartmental Committee on Litigation Involving the Administrative Procedure Act for the purpose of assuring complete coordination and integration of the

Department's position with respect to the Act. The work of this Committee has been highly satisfactory, particularly in connection with the dissemination of information concerning the Act to United States Attorneys and Departmental field personnel.

As the fiscal year closed there was under way an extensive reorganization of the Office of Alien Property which is designed to regroup the functions of the Office into a smaller number of major administrative units, to be known as branches.

The enactment of the Federal Tort Claims Act necessitated the establishment, within the Claims Division, of a separate Torts Section to handle cases arising under the Act.

During the year an important administrative change was made in the Federal prison system when the group of Public Health Service personnel known as "Medical Custodial Assistants" and stationed at the Medical Center for Federal Prisoners, Springfield, Missouri, was merged with the Department of Justice "Correctional Officer" group. Through this merger a desirable uniformity in institution practices, and flexibility in the personnel program, were achieved.

XVII

OPINIONS OF THE ATTORNEY GENERAL

In the course of the fiscal year, the Attorney General considered, and rendered advice upon, the form and legality of 254 proposed Executive Orders and Presidential Proclamations. In addition, the number of regulations requiring the approval of the President, as well as those voluntarily submitted by other Government agencies, which were reviewed amounted to 43.

Formal and informal opinions on questions of law arising in the administration of the various Federal departments were prepared and rendered to other agencies and officers of the Government in about 145 cases.

In addition, a number of reports and recommendations were submitted to the various Committees of the Congress and the Bureau of the Budget with respect to proposed and enacted legislation.

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ANNUAL REPORT OF THE

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OF

THE UNITED STATES

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REPORT OF ASSISTANT ATTORNEY GENERAL PEYTON FORD
IN CHARGE OF THE CLAIMS DIVISION

I.

The Claims Division of the Department of Justice performs all functions involved in the legal representation of the interests of the United States in matters of a civil nature except those which are specially assigned by reason of their character to other Divisions of the Department. In its operations the Claims Division engages in what is perhaps the largest general law practice in the world and works in close cooperation with the several departments, agencies and instrumentalities of the Government as primary sources of its business and with the United States Attorneys throughout the country as the field officers for the conduct of the work.

The United States engages in many activities and creates or enters into many legal relations of public and private law nature, all giving rise to rights and liabilities which, at times, require legal examination and representation. The Department's traditional functions of supervision and coordination of the work of United States Attorneys have become expanded necessarily by the growth of administrative activities and legislation into active participation in many complex problems created particularly by the impact of war-time operations of the Government. It has been necessary, therefore, and still is necessary, to maintain an organizational flexibility which could be accommodated at any time to changing and expanding requirements.

Basically, the work of the Claims Division consists of two broad classes; affirmative assertion, by litigation or otherwise, of claims, rights and interests of the United States, and the defense of suits brought against the United States, its officers and instrumentalities. This general grouping encompasses a large variety of legal situations. So far as possible, of course, the representation of the United States in the courts throughout the country is carried on by United States Attorneys and their staffs. There are a large number of situations, however, which by their nature require direct action and participation by the Division.

The organizational set-up of the Division has been changed in part from that reported in previous years. Under the provisions of Claims Division Circular No. 10, dated February 28, 1947, the following principal reorganizations were effected:

The former Miscellaneous Claims Section was merged with the District Court Section and became one of the four units of that Section, hereafter referred to as the Government Claims Unit.

The Torts Section was created primarily to handle cases arising under the Federal Tort Claims Act of August 2, 1946.

The name of the War Frauds Civil Section was changed to the Frauds Section. That Section was assigned jurisdiction over all claims of the Government based upon fraud, except patent frauds, whether of that type heretofore known as war fraud or otherwise.

The Patent Fraud and Royalty Adjustment Section was created to have jurisdiction over patent fraud and royalty adjustment matters originating in the District Courts of the United States. Effective June 1, 1947, this Section was merged with the Patent Section and its activities are reported with that Section.

Under the provisions of Departmental Circular 3732, Supplement No. 25, the Alien Property Section of the Claims Division was abolished, effective at the close of business April 30, 1947. All funds, personnel and functions of that Section were transferred to the Office of Alien Property of the Department of Justice. The report of the Alien Property Section is incorporated in the annual report of the Office of Alien Property.

At the close of the year the work was being distributed among nine sections and one special assignments group. The sections, in alphabetical order, are:

- 1. Admiralty and Shipping Section
- 2. Alien Enemy Section
- 3. Court of Claims Section
- 4. District Court Section
- 5. Frauds Section
- 6. Patent Section
- 7. Supreme Court Section
- 8. Torts Section
- 9. Veterans Affairs Section

Detailed descriptive and statistical information concerning each Section is given in part II of this Report. A summary statement of the functions of each, and its relation to the coordinated work of the Division, follows.

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FRAUDS SECTION

In addition to the functions of this Section set forth in Part I of this report, and since June 1, 1947, the Section has had charge of the so-called "meat subsidy" cases formerly handled by O.P.A. and R.F.C. counsel, which were transferred to the Department of Justice by Executive Order 9842. These cases involve suits against the Reconstruction Finance Corporation for disputed or invalidated subsidy payments, and suits by the Reconstruction Finance Corporation for the recapture of subsidy payments which a post audit has determined should be invalidated. Matters and cases arising under this assignment will be fully reported in the annual report for the next fiscal year.

By special assignment this Section handled a large portion of the work connected with the United Mine Workers of America - John L. Lewis injunction and contempt cases, and will continue to handle (in cooperation with the District Court Section) all civil matters handled by the Department arising under the Labor-Management Relations Act of 1947, commonly referred to as the Taft-Hartley Act. For classification purposes a digested statement of the United Mine Workers of America - John L. Lewis cases is included in the section of this report relating to the District Court Section.

Cases are referred to this Section by the various contracting agencies of the Government and the General Accounting Office where fraud has been discovered or is suspected. The section also reviews, for the purpose of determining civil liability and bringing civil actions when warranted, all criminal cases (whether there has been criminal prosecution or not) which involve fraudulent transactions. It also reviews Antitrust and Federal Trade Commission actions to determine the possibility of civil liability. Other sources of work handled by the Section include matters developed by the various investigative committees of Congress, and qui tam actions instituted by informers under False Claims Statute.

During the fiscal year 1947, this Section effected settlements in a number of cases whereby the Government received \$1,980,638.22, and also recovered judgments in the amount of \$76,612.59, \$42,665.92 of which has as yet not been collected

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5. FRAUDS SECTION

This Section, in former years reported as the War Frauds Civil Section, was established in the early days of the war for the purpose of centralizing and consolidating the work relating to the protection of the civil interests of the United States against fraudulent practices. It operates in close liaison with the War Frauds Section of the Criminal Division, charged with the prosecution, under appropriate legislation, of persons who commit frauds upon the United States. The natural emphasis in the wartime procurement programs upon speed and volume of production has required particular watchfulness on the part of the Government against those who under the cover of the very stresses incident to such production perpetrated frauds, measurable not in terms of money only, but also in terms of effectiveness of munitions and military supplies. The technical basis for civil remedies in these instances is found in the False Claims Statute (31 U.S.C. 231 et seq.), under which the Section pursues double damages and penalties against those who (a) present false claims upon or against the Government; (b) use false vouchers or documents in aid of payment of such claims; and (c) conspire to defraud the Government by obtaining payment of false or fictitious claims. Additional remedies are provided by Section 26 of the Contract Settlement Act of 1944 and Section 19(c) of the Surplus Property Act of 1944. By special assignment the Section is required to represent the interests of the United States in litigation arising under the Hatch Act, suits involving loyalty and civil liberties and suits involving federal employment.

6. PATENT SECTION

This Section has as its basic function the representation of the interests of the United States in all matters relating to patents and allied fields, including copyrights and trade-marks. This includes defense of suits in the Court of Claims, brought under 35 U.S.C. 68, for just compensation for governmental use of patented inventions; institution and prosecution of proceedings for cancellation of patents on grounds of fraud, accident, or error as well as proceedings to require assignment of patents to the United States where the conditions of the inventor's employment so require; the preparation and prosecution of patent applications on behalf of

PATENT SECTION

The operations, duties and functions of the Patent Section, except as next stated, throughout the fiscal year 1947 remained the same as in prior years.

The Patent Fraud and Royalty Adjustment Section was consolidated with the Patent Section on June 1, 1947. The duties of the Patent Fraud and Royalty Adjustment Section related primarily to the prosecution in behalf of the United States of a number of direct suits brought by the United States seeking cancellation of Letters Patent upon the ground that the same had been procured by fraud or as a consequence of mutual mistakes of fact upon the part of the Patent Office and the applicant.

In addition this Section handled all litigious matters growing out of administrative operations under the Royalty Adjustment Act (35 U.S.C. 89-96). In this connection the Section handled actions to enforce orders made under the Act seeking recoupment of moneys to the Treasury of the United States, defense of actions raising the question of constitutionality of the Act and defense and preparation for defense of actions in the Court of Claims seeking recovery of royalties recouped by operation of Royalty Adjustment Orders.

This Section in conjunction with the Patent Section served on numerous interdepartmental committees and participated in numerous conferences on matters generally relating to patent operations throughout the Government, matters relating to operations under the Patent Interchange Agreement with the United Kingdom (Exhibit Agreement Series 278) and in preparation of opinions and recommendations relating to legislative proposals addressed to modification of the patent system.

As before indicated, on June 1, 1947, the two Sections were consolidated and for the balance of the fiscal year 1947 all of the foregoing activities of the two Sections were continued by the consolidated personnel of both Sections.

The following cases of particular interest arose during the year:

In March 1947, there was filed in the District Court at Cleveland an action entitled United States v. Thomas Steel

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

FOR THE FISCAL YEAR ENDED JUNE 30

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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 1948.

Detailed descriptions of the activities of the various Offices, Divisions and Bureaus of the Department are transmitted with this report.¹ There is also transmitted the Report of the Conference of Senior Circuit Judges which convened in Washington on September 27, 1948.

I

The great body of law, which forms the basis of the work of the Department of Justice is not immutable but is subject to change as are other canons of conduct which reflect prevailing social and economic views. This is not to say that the abstract principles of justice embodied in the law are subject to mutation but that the statutes through which such principles are brought to bear upon

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XIII

THE CUSTODY OF ALIEN PROPERTY

The problems attendant upon the successful administration of the alien property program are remarkable both for their number and for their variety. This is largely due to the broad scope of the program which covers all property, whether tangible or intangible, owned by the governments or nationals of Germany and Japan, or, subject to certain exceptions, allied enemy countries. The vesting of such property has been complicated by attempts to cloak the true ownership of alien assets, and its ultimate disposition has been hampered by the delay entailed in the litigation of the numerous claims asserted against it. Through the exercise of considerable acuity and perseverance, however, such obstacles have been surmounted and a substantial part of the program has been achieved.

As of June 30, 1948, the property over which the Office of Alien Property had acquired control through vesting, supervision, or deposits for safe keeping, had an aggregate value of \$497,603,000. Of this amount \$339,671,000 represented property to which the Government had acquired title. This figure does not include, however, a number of valuable properties to which title is held but for which a valuation in terms of dollars is impracticable. The total of such properties held on June 30, 1948 was estimated at 548,649 and included patents, copyrights, trademarks, and similar rights. Income from vested property and increases in the total assets of business enterprises controlled have resulted in an increase of \$3,539,000 in the aggregate value of controlled property since ac-

quisition of its control by the Office of Alien Property. In addition, as the result of profits realized, the value of the property to which the Government holds title has increased in the sum of \$34,814,000 since the dates of its original vesting. This increase, however, has been offset, in part, by administrative expenses, property return, ~~debt claims paid, and the transfer of Philippine property.~~ The amount of vestible property in the United States and its Territories which has not yet been vested is estimated at \$61,000,000.

During the period from March 11, 1942 to June 30, 1948, cash in the amount of \$124,295,313.38 was received from the liquidation and sale of vested property, of which amount \$19,164,186.98 was realized during the past fiscal year and was derived mainly from the sale of personal property.

During the past year, vesting was confined generally to property in the United States owned by the governments and residents of Germany and Japan, which was acquired by them prior to December 31, 1946. However, property of German and Japanese citizens residing outside enemy territory who supported the enemy cause may also be vested. This policy was inaugurated during the fiscal year, after consultation with the State and Treasury Departments, and it is designed to facilitate trade between the United States and Germany and Japan, and to aid the economic rehabilitation of the latter countries. As a result of the peace treaties with Bulgaria, Hungary, Italy, and Rumania, which became effective September 15, 1947, vesting of property owned by the governments and nationals of such countries was suspended, after consultation with the State Department.

A total of 33 business enterprises have been sold as going concerns by the Office of Alien Property, two of which sales were consummated during the past fiscal year. A total of \$162,000 was realized from the two sales, one of which involved a restaurant and bar formerly operated in Honolulu by Japanese, and the other involved a firm engaged in the importing and wholesaling of food-stuffs, also operated in Honolulu by Japanese. A total of 104 business enterprises have been liquidated by the Office of Alien Property either because they were already in liquidation at the time control was acquired, or because they were unable to operate profitably or their continued operation would be adverse to the national interest. 23 of such liquidations were carried out during the year.

Administrative claims against alien property are made up of title claims, in which claimants assert ownership interests in the vested property, and debt claims, in which creditors seek payment

of obligations owed by the former owners of vested property, prior to its vesting. As of June 30, 1948, a total of 37,349 claims had been filed with the Office of Alien Property, 24,947 of which were filed during the past fiscal year. 5,420 were title claims and 31,929 were debt claims. It is estimated that an additional 3,500 title claims and 4,000 debt claims will be filed before the expiration of the time allowed by statute for the filing of such claims. The ultimate total of title claims filed will probably seek the return of between \$250,000,000 and \$300,000,000 in vested property, and the ultimate total of debt claims will probably seek the payment of between \$400,000,000 and \$500,000,000. In addition to administrative claims, the Office of Alien Property was interested in a total of 2,263 suits and other judicial proceedings during the fiscal year, the largest single category of which involved matters relating to customs, taxes, or assessments.

By virtue of *Pub. L. No. 370*, 80th Cong., 1st Sess., (August 5, 1947), which amended Section 32 of the Trading with the Enemy Act, vested property formerly owned by Italian nationals, may be returned to the former owners. In the case of patents, such return is subject to any outstanding licenses, including those issued by the Office of Alien Property. This law was designed to assist Italy toward economic rehabilitation on a self-sustaining basis and is in accord with the policy of the United States with regard to Western Europe as manifested in the European Recovery Plan. This law also amended Section 33 of the Act relating to the time limitation for filing title claims. It established July 31, 1949, or two years after vesting, whichever is later, as the period of limitation with respect to claims filed by Italy, Italian citizens or subjects, and corporations or associations organized under the laws of Italy.

The large number of alien property proceedings, both administrative and judicial, which are still pending, and the substantial number of claims which are expected to be received in the future, make it probable that the termination of this war-related activity will not be effected for some time to come. Moreover, in the case of assets in other countries, the necessity for careful negotiation of mutual agreements with foreign governments renders it essential that, in the completion of the program, time be made subordinate to the conservation and protection of the nation's interests.

XIV

ORGANIZATIONAL AND ADMINISTRATIVE CHANGES

Included among the organizational and administrative changes which occurred during the year was a change in the nature of the

functions of the Board of Immigration Appeals. Effective July 28, 1947, the Board was made an appellate body to review orders of the Commissioner of Immigration and Naturalization in certain immigration matters. This change eliminated from the Board's docket most of the routine and non-controversial cases. Under the new system, cases reach the Board only upon actual appeal taken by one of the parties involved or on motion, and in each case a decision, as distinguished from a recommendation, previously has been rendered by the Commissioner or his duly authorized officer.

In addition to this change a number of intradivisional improvements were effected for the purpose of facilitating and expediting the work flow. Thus, a complete reorganization of the Office of Alien Property was undertaken on the basis of regrouping the functions of the Office into major administrative units designated as branches. As a result, the number of units was reduced from 18 to 15. The Chicago field office was abolished in September, 1947, and the European operating center was changed from Berlin to Munich, Germany, in May, 1948. The maintenance of accounting records for administrative expenses and the preauditing of all vouchers payable from the Administrative Expense Fund of the Office of Alien Property were transferred, on March 1, 1948, to the Administrative Division of the Department.

Increases in various types of cases necessitated an administrative reorganization within the Claims Division also. The number of Sections was increased from 9 to 10 and a separate Renegotiation Section was established to handle the increasing number of cases in this category. The Alien Enemy Section was abolished and its functions transferred to the General Assignments Section.

To further ensure the maximum efficiency possible with the authorized force available to the Immigration and Naturalization Service, a realignment of functions was effected toward the close of the fiscal year in that Service. As a result, divisions were established which are answerable for three major functions of the Service, namely, administration, adjudication and enforcement. In accordance with the provisions of the Administrative Procedure Act, all enforcement work was segregated and placed in the Enforcement Division. In April, 1948, the Central Office was returned to Temporary Building X, in Washington, D. C., from Philadelphia, Pennsylvania, where it had been located since 1942.

As a result of a study and subsequent recommendations made by the Senate Committee on Expenditures in the Executive Departments, with a view to establishing uniform nomenclature in the Executive branch, the names of certain Divisions and offices in

the Administrative Division were changed. Thus, the Division of Accounts was renamed the Accounts Branch, the Personnel Office became the Personnel Branch, the Division of Communications and Records was renamed the Records Administration Branch and the Office of the Chief Clerk was abolished and a Services and Procurement Branch established in lieu thereof. Pursuant to the recommendation of the House Appropriations Committee, the Organization and Methods Section of the Division was abolished on April 5, 1948.

As a result of the decentralization of all retirement record cards to the pay roll offices, both in the field and at the seat of government, the record keeping function of the Personnel Branch was discontinued. In addition, the Retirement Unit was abolished and all record keeping positions abolished.

These improvements in operating techniques are further indications of the Department's long-established policy of initiating new procedures and organizational alignments wherever possible in order to achieve maximum efficiency and economy of operation.

XV

LEGISLATIVE RECOMMENDATIONS

I have referred elsewhere in this report to a number of legislative measures enacted during the past year which were of direct and immediate concern to the administration of various aspects of Departmental activity. This response on the part of the Congress to the recommendations tendered by this Department has been of incalculable assistance in removing many of the difficulties associated with the administration and enforcement of Federal laws. In addition to these measures, however, I desire to direct the attention of the Congress to a number of legislative proposals which are now pending before the various Committees, the enactment of which would aid the Department materially in its work.

Section 5 (a) of the Interstate Commerce Act, as amended, popularly known as the Reed-Bulwinkle Act, *Pub. L. No. 662*, 80th Cong., 2d Sess. (June 17, 1948), authorizes the Interstate Commerce Commission to approve agreements between or among carriers with respect to rates, fares, classifications and related matters, and provides that parties to any agreements approved by the Commission under the Act, and other persons shall be relieved from the operation of the antitrust laws with respect to such agreement. ~~This Section, which, in effect, delegates to private groups the power to govern the basic transportation system, free of the legal restraints of the antitrust laws, is in conflict with the tradi-~~

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(S. 2312 or H.R. 1954) which are

a bill such as (H. R. 4338, 80th Cong.), designed to remedy this deficiency in the Federal laws, *and are now pending before the Congress, is recommended.*

In addition, I desire to recommend the enactment of a number of other legislative proposals designed to facilitate the administration of the laws. Among such proposals in the Eightieth Congress, the following may be noted:

H. R. 3046, to authorize the admission to Saint Elizabeths Hospital of insane persons found on Government reservations in areas adjacent to Washington, D. C.

S. 2432, to provide for more effective control over aliens by authorizing an annual alien registration.

S. 489, to prevent World War II veterans and families from losing their nationality through residence abroad and grant the same privileges to veterans of World War II as are now enjoyed by veterans of the Spanish American War and World War I.

H. R. 6333, to facilitate the deportation of aliens and provide for the supervision and detention of aliens whose deportation cannot be readily effectuated.

S. 488, to provide for cancellation of fraudulently obtained orders suspending deportation and to authorize cancellation of naturalization obtained through such fraudulent suspension order.

S. 1702, to authorize overtime pay for immigration inspectors.

S. 490, to place immigration inspectors under the Personnel Classification Act.

H. R. 6424, to repeal the prohibition against final hearings in naturalization proceedings within sixty days before a general election and to permit waiver of prohibition against final hearings within thirty days after filing of the petition.

S. 1450, to strengthen the law prohibiting stowaways by increasing the responsibility of carriers and increasing the punishment attached thereto.

H. R. 6129, to increase the subsistence expenses allowed to judges traveling on official duties outside the circuits of their residence.

S. 544, to increase the per diem allowance for Government employees.

H. R. 5960, to authorize the return of vested property to dual nationals and to former American citizens who lost their citizenship by marriage.

S. 2764, to authorize the Government to return to certain organizations the property of heirless persecutees for the use of other persecuted persons, and

H. R. 4168, to revise the method of judicial review of certain orders of the Interstate Commerce Commission and certain other

agencies so as to provide for review by the various courts of appeal and review by the Supreme Court on certiorari rather than by direct appeal.

Moreover, I desire to repeat the recommendations I have heretofore made with respect to the enactment of legislation providing for the payment of claims for loss or damage to property deposited by alien enemies; the appointment of contract reporters for the reporting of certain proceedings not presently provided for by law; increased fees for witnesses; the care and custody of insane criminals; the appointment of public defenders; and the bill relating to the internal security of the United States.

XVI

OPINIONS OF THE ATTORNEY GENERAL

Advice as to the form and legality of 288 Executive Orders, Proclamations and public land orders was rendered during the year, pursuant to the procedure established for the examination, by the Attorney General, of all such Proclamations and orders. 122 formal and informal opinions were prepared during the same period for other Federal establishments and Government officers, 7 of which were selected for publication on the basis of general interest and applicability, rather than relative importance. 188 intradepartmental opinions were also rendered to the several divisions, bureaus, and offices of the Department of Justice on questions arising in the internal administration of the Department and out of its relations with other Federal agencies. Included in such opinions were those relating to review of the decisions of the Board of Immigration Appeals. Approximately 53 regulations requiring the approval of the President were reviewed, as were all Immigration and Naturalization Service regulations and those submitted voluntarily to the Attorney General for approval before issuance.

In addition, a total of approximately 1,856 pieces of enacted and proposed legislation were reported upon to the several Committees of the Congress and the Bureau of the Budget.

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

August 29, 1947. *The Secretary of the Interior.* This opinion held that the Mineral Leasing Act of February 25, 1920, as amended (30 U.S.C. 181), is not applicable to the submerged lands below low tide off the coasts of the United States and outside the inland waters within the States.

September 9, 1947. *The President.* It was held, in this opinion, that under section 2, Fourth, of the Railway Labor Act (45 U.S.C.

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OF

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For the Fiscal Year Ended June 30, 1948

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



REPORT OF THE DIRECTOR OF
THE FEDERAL BUREAU OF INVESTIGATION

JOHN EDGAR HOOVER

FOR THE FISCAL YEAR 1948

The operations of the FBI for the fiscal year ending June 30, 1948, can be divided into four major categories:

1. General Investigative — investigating violations of Federal laws and collecting evidence in cases wherein the United States is or may be a party in interest.
2. General Internal Security — maintaining domestic intelligence coverage over individuals and organizations who aim at the subversion or overthrow of the American form of government.
3. Special Security — discharging responsibilities specially designated by Congressional Enactment or Presidential Directive, such as in the Atomic Energy Act of 1946 and the Federal Employees' Loyalty Program.
4. Maintenance of Laboratory, Identification, Training and other facilities to promote the effectiveness of scientific crime detection throughout the profession of law enforcement.

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As originally passed by Congress on May 18, 1934, the Unlawful Flight to Avoid Prosecution Statute -- commonly known as the Fugitive Felon Act -- was aimed at criminals who commit or attempt to commit major crimes in one state and flee to another to avoid prosecution. The statute enumerates 8 crimes: murder, kidnaping, burglary, robbery, mayhem, rape, assault with a dangerous weapon, and extortion accompanied by threats of violence. Maximum penalties for violations are 5 years' imprisonment and a \$5,000 fine. The same penalties are prescribed for anyone who leaves a state to avoid giving testimony in any kind of felony case. On August 2, 1946, an amendment extended the provisions of the Act to include any person who escapes custody or confinement after conviction for one of the enumerated major crimes.

The primary purpose of an FBI investigation under the Fugitive Felon Act is not to bring violators into Federal court but to locate fugitives so that they can be tried in state court for the state offenses of which they are accused.

During the 1948 fiscal year 401 fugitives were located. Only 3 were tried and convicted in Federal court.

Assaulting and Killing Federal Officers

The FBI has primary investigative jurisdiction over all violations of this law. The cases are regarded as of pre-eminent importance because they involve the safety, dignity, and effectiveness of the government service.

In the 1948 fiscal year there were 20 convictions, resulting in one life and 3 death sentences and prison sentences totaling 55 years, 7 months and 8 days.

D. ACTIVITIES CLOSELY RELATED TO WORLD WAR II

Also within the category of general investigative activities are many matters closely related to or growing out of the war and postwar readjustment.

Persons sometimes file claims falsely alleging that the insured was permanently and totally disabled in the war. Total savings to the government in such cases investigated by the FBI during the 1948 fiscal year amounted to \$249,965.

Servicemen's Dependents Allowance Act of 1942

This Act provides financial assistance to the families of those serving in the Armed Forces. It contains criminal provisions prohibiting the receipt of allowances by persons not entitled to them and prohibits making false statements in the application for family allowances.

During the 1948 fiscal year there were 113 convictions under this Act, resulting in sentences totaling 311 years, 11 months and 1 day. Fines in the amount of \$4,700 were levied. Savings and recoveries amounted to \$46,571.

Alien Property Custodian Matters

Since July 7, 1947, the FBI, upon special request of the Assistant Attorney General, who serves as Director of the Office of Alien Property, has conducted investigations of various types involving the ownership and control of unvested and vested property subject to claims and litigation. Savings and recoveries effected for the government in all such investigations conducted by the FBI during the 1948 fiscal year totaled \$1,116,152.

Deserters

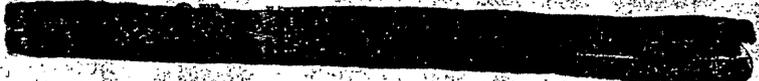
The FBI, upon request, has been assisting the Armed Services in locating deserters. When apprehended by the FBI, deserters are turned over to their particular branch of the service for prosecution under military law. The only civil prosecutions which result from these FBI in-

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ANNUAL REPORT OF THE
ATTORNEY GENERAL OF
THE UNITED STATES

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FOR THE FISCAL YEAR ENDED JUNE 30

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I

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 1949.

Detailed descriptions of the activities of the various offices, divisions, and bureaus of the Department are transmitted with this report.¹ There is also transmitted the report of the Conference of Senior Circuit Judges which convened in Washington on September 22-24, 1949.

I. INTRODUCTION

Any description or discussion of the Department's activity during the past year must be prefaced with an expression of appreciation to the Congress for the courtesy and cooperation which it extended to the Department during that time. This attitude on the part of the legislative branch has served to facilitate the disposition of many of the problems, particularly those relating to proposed or pending legislation, in which the Congress and this Department are mutually interested.

Each year, in the administration and enforcement of the Federal laws, situations arise which illustrate the inadequacy of specific statutes or the need for new legislation to cover certain types of activity not previously contemplated. By virtue of its experience in this field, the Department of Justice is particularly equipped to suggest to the Congress specific legislative proposals designed to meet such needs. The number of proposals of this type which have been accepted and enacted by that body gives impetus to the Department's continuing efforts to preserve the Government's interests through the enforcement and administration of appropriate and adequate statutory measures.

A corollary of the Government's expanded participation in the Nation's affairs has been the large amount of litigation to which the United States is a party in some capacity. As the agency charged with the responsibility of representing the Government's interests in the major portion of the litigation in which it is involved, this broadening

¹For 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, the Office of Alien Property, Criminal Division, Antitrust Division, Claims Division, Lands Division, Customs Division, Tax Division, Administrative Division, Federal Bureau of Investigation, Immigration and Naturalization Service, Board of Immigration Appeals, Board of Parole, Bureau of Prisons, Office of the Pardon Attorney and the Library.

of the Federal program has directly affected the work of the Department of Justice by enlarging the number and types of cases the Department is called upon to handle. The past year saw a continuation of this increase in the over-all workload of the Department. While some categories of work showed a drop, this was more than made up by increases in other types of activity. Thus, in the criminal field, while such matters as bank robberies, counterfeiting, and forgery registered a sharp decrease, this was offset by additional work in the field of internal security and related matters. Many of the legal problems created by the war in such fields as admiralty and shipping, food subsidies, and contract renegotiation are still involved in litigation and, in all probability, will be for some time to come, although in reduced number.

II. INTERNAL SECURITY

Recent developments, both in the domestic and international scene, have rendered the continued maintenance of internal security a matter of primary importance. The increased need for such security has been the inevitable concomitant of this Nation's emergence as the foremost world power in the postwar era. Not only must the national security be safeguarded against breaches from without but it must also be protected from internal attempts to weaken it through the diffusion of subversive ideas and the establishment of un-American ideologies. The Department's achievements with respect to subversive activity were not peculiar to the past year alone, however, but were part of a continuing and vigorous campaign it has carried on in this field. The advent of war rendered the problem more acute but the establishment of special security measures kept the country free of any untoward incidents. Coincident with the cessation of hostilities, the efforts of those engaged in this type of insidious intrigue were redoubled in an effort to capitalize on the postwar economic and social disorder which they aspired to bring about. Fortunately, however, the Department's program of prompt apprehension and prosecution of all subversive individuals has proved highly successful in reducing this source of danger to our national security.

During the past year an appreciable part of the Department's activity was devoted to security matters. A discussion of the achievements in this field would not be complete without reference to the highly commendable part which the Federal Bureau of Investigation has played in such work. The secrecy which attends, and is an integral part of, all Communist and subversive activity in this country renders the task of identifying the participants in such activity an exceedingly difficult one. However, by means of the procedures and operational methods devised by the Federal Bureau of Investigation, the Government has been successful in infiltrating subversive organizations and in obtaining evidence relating to their membership and political aims, without which many of the prosecutions carried on during the past year could not have been initiated. This highly effective aspect of the Bureau's activity has been an indispensable factor in the Department's campaign to rid this country of subversive individuals and the Bureau's efforts in this respect must be considered as deserving of the highest praise.

VII. CLAIMS BY AND AGAINST THE UNITED STATES

General civil litigation by and against the Government is handled by the Claims Division of the Department and includes all noncriminal proceedings, exclusive of such specialized litigation as that relating to antitrust, tax, land, and alien property matters. It includes, among other things, claims arising out of admiralty and shipping, civil frauds, patents, renegotiation, torts, and veterans affairs. The assumption by this Division, upon delegation by the Attorney General, of responsibility for the administration of Public Law 886, which authorizes the adjudication of certain claims of persons of Japanese ancestry, required a partial redistribution of the divisional workload and, on July 9, 1948, the Division was reorganized into the following 11 sections: Admiralty and shipping; court of claims, frauds, general assignments, general litigation, Government claims, patents, renegotiation, Supreme Court, torts, and veterans' affairs.

The volume of work in practically every category of cases handled rose during the past year. On July 1, 1948, there were 45,301 cases pending and 26,188 new cases were received during the year. Of these 11,579 cases, involving \$258,453,595.76 were terminated, leaving 59,905 cases pending on June 30, 1949. The aggregate sums covered by the pending cases amount to over \$4,000,000,000. The largest single group of pending cases, or 36,908, involves Government claims, while the greatest monetary sums included in pending cases are those relating to patent matters, which total over a million and a half dollars.

A number of decisions were rendered during the year which had an important bearing upon the work handled by this division. In *Larson v. Domestic and Foreign Commerce Corporation*, a suit brought against the War Assets Administrator, in his official capacity, the Government defended on the ground that it was an unconsented suit against the United States. The Supreme Court agreed with this contention and reversed the decision of the Court of Appeals for the District of Columbia which had remanded the case for trial. The Supreme Court held that it was an unconsented suit against the United States, that there was no allegation of a personal trespass by the Administrator under which a suit could be maintained, and directed that the complaint be dismissed. The decision was a significant one from the procedural standpoint, for it is of the utmost importance that the Government be able, at the inception of such litigation, to dispose of a suit against a Government official in his official capacity. Unless the issue is thus resolved at the outset, a long trial may ensue with the

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IX. ALIEN PROPERTY

During the fiscal year the jurisdiction of the Office of Alien Property of this Department was extended to include control of foreign funds, which function was formerly performed by the Treasury Department. Pursuant to Executive Order No. 8389 of April 10, 1940, as amended, assets within the United States belonging to certain designated for-

eight countries and their nationals were controlled through a program of blocking and licensing. As a further step in the orderly liquidation of such wartime controls over blocked property, jurisdiction thereover was transferred from the Treasury Department to the Department of Justice, by virtue of Executive Order No. 9989, effective September 30, 1948. Thereafter the Office of Alien Property was made responsible for the licensing of transactions deemed necessary with respect to blocked property or for releasing controls from such property. Immediately prior to this transfer, a new census of blocked property, taken by the Treasury Department, revealed that as of June 1, 1948, there remained in this country blocked property of an aggregate value of almost \$1,000,000,000. Since that time, much of this property has been unblocked under the certification procedure which was in effect up to January 1, 1949. Thereafter, blocking has been effected through licenses issued upon application by or on behalf of the owner of the property to be unblocked and submission of adequate proof of ownership and nonenemy interest. A small amount of the property blocked on June 30, 1948, was freed by removal of blocking restrictions arising from Yugoslav or Portuguese nationality. At the end of the fiscal year, an estimated 70 percent of the property reported as blocked on June 1, 1948, had been unblocked under the above procedures.

Early in 1948, the National Advisory Council, of which the Secretary of the Treasury was chairman, recommended a program for final liquidation of wartime controls over blocked assets. Pursuant to this program, information on the dollar holdings of nationals of countries receiving aid under the Marshal Plan was turned over to such countries to enable them to assert control over such holdings and thus alleviate proportionately the burden upon American taxpayers. As a result of this procedure, thousands of applications for unblocking filed on behalf of nationals of recipient countries have been and are still being received and processed. It is estimated that eventually more than \$500,000,000 will have been made available, through this program, to Marshal Plan countries.

In addition to the above functions relating to blocked assets, the Office of Alien Property also assumed control over dealings in dollar securities which disappeared in allied countries during their occupation by the Germans. Pursuant to general ruling No. 5, as amended, which was issued by the Treasury Department but made a part of the regulations of the Office of Alien Property at the time of the transfer, tens of thousands of such securities, worth millions of dollars, were listed in a schedule and all dealings with respect thereto prohibited. Securities of this type coming into this country must be deposited with the Federal Reserve bank, and no dealings therein may be had without a license issued by the Office of Alien Property.

As of June 30, 1949, the property over which the Office of Alien Property had acquired control through vesting, supervision, or deposits for safekeeping, had an aggregate value of \$432,756,000. Of this amount \$341,363,000 represented property to which the Government had acquired title, of which \$21,030,000 was vested during the past fiscal year. Not included in such sums are some 548,000 items

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upon which valuations are not practicable, such as patents, copyrights, and trade-marks. Also excluded from the valuations of property are assets located in enemy and formerly enemy-occupied countries. Such assets, with a book value of \$100,000,000 were either directly vested or owned by business enterprises in which the Office of Alien Property holds substantial interests.

The aggregate value of vested property increased from \$327,680,000 as of the dates of vesting to \$341,363,000 on June 30, 1949. Appreciation of interests in business enterprises and income on property accounted for a total increase of \$99,787,000, which sum was reduced by \$86,104,000 as a result of property returned to successful title claimants, debt claims paid, return or transfer of Philippine property, funds transferred to the War Claims Commission pursuant to the War Claims Act of 1948, administrative expenses, revaluation adjustments, and certain other expenses. The amount of vestible property in the United States and its Territories which has not yet been vested is estimated at \$42,800,000.

During the fiscal year \$49,786,000 worth of vested property was sold or liquidated and an additional \$6,215,000 was collected as income from vested property. As of June 30, 1949, the amount of vested property sold or liquidated totaled \$174,081,000 and the income collected from such property amounted to \$36,955,000.

Interests in 41 business enterprises have been sold by the Office of Alien Property as of June 30, 1949, 8 of which were sold during the past year. The net proceeds of \$33,209,231 received from these 8 sales was the largest sum realized in any fiscal year from sales of vested interests in business enterprises. The enterprises sold included large holdings of dividend paying stock, the sale of which served to reduce the annual income realized from vested property by approximately \$1,000,000. A total of 125 business enterprises have been liquidated, either because they were already in liquidation at the time control was acquired, or because they were unable to operate profitably or their continued operation would be adverse to the national interest. Twenty-one of such liquidations were effected during the past year.

As of June 30, 1949, a total of 47,006 claims had been filed with the Office of Alien Property, 9,657 of which were filed during the past fiscal year; 11,555 were title claims, or claims asserting ownership interests in the vested property, and 35,451 were debt claims, or claims by creditors seeking payment of obligations owed by the former owners of vested property, prior to its vesting. It is estimated that during the next fiscal year an additional 1,000 title claims and 7,500 debt claims will be filed. The title claims now on file and to be filed in the future will seek return of over \$300,000,000 worth of vested property, while title claims will involve the payment of between \$450,000,000 and \$500,000,000. During the fiscal year, 1,189 title claims were disposed of with the payment of \$9,087,000 of cash and appraisable property. Eight hundred and two debt claims were disposed of during the same period of which 617 were disallowed or withdrawn and 185 were paid in the total sum of \$235,000. The Office of Alien Property was interested in a total of 2,467 suits and other judicial proceedings during the fiscal year, the largest single group of which involves estates or trusts.

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XII. LEGISLATIVE RECOMMENDATIONS

There are at present pending before the Congress a number of legislative proposals which have been recommended to the consideration of the Congress by this Department, the enactment of which would be of material benefit in the enforcement and administration of the laws. I desire at this time to direct attention to these proposals, which are designed to supplement or amend existing legislation.

In his message on civil rights, delivered to the Congress on February 2, 1948, the President emphasized that the Federal Government has a clear duty to see that constitutional guaranties of individual liberties and of equal protection under the laws are not denied or abridged anywhere in our Union. He stated that such duty can be fulfilled only if modern, comprehensive civil-rights laws which are adequate to the needs of the day are enacted. Four measures which meet these needs have been introduced in the Congress and are now pending before the various committees. S. 1725, the popularly known "Omnibus Civil Rights Bill," S. 1726, which is to be cited as the "Federal Antilynching Act," S. 1728, the "Federal Fair Employment Practice Act", and H. R. 3199, known as the "Federal Antipoll Tax Act", are all designed to implement the authority of the Government in dealing with the several aspects of the civil-rights program and I strongly urge their enactment.

The enactment of the Royalty Adjustment Act in 1942 grew out of the tremendous wartime procurement demands of the Government which made new legislation necessary in order to avoid certain inequities in the field of patent royalty payments. Prior to the Act, the Government sometimes was forced to pay unreasonable royalties provided for in patent license agreements and to pay the royalties specified in the agreement even where the patent was invalid or when the licensor, for some other reason, had no just claim to the royalties. The Royalty Adjustment Act corrected this situation during the war by authorizing the Government to reduce royalties payable under existing licenses where such royalties were excessive. As the Act is temporary legislation and will become ineffective at some early date, it is essential that its principles be incorporated into permanent law which will be applicable both in wartime and peacetime. Two bills (S. 956 and H. R. 2477) to effectuate this purpose are now pending before the Congress. I urge that this measure be enacted.

The necessity for liberalizing the provisions of the Displaced Persons Act of 1948 has been brought to the attention of the Congress not only by this Department but by the numerous organizations and groups which are concerned with the plight of such individuals. I strongly urge the enactment of the bill (H. R. 4567) which is designed to amend the Act so as to increase the number of displaced persons eligible for admission to the United States.

I wish also to renew the expressions of approval which I have given on prior occasions to the enactment of legislation, now pending in the Congress, providing for the development and conservation of oil and gas within submerged coastal lands adjacent to the shores of the United States; relinquishment to the several States of rights in lands beneath inland navigable waters and recognition of equities in submerged coastal lands; prohibition of transportation of obscene matter in interstate or foreign commerce; extension of the law relating to perjury to the wilful giving of contradictory statements under oath; safeguarding the admission of evidence in certain cases by providing that failure to observe the requirement of law as to the time within which a person under arrest must be brought before a committing officer shall not render inadmissible any evidence otherwise admissible; strengthening of the law prohibiting stowaways by increasing the responsibility of carriers and increasing the punishment attached thereto; repeal of the prohibition against final hearings in naturalization proceedings within 60 days before a general election and to permit waiver of prohibition against final hearings within 30 days after filing of the petition; preservation of the nationality of naturalized veterans and their families who are required to live abroad; regular and periodic registration of aliens; cancellation of fraudulently obtained orders suspending deportation and cancellation of naturalization obtained through such fraudulent suspension order; the bill relating to the internal security of the United States; and repeal of the Reed-Bulwinkle Act.

XIII. OPINIONS OF THE ATTORNEY GENERAL

In the course of the fiscal year the Attorney General considered, and rendered advice upon, the form and legality of 261 proposed Executive orders, proclamations, and public-land orders. Formal and informal opinions were prepared and rendered to other agencies and officers of the Government in approximately 150 cases, 5 of which were selected for publication on the basis of general interest and applicability, rather than relative importance. Approximately 125 intradepartmental opinions were rendered also to the several divisions, bureaus, and offices of the Department of Justice on questions of law arising in the internal administration of the Department and out of its relations with other Federal agencies. In this category were included opinions relating to review of the decisions of the Board of Immigration Appeals. About 47 regulations requiring the approval of the President were reviewed, which included all Immigration and Naturalization Service regulations as well as those submitted voluntarily to the Attorney General by other Government departments for approval before issuance.

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THE UNITED STATES

OF

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Federal Bureau of Investigation
Washington, D. C.



REPORT OF THE DIRECTOR OF
THE FEDERAL BUREAU OF INVESTIGATION
JOHN EDGAR HOOVER
FOR THE FISCAL YEAR 1949

INTRODUCTION

The work of the Federal Bureau of Investigation reflects not only conditions within the United States but is subject to the impact of day to day developments upon a world-wide basis.

As the investigative agency of the Department of Justice, the FBI is responsible for the discharge of assignments imposed upon it by Congressional Enactments and Executive Directives. The increase of crime resulting from the impact of wartime disruption and the extension of Federal criminal law placed new burdens upon the FBI. The international situation was reflected in an intensification of subversive activities within the United States. This resulted in a greater consciousness for security and additional responsibilities being assigned the FBI.

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In the discharge of its tasks in the field of internal security, the FBI has profited from experiences gained in World War II and a major emphasis was placed upon preventive measures and a preparedness program keyed to meet any emergency which might arise unexpectedly. Every precautionary measure possible was considered and adopted to emphasize the workability of the democratic processes which have made our nation a beacon light to freedom loving people throughout the world.

Despite the growth of the FBI, we adhere to the basic premise that the first line of defense against the lawless element is the local, county and state law enforcing agencies. Wherever possible, the developments of the FBI have been directed toward making the work of these agencies more effective through increased training and the use of the facilities of the FBI.

As in the past, numerous aggravated crimes of violence bring a local clamor for FBI intervention. This is contrary to the practice or policies of the FBI in the absence of evidence of violations of a Federal law. Even though such intervention would receive local public approval, nevertheless it would constitute an unauthorized exercise of the authority of the FBI and would be unjustified. The FBI investigates only upon the presentation of a complaint or information which, if established by legal evidence, would constitute a matter coming within our legislative or executive authority.

The basic principles governing the operations of the FBI, well known to responsible authorities in the Executive Branch of the government, have been adhered to during the past fiscal year. These include: functioning as a fact finding agency; declining to make recommendations or to arrive at conclusions as a result of our investigations; and the reporting of information in the course of an investigation. The FBI is a public agency and is open to receive complaints or information from anyone. Many of these are valueless, others unrelated and seemingly insignificant but which may later prove of value and still others which when investigated disclose violations of law. When such complaints or information pertains to another government agency, the complainant is either referred to the appropriate agency or the information is transmitted without

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ANNUAL REPORT
of the
IMMIGRATION AND NATURALIZATION SERVICE
for the year ended June 30, 1949

WATSON B. MILLER, COMMISSIONER

The Immigration and Naturalization Service is responsible for the administration of the immigration and nationality laws. Among its more important functions are the inspection of aliens to determine their admissibility under the immigration laws, the investigation, apprehension, and deportation of aliens in the United States illegally, the prevention of surreptitious entries into the United States, and the examination of applicants to become citizens through naturalization.

IMMIGRATION AND NATIONALITY LEGISLATION

Legislative activity.—The only act of major importance to the Service which was passed by the 80th Congress during the fiscal year was Public Law 863 of July 1, 1948. This Act amended Section 19(c) of the Immigration Act of 1917 in several major respects. Under the new law, suspension of deportation by the Attorney General is authorized even though an alien is racially ineligible to citizenship. The law also permits such suspension in the cases of aliens who have resided continuously in the United States for seven years or more and who were residing here on July 1, 1948. The other important change in Section 19(c) revised the procedure to be followed by the Congress in approving suspension of deportation cases. Affirmative, rather than negative, action is now required before such cases may finally become effective. There is a provision for protecting small quotas by providing that in the future no quota shall be reduced by more than 50 percent in any one year.

Public Law 882 of July 2, 1948, amended the Philippine Rehabilitation Act of 1946, which deals with the training of certain alien Filipinos in the United States. The Act did not materially affect the Service. Public Law 893 of July 3, 1948, authorized the Federal Security Administrator to recruit foreign workers within the Western Hemisphere and Puerto Rico for temporary agricultural employment in the continental United States. The bill contained no provision waiving the application of the immigration laws to such recruited workers.

During the first session of the 81st Congress three bills affecting Service activities were passed prior to the close of the fiscal year. The first was Public Law 51 of April 21, 1949. This Act authorized American foreign service officials to complete the processing of cases pending in their offices on December 31, 1948, involving alien fiances and fiancées of certain American citizens who had applied to come to the United States under the special terms of Public Law 471 of the 79th

SUMMARY OF SERVICE ACTIVITIES AND PROBLEMS

The Immigration and Naturalization Service has responsibility to and for the alien migrant. Its program inevitably must reflect the international forces at work.

In a world socially and economically disturbed, the United States continued to be the lodestar for the peoples of other lands. Each year since the close of the war finds the flow of immigration larger. During the past year 188,317 immigrants were received for permanent residence while only 24,586 emigrants departed for permanent residence abroad. Of the immigrants 113,046 or 60 percent were quota immigrants. Slightly more than a third of the quota immigrants were refugees from tyranny and oppression admitted under the Displaced Persons Act of 1948. The authorized quota of Northern and Western Europe was only 47.3 percent filled, while that of Southern and Eastern Europe was oversubscribed by 110.4 percent. This happened because future quotas are mortgaged where necessary to permit admission of displaced persons who are nationals of such countries. Great Britain with 23,543 quota immigrants, Poland with 21,462, and Germany with 12,819 outranked other quota countries.

The 75,271 nonquota immigrants were principally natives of Canada and Mexico, and war brides. From December 28, 1945, when the "War Brides" Act became effective through June 30, 1949 there were 113,135 wives, 327 husbands, and 4,537 alien children of citizen members of the armed forces admitted to the United States. Nearly one-half were from the English-speaking countries of the United Kingdom, Canada, Australia and New Zealand, 12 percent were from Germany, 8 percent from Italy, and 7 percent from France.

The number of nonimmigrants admitted for temporary periods was 447,272. There was a marked rise in the number of alien visitors; the number of transits, however, declined considerably. Four hundred five thousand five hundred three nonimmigrants departed. In total there were 88,411,790 entries of aliens and citizens at land and sea ports of entry, almost 97 percent were commuters and other persons who made frequent crossings at the border or who were making visits of short duration.

The importation of farm laborers, begun during the war, was continued, but the program was decreasing as more citizens became available for farm work. On June 30, 1949, there were 26,818 farm laborers, chiefly from West Indies and Mexico, in the United States.

The complexity of immigration law, in its application and of human relations sometimes creates hardships for aliens for whom discretionary relief is provided by law. Thus the applications of 1,754 aliens for preexamination were approved; 4,302 names were submitted to Congress for approval of suspension of deportation; in 334 cases the discretion of the Attorney General was exercised under the 7th Proviso to Section 3 of the Immigration Act of 1917. Another remedial measure Section 4 of the Displaced Persons Act which authorized the adjustment of status to that of immigrant for persons admitted as nonimmigrants, who are in fact displaced persons by reason of danger of political persecution, was the basis for much investigative and adjudicative work on the 5,904 applications received. Final decision on many of these cases will be made in the next fiscal year.

International tensions aggravated the necessity for safeguarding the nation from those who would subvert this democracy. The investigation of aliens believed to constitute a threat to national safety was a function of primary importance during the year. Included in the 320 thousand investigations completed during the year, were many leading to the deportation of subversive aliens; or to the exclusion of aliens whose entry was deemed to be prejudicial to the interests of the United States; or to the denial or revocation of naturalization of those persons who may have advocated the overthrow of the Government by force.

The Border Patrol rounded out its twenty-fifth year of organization with a year of great accomplishment. Almost eleven million miles were patrolled over the varied terrain, and through the kinds of weather that can prevail in the 3,000 mile "beat" of the borders covered. Border patrolmen questioned more than six and a half million persons and apprehended 289,400 aliens.

There were 49,261 aliens detained in the seven detention facilities operated by the Service, and 53,262 detained in other institutions with which this Service has contracts. The average days of detention per person has been reduced both in Service facilities, and in other institutions, by the policy of directing parole and by improved efficiency in processing actions to the conclusion of deportation or exclusion. At the end of the year there were 9,229 aliens under parole supervision.

Increased investigative work plus greater numbers of apprehensions, added to the fact that transportation was more readily available for deportation, led to the deportation of 20,040 aliens, and the voluntary departure of 276,297 deportable aliens,---the latter figure a 40 percent increase as compared with last year. The key to the spectacular increase

the State Department for the year ended June 30, 1949 included

Italian	294	Spanish	40
Greek	153	Turkish	40
Polish	69	Portuguese	25
Chinese racial	52	Australian	25
Rumanian	45	Yugoslav	22

As is pointed out elsewhere in this report, the amendment to Section 19(c) of the Immigration Act of 1917 approved on July 1, 1948, provides that suspension of deportation orders shall be approved concurrently by both Houses of Congress. It was not until July 6, 1949, that the seven resolutions involving about 900 suspension orders were passed by the House (the Senate having approved the resolutions at an earlier date). In each case approved the Service collects the required fee of \$18.00 and cancels deportation orders. Suspension orders involving two Mexican couples and one Cuban couple were not approved by Congress. These cases will serve as a guide in future recommendations.

Displaced persons in the United States.—Under Section 4 of the Displaced Persons Act of 1948, any alien who entered the United States on a temporary basis, prior to April 1, 1948, and who is a displaced person as defined in the Section, and who is admissible under the immigration laws, may make application to the Attorney General to have his status adjusted to that of an immigrant alien. As of the end of the fiscal year 1949, no cases had been approved by the Adjudications Division acting under delegation of authority by the Attorney General.

Emigrants and nonemigrants.—During the fiscal year 1949, there were 430,089 aliens (exclusive of border crossers, Mexican agricultural laborers, and crewmen) who departed from the United States. Only 24,586 were emigrants, i. e., aliens who left a permanent residence in the United States for a permanent residence abroad; 22,354 of the nonemigrants were resident aliens who planned to return to the United States after a temporary stay abroad; six of the nonemigrants were treaty traders who also planned to return to the United States, and 383,143 were aliens who had been admitted as visitors, persons in transit, and others temporarily admitted.

Alien crewmen.—There were 62,022 vessels and 93,723 planes inspected on arrival at United States ports.

While the number of crewmen examined on arrival, 1,907,039 was a decrease of two percent for the total from last year, the ratio for alien crewmen was reversed, since there were 960,099 admitted in the year ended June 30, 1949, as compared with 922,349 in 1948. Conversely, citizen crew members totalled 946,940 and 1,015,525 in 1949, and 1948 respectively.

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FOR THE FISCAL YEAR ENDED JUNE 30

ANNUAL REPORT OF THE
ATTORNEY GENERAL OF THE
UNITED STATES

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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 1950.

Detailed descriptions of the activities of the
various offices, divisions, and bureaus of the Department
are transmitted with the report. * There is also trans-
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of the Deputy Attorney General, the Office of the Assistant
Attorney General, the Office of Alien Property, Criminal
Division, Antitrust Division, Claims Division, Lands Division,
Customs Division, Tax Division, Administrative Division,
Federal Bureau of Investigation, Immigration and Naturaliza-
tion Service, Board of Immigration Appeals, Board of Parole,
Bureau of Prisons, Office of the Pardon Attorney and the
Library.

VI

Alien Property

The Office of Alien Property of the Department of Justice is charged with the responsibility of eliminating the enemy interests in property in the United States owned

or controlled by the Governments and nationals of Germany and Japan. Such property is first identified and then vested in the name of the Attorney General, after which it is administered by the Office of Alien Property in the national interest. With the exception of a few specified classes of property, all vested property is prepared for sale or liquidation at the earliest practicable time.

During the past fiscal year property with a net value of \$9,600,000 was vested. As of June 30, 1950 the Office of Alien Property had vested property with an estimated net value of \$337,500,000. Vestible property in the United States and its territories, not vested as of June 30, 1950, is estimated at \$29,500,000. Of this property the largest single classification comprises stocks, bonds and other securities, with an estimated net value of \$8,000,000.

A total of \$8,500,000 in vested property was sold or liquidated during the fiscal year and an additional \$3,800,000 was collected as income from vested property. As of June 30, 1950, the amount of vested property sold or liquidated totaled \$187,000,000 and the income collected from vested property amounted to \$40,800,000. Three categories of vested property are

not being sold or liquidated for policy or legal reasons: (1) patents, copyrights, and trade-marks, because it is believed that the national interest will be best served by retention and control by the Government of the monopoly privileges involved; (2) properties of nationals of countries other than Germany and Japan, which are being withheld from sale at the request of the Department of State; and (3) properties subject to title claims or suits for return. As of June 30, 1950, approximately \$180,000,000 of vested property had not been reduced to cash for the above reasons and because of certain administrative and business considerations. Excluded from this figure are patents, copyrights, trade-marks and miscellaneous items on which dollar values cannot be computed.

The Office of Alien Property has vested thousands of valuable German and Japanese patents, which, except for those patents in which nonenemies have or claim interests, are made available to American industry on a nonexclusive, royalty-free basis for an administrative fee of \$15.00 a patent. Vested nonenemy and Italian patents are subject to return to their former owners under the provisions of section 32 of the Trading with the Enemy Act, as amended. Pending such return, these patents may be licensed on a non-exclusive, royalty-bearing basis if

satisfactory terms can be agreed upon by the former owner/and the party applying for a license.

Debt claims are claims by creditors seeking payment of obligations owed by the former owners of vested property, prior to its vesting. During the past fiscal year, 1,677 debt claims were disposed of, with 119 claims being paid in the amount of \$739,829, and 1,558 claims being disallowed or withdrawn. Title claims are claims asserting ownership interests in the vested property. During the year, 1,195 title claims were processed, of which 953 were allowed and 242 were disallowed or withdrawn.

A total of \$8,058,295 in cash and appraisable property was returned to nonhostile persons who qualified under section 32 of the Trading with the Enemy Act. There were also returned, during the year, 267 patents, 18 part interests in patents, 10 patent applications, 18 interests in patent contracts, and certain other industrial properties.

Under the War Claims Act of 1948, a War Claims Commission was established with authority to adjudicate certain classes of claims arising out of World War II, primarily those of American internees and prisoners of war maltreated by the enemy during their imprisonment.

The awards made by the Commission and the administrative expenses connected therewith are directed to be paid from a War Claims Fund established on the books of the Treasury and made up of the net proceeds available after completion of administration of German and Japanese property. On March 16, 1950, the sum of \$15,000,000 was transferred to the War Claims Fund by the Office of Alien Property, bringing the total amount transferred to the Fund to \$40,000,000 as of June 30, 1950.

At the end of the fiscal year approximately 140 suits seeking the return of property valued at \$125,000,000 were pending. In addition, the Office of Alien Property was required to initiate 31 suits during the year to enforce delivery of vested property and was also involved in 114 other actions to preserve property already vested. 410 cases, involving estates and trusts, which required court action to obtain compliance with vesting orders, were closed. At the end of the fiscal year, 1,612 cases in litigation involving estates and trusts were pending.

The Office of Alien Property exercises control over assets within the United States of certain foreign countries and their nationals which are still blocked pursuant to Executive Order No. 8389 of April 10, 1940.

During the fiscal year, approximately 5,000 applications requesting licenses to permit transactions with respect to blocked property or to release controls over such property were received and processed. In general, licenses for unblocking were granted when proof of beneficial ownership and nonenemy status was established. Where ownership involved nationals of countries receiving aid under the European Recovery Program, information concerning the blocked dollar holdings of such nationals was turned over to such countries to enable them to assert control over the dollars before they were unblocked. It is estimated that as of June 30, 1950, \$100,000,000 to \$150,000,000 in property remains blocked.

The processing and disposition of the great mass of claims seeking the return or release of vested property is a time-consuming task and has been hampered during the past year by a shortage of trained personnel. However, it is hoped that during the coming year substantial inroads will be made upon this backlog of claims.

XIII

Legislative Recommendations

There are at present pending before the Congress a number of legislative proposals which have been recommended to the consideration of the Congress by this Department, the enactment of which would be of material benefit in the enforcement and administration of the laws. I desire at this time to direct attention to these proposals, which are designed to supplement or amend existing legislation.

There is at present pending before the Congress a bill (H. R. 1947) to regulate the interception of communications in the interest of the national security and the safety of human life. This measure bears the recommendation of the Interdepartmental Intelligence Conference,

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ANNUAL REPORT OF THE
ATTORNEY GENERAL
OF
THE UNITED STATES

FOR THE FISCAL YEAR ENDED JUNE 30, 1950

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Division, Antitrust Division, Claims Division, Lands Division,
Customs Division, Tax Division, Administrative Division,
Federal Bureau of Investigation, Immigration and Naturaliza-
tion Service, Board of Immigration Appeals, Board of Parole,
Bureau of Prisons, Office of the Pardon Attorney and the
Library.

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ANNUAL REPORT
OF THE
IMMIGRATION AND NATURALIZATION SERVICE
UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C.
FOR THE FISCAL YEAR ENDED JUNE 30, 1950

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A. R. MACKEY
ACTING COMMISSIONER

★ ★ ★

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CHAPTER 2



LEGISLATION AND LITIGATION

In the course of the fiscal year the General Counsel — the law officer of the Service — drafted or approved 1,963 reports expressing the view of the Service on both public and private bills. Thirty-eight pieces of proposed legislation were drafted, and there were 1,673 other undertakings requiring consideration of legislative matter.

Legislation enacted.—On April 20, 1950, S. 3455 — an omnibus bill having as its objective the complete revision of immigration and nationality laws was introduced in the Senate. Possibly because of this measure, which would include changes embodied in other independent bills, there were few public laws relating to immigration and nationality enacted in the past fiscal year.

One of the more important legislative enactments of the year affecting the work of this Service was Public Law No. 555, approved June 16, 1950, which amended the Displaced Persons Act of June 25, 1948. Under the amending Act the number of refugees and displaced persons who may be admitted to the United States is enlarged to a grand total of 415,744. Provisions of the 1948 Act which were challenged as discriminating against racial and religious groups are eliminated. Additional safeguards are provided against the entry of those whose admission to the United States would be against the national interest. Primary responsibility for administering the statute remains in the Displaced Persons Commission. However, the Department of State is given authority to determine eligibility for certain groups outside Germany and Austria. While the Displaced Persons Commission, generally, is empowered to determine eligibility for benefits, its determinations are subject to veto power entrusted to the Foreign Service of the Department of State and this Service. The amended Displaced Persons Act continues the responsibility of the Immigration and Naturalization Service, relating to adjustment of status of displaced persons residing in the United States. The date for issuance of visas under the Displaced Persons Act generally is extended to June 30, 1951, although in some instances (such as applicants who are orphans or German expellees), visas may be issued until June 30, 1952.

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Displaced Persons.—The thousands upon thousands of persons uprooted from their homes during the war created one of the most perplexing aftermaths of the war. Under the President's Directive of December 22, 1945, and subsequently under the Displaced Persons Act of 1948, some 200,000 displaced persons have found a permanent abode in this country. There were 124,353 admitted in the fiscal year 1950.

The Displaced Persons Act of 1948, prior to the amendment cited on page 11 of this report, provided for three preferential groups within the quotas. The preferences and the number of persons admitted thereunder are shown below:

Displaced persons admitted under the
Displaced Persons Act of 1948
Years ended June 30, 1949 and 1950

Class	Total	1949	1950
Total number.....	164,401	40,048	124,353
<u>Quota</u>	163,854	39,734	124,120
<u>First preference quota:</u>			
Persons engaged in agricultural pursuits, their wives and children.....	47,983	10,088	37,895
<u>Second preference quota:</u>			
Persons having special skills, their wives and children.....	103,454	23,542	79,912
<u>Third preference quota:</u>			
Persons who are blood relatives of U.S. citizens or resident aliens.....	6,252	4,016	2,236
<u>Nonpreference quota</u>	6,165	2,088	4,077
<u>Nonquota</u>	547	314	233
Displaced orphans.....	503	314	189
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For 26 years the quota limitation for all but Western Hemisphere countries has served as a numeric brake on immigration. Under the Displaced Persons Act, however, the brake has been temporarily removed by providing for mortgaging 50 percent of future quotas for those countries where the necessity exists.

The results, as of June 30, 1950, are somewhat startling for a few of the countries with small quotas. For example, 50 percent of Latvia's quota of 236 will be mortgaged through the year 2,124, Estonia's quota of 116 will be only 58 for 118 years, and one-half of Lithuania's quota of 386 has been mortgaged for 90 years.

The Act provided for the admission of eligible displaced orphans in nonquota status. Five hundred and three had been admitted by June 30, 1950.

Other Quota Immigrants.—There were 73,340 quota immigrants in the

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**ANNUAL REPORT OF THE
ATTORNEY GENERAL OF
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FOR THE FISCAL YEAR ENDED JUNE 30

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XI

LEGISLATIVE RECOMMENDATIONS

During the past year the Department of Justice has submitted to the Congress its comments on a number of legislative proposals, some of which have been sponsored by the Department, while others have been sponsored by various Federal agencies but have been recommended by this Department for enactment. The Department recommendation in each instance has been supported by an analysis of the provisions of the measure and a description of the purposes sought to be achieved by its enactment. Inasmuch as practically all of these proposals have received, or are presently receiving, the active consideration of the various

Committees of the Congress, it would not appear necessary to include a detailed reiteration of such recommendations in this report. It is gratifying to note, however, that a number of the proposals sponsored by the Department during the year were considered favorably by the Congress and were enacted into law.

The enactment of these new statutes, all of which are designed to improve or implement the administration and enforcement of existing laws, is of immeasurable help to the Department, and the responsiveness of the Congress in this regard is deeply appreciated. It is to be hoped that the coming year will witness a continuation of this mutually helpful working relationship.

XII

ALIEN PROPERTY

Both the vesting by the Attorney General of enemy owned property in the United States and the subsequent disposition thereof have been complicated by efforts to cloak the true ownership of enemy assets and to establish such ownership in nonenemy or American individuals or organizations. Despite such difficulties, however, property with an estimated total value of \$384,869,000 at dates of vesting has been vested during the period March 11, 1942 to June 30, 1951. As a result of the appreciation of such property and the income therefrom, the total estimated value of all vested property as of June 30, 1951 was \$512,856,000. During the past fiscal year alone property with an estimated net value of \$43,215,000 was vested. Vested property in the United States and its territories, not vested as of June 30, 1951, is estimated at \$15,800,000.

At the close of business on June 29, 1951 the Philippine Alien Property Administration was terminated, pursuant to a legislative directive contained in the General Appropriation Act, 1951 and to the provisions of Executive Order No. 10254, dated June 15, 1951. All of the functions, vested property and proceeds thereof, including personnel and records, of such Administration were transferred to the Attorney General. As a consequence of the termination, there were transferred to the Office of Alien Property vested properties valued at approximately \$4,739,218, of which \$3,854,352 was cash deposited with the United States Treasury.

A total of \$27,131,000 in vested property was sold or liquidated during the fiscal year and an additional \$3,975,000 was collected as net income from vested property. As of June 30, 1951, the amount of vested property sold or liquidated totaled \$211,974,000 and the net income from vested property amounted to \$44,404,000.

Approximately \$200,000,000 of vested property had not been reduced to cash at the end of the fiscal year because of legal or foreign policy reasons. Excluded from this figure are patents, copyrights and trade-marks on which dollar values cannot be computed.

Persons who are citizens of the United States or Philippine Islands who have resided in this country since December 7, 1941 are permitted, under Section 34 of the Trading with the Enemy Act, as amended, to recover upon certain debt claims which they may have as creditors of the former enemy owners of vested property. During the past fiscal year, 627 debt claims were disposed of, with 134 claims being allowed in the amount of \$1,343,887, and 493 claims being disallowed or withdrawn. The aggregate amount paid under allowed claims was \$437,163.31, because of the insolvency of many of the debtors' accounts. A total of 963 title claims seeking to assert ownership interests in vested property were processed during the year. Of this number, 488 claims were allowed and 475 were disallowed or withdrawn.

Section 32 of the Trading with the Enemy Act, as amended, permits the administrative return of vested property to certain classes of nonhostile persons. Under this Section there was returned to former owners during the year a total of \$10,329,000 in cash and appraisable property. There were also returned 420 patents, 16 part interests in patents, 23 patent applications, 17 interests in patent contracts, and certain other industrial properties.

The War Claims Act of 1948 established a War Claims Fund to be made up of the net proceeds available after completion of administration of German and Japanese property. The Fund is to be used for payment of certain classes of claims arising out of World War II, primarily those of American internees and prisoners of war maltreated by the enemy during their imprisonment. During the past fiscal year the sum of \$50,000,000 was transferred by the Office of Alien Property to the War Claims Fund, bringing the total amount transferred to the Fund to \$90,000,000 as of June 30, 1951.

Section 9(a) of the Trading with the Enemy Act, as amended, permits nonenemy claimants to vested property to sue in the Federal district courts for the return of their vested property. At the end of the fiscal year approximately 110 such suits seeking the return of vested property valued at approximately \$146,000,000 were pending. During the year, the Office of Alien Property was also involved in 236 cases to enforce delivery of vested

property and to preserve property already vested. In addition, 1,978 cases involving estates and trusts were litigated during the year and 429 such cases were closed. At the end of the fiscal year, 1,197 cases involving estates and trusts were pending.

Control over assets in the United States of certain foreign countries and their nationals is exercised by the Office of Alien Property through blocking controls. During the year approximately 6,000 applications were filed requesting licenses authorizing transactions with respect to this property. In general, licenses were granted when sufficient proof was furnished of beneficial ownership and nonenemy status of the owners. As a further step in carrying out the program, a census was taken of property blocked as of October 2, 1950.

As a result of this census, approximately 6,900 reports were filed with the Office of Alien Property covering some \$140,000,000 in assets. As of June 30, 1951, a total of 231 vesting orders had been issued in connection with property valued at approximately \$7,500,000.

With a view toward terminating the program of control over dollar securities which disappeared in allied countries during their occupation by the Germans, an agreement was entered into with the Netherlands Government on January 19, 1951 under which the Office of Alien Property undertook more rigid controls over "looted" securities by announcing its intention to nullify any rights of holders of those securities of domestic issue which would not be deposited with the Federal Reserve Bank of New York by July 31, 1951. At the end of the fiscal year approximately 9,000 securities were included in the "looted" category. The Office of Alien Property was planning at the close of the fiscal year to vest all listed undeposited securities of domestic issue.

During the fiscal year negotiations were held with representatives of the Netherlands Government with respect to the unblocking of American securities registered in the names of Dutch Administration Offices against which securities these Offices had issued certificates in bearer form. About \$10,000,000 of these securities remained blocked at the close of the fiscal year 1951. The pending settlement is based upon the Netherlands Government paying the Office of Alien Property a fixed sum, representing the estimated enemy interests in the securities involved in exchange for the unblocking of the remaining blocked securities covered by Dutch Administration Office certificates.

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

FOR THE FISCAL YEAR ENDING JUNE 30

1952



DEPT. OF JUSTICE

JUN 30 1981

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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 1952.

Detailed descriptions of the activities of the various offices, divisions, and bureaus of the Department are transmitted with the report.* There is also transmitted the report of the Conference of Senior Circuit Judges which convened in Washington on September 22-24, 1952.

I

INTRODUCTION

The mass of new and amendatory legislation which evolves from the deliberations of each session of the Congress places ad-

* 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 Deputy Attorney General, the Office of Alien Property, Executive Adjudications Division, Criminal Division, Antitrust Division, Claims Division, Lands Division, Customs Division, Tax Division, Administrative Division, Federal Bureau of Investigation, Immigration and Naturalization Service, Board of Immigration Appeals, Board of Parole, Bureau of Prisons, Office of the Pardon Attorney and the Library.

ditional responsibility upon the Department of Justice, for the task of administering and enforcing the greater part of such legislation is the traditional function of this Department. A concomitant of this responsibility in recent years has been a tremendously expanded caseload in almost every category of litigation. Illustrative of such expansion is the 48 percent increase in new cases received by the Criminal Division during the past year, and the continued rise in tax cases which, over the past seven years, has resulted in an increase of 120 percent in new civil cases handled and of 270 percent in new criminal cases handled.

The impact of current unsettled world conditions upon our domestic affairs is reflected in, among other things, a deepened national concern regarding internal security, an accelerated defense procurement and land acquisition program, and a system of administrative controls over commodity prices and allocations of critical materials. Responsibility for the prosecution, administration or enforcement of the legal aspects of these matters has, to a large extent, been reposed in the Department of Justice, and it has been in these areas of security and defense-related activity that many of the major Departmental accomplishments of the past year have been effected. Thus, the Federal Bureau of Investigation, and the Criminal Division have cooperated in the investigation, arrest and conviction of Communist leaders, the Antitrust Division has surveyed the distribution of defense contracts and the formation of business advisory groups in order to prevent inroads upon the competitive free enterprise system and to insure maximum participation by small business in the defense effort, the Lands Division has handled the acquisition of large tracts of land for military use, while other organizational units of the Department have handled such matters as civil and criminal frauds, violations of administrative controls, renegotiation of defense contracts, veterans affairs, and related matters.

The achievement of justice is the keynote of this Department's program. For this reason it has never emphasized or viewed the outcome of litigation in terms of cases won or lost but in the light of the principles of justice and equity which have been established. However, a review of the Department's accomplishments during the past year illustrates graphically the extent to which the Government's, and through it the public's, interests have been preserved through the careful and loyal efforts of the employees of the Department of Justice.

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VIII

IMMIGRATION AND NATURALIZATION

Immigration—The past year witnessed the arrival in the United States of the largest number of immigrants in the last 23 years. The total of 265,520 aliens admitted for permanent residence represented an increase of 29 percent over the preceding year. Quota immigrants comprised 73 percent, or 194,247, of those admitted, a rise of 24 percent over 1951. The principal factor in the increase in quota immigration was the admission of 42,786 ethnic Germans under section 12 of the Displaced Persons Act of 1948, as amended.

During the year 79,178 displaced persons, including 1,963 adopted and other orphans, were admitted, bringing the total number of displaced persons admissions under the Act (exclusive of ethnic Germans) to 340,094. The major provisions of the Displaced Persons Program expired in December, 1951, and the program was nearly completed at the close of the fiscal year.* Of the maximum number of 400,744 visas authorized under the law, a total of 393,542 visas were issued. The greatest part, or 75.8 percent, of the displaced persons admitted during the year came in under the occupational preference which awards first consideration to persons who are farm, household, construction, cloth-

* During the year the Immigration and Naturalization Service headquarters in Europe established in connection with the Displaced Persons Act was closed.

ing and garment workers, and others with special training and professional qualifications, and their wives and children.

Three-quarters of all the displaced persons admitted were born in five countries; Poland, Germany, Latvia, the U.S.S.R., and Yugoslavia. Through the mortgaging provisions of the Displaced Persons Act, which authorizes the mortgage of 25 percent of the respective quotas for the fiscal years 1951 to 1954, and 50 percent thereafter, quota immigration during the year exceeded the annual established quota of 154,277 for 1952 by 39,970. As a result of such mortgaging, immigration will be curtailed for many years from a number of Southern and Eastern European countries, such as Estonia, Latvia, and Lithuania, with small quotas which have been heavily mortgaged. With the exception of Germany. Northern and Western European immigration has been little affected by the Displaced Persons Program. Great Britain and Northern Ireland used less than one-third of its quota, and Ireland used only 21 percent. Denmark, France, Iceland, Luxembourg, the Netherlands, and Norway have practically filled their quotas, while Finland and Portugal, which were not affected by the Displaced Persons Program, filled seven-eighths of their respective quotas.

The total of 516,082 nonimmigrants admitted during the year was almost 11 percent greater than in 1951, and over half of such nonimmigrants were visitors for pleasure. Almost 12 million more persons entered the United States in 1952 than in the previous year, but most of the 107,084,527 arrivals of this type were land border crossers who were counted upon each entry. The greatest increase was in Canadian and Mexican land border traffic, and this increase has presented greater problems in inspection and enforcement.

Under the ninth Proviso to Section 3 of the Immigration Act of 1917, which permits the temporary admission of otherwise inadmissible aliens, a total of 11,430 agricultural laborers were admitted during the year from Canada, the Bahamas, Jamaica, Barbados, Honduras, Leeward Islands, Trinidad, and British Guiana, and 345 illegal entrants were contracted. During the year, 8,945 laborers returned home, the cases of 2,180 were closed for other reasons, and there remained at the end of the year 13,584 of these laborers still in the United States. Public Law 78, approved July 12, 1951, provided a new system of recruitment of Mexican agricultural laborers which included the establishment of reception centers at or near places of entry and provisions for

transportation, subsistence and other details in accordance with the Migrant Labor Agreement of 1951 with Mexico. Recruitment and management of the program was placed in the Department of Labor but responsibility for entry and departure control applicable to all aliens under the immigration laws remained with the Immigration and Naturalization Service. On July 1, 1951 there were 83,447 Mexican agricultural laborers in the United States, and 4,467 more were admitted under the Ninth Proviso prior to passage of the new law. A total of 223,541 such laborers were admitted during the year, 184,560 of whom were admitted under Public Law 78. At the end of the fiscal year there were 124,454 agricultural laborers remaining in the United States, 89,916 of whom were from Mexico.

A total of 62,179 vessels and 97,886 airplanes were inspected on arrival last year. The 1,939,418 crewmen inspected represented an increase of 13 percent over 1951. The Internal Security Act provides for the exculsion of crewmen as well as other aliens who are found to be, or to have been, members of certain proscribed organizations. During the year temporary admission under the Ninth Proviso was authorized in the cases of 571 alien crewmen whose membership in such organizations was found, after investigation, to have been involuntary. A total of 3,021 alien crewmen deserted from vessels at American seaports during the year.

Emigrants are aliens who leave the United States after residence of a year or more, with the intention of remaining abroad. During the fiscal year, 21,880 emigrants departed from the country, a 16 percent drop from 1951, with almost one-fourth of the total going to either Canada or the United Kingdom.

Naturalization—Despite the provisions of the Internal Security Act which have established stricter requirements for naturalization, the number of petitions for naturalization granted during the year was 62 percent greater than in 1951. A total of 88,655 petitions were granted as compared with 54,716 granted during the prior year. Among the factors responsible for such increase are the situation in Korea, the annual Alien Address Report Program which reminds aliens of their alien status, the requirement by many branches of the Department of Defense that companies engaged in defense production hire aliens only if they have made declarations of intention, and the further requirement that in sensitive production, companies hire only American citizens. Applications for declarations of intention totaled 133,341, or 6 per-

for as of April 28, 1952, the date of such signing, the Office of Alien Property discontinued the vesting of Japanese-owned property. The Joint Resolution of Congress, which declared the end of the state of war with Germany, however, authorized the continued vesting of German interests in property in the United States which arose prior to January 1, 1947.

As of June 30, 1952, the Office of Alien Property had vested property with an estimated net value of \$338,000,000 at dates of vesting. By reason of appreciation of approximately \$113,500,000 in vested property and income of approximately \$50,500,000 therefrom the estimated value of all property vested amounted to \$552,000,000 on June 30, 1952. An additional \$9,000,000 of property was vested in the Philippines, but the proceeds of this must be turned over to the Philippine Government. Of the total amount vested, \$12,600,000 in property was vested during the past fiscal year. Vestible property in the United States and its territories, not vested as of June 30, 1952, is estimated at \$1,000,000.

A total of approximately \$70,000,000 was realized after expenses from the sale or liquidation of vested property during the year, and an additional \$4,000,000 was collected as income from vested property during the same period. As of June 30, 1952, the total vested property sold or liquidated amounted to approximately \$282,000,000, and the amount collected as income is estimated at \$50,500,000. Patents, copyrights and trade-marks, properties of nationals other than Germany or Japan, and properties subject to suits for return, comprised the three classes of property which were not sold or liquidated during the year. As of June 30, 1952, an estimated \$160,000,000 in property of these three types had not been reduced to cash. Excluded from this amount is the value of patents, copyrights, trade-marks and miscellaneous items on which dollar values cannot be computed.

Pursuant to section 34 of the Trading With the Enemy Act, as amended, which permits recovery by certain classes of creditors who have debt claims against the former enemy owners of vested property, 425 debt claims were closed during the year, with 79 claims paid in the amount of \$229,963, and 346 claims disallowed, withdrawn or consolidated. During the same period, 1,093 title claims by persons asserting ownership interests in vested property were closed, with 452 claims allowed and 641 claims disallowed or withdrawn.

X

• ALIEN PROPERTY

The signing of the Treaty of Peace with Japan during the past year had a direct effect upon the alien property vesting program,

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A total of \$5,567,000 in cash and appraisable property was returned to persons who qualified therefor under section 32 of the Trading With the Enemy Act. There were also returned during the year 325 patents, 19 part interests in patents, 9 patent applications, 16 part interests in patent contracts, and certain other industrial properties.

The War Claims Act of 1948 provides that the proceeds available, after administration and liquidation of vested German and Japanese property and disposition of all claims thereto, shall be placed in the War Claims Fund, from which payments to American internees, maltreated American prisoners of war, and other specified classes of claimants are to be made. In compliance with the Act, the Office of Alien Property, as of June 30, 1952, had transferred to the War Claims Fund a total of \$150,000,000.

During the year, approximately 900 applications were filed requesting licenses authorizing transactions with respect to assets blocked pursuant to Executive Order No. 8389 of April 10, 1940. Control over such assets is exercised by the Office of Alien Property and licenses are granted generally where sufficient proof of ownership and nonenemy status of the owners is furnished. In cases involving the property of nationals of countries receiving aid under the European recovery program, pertinent information was given to the governments of such countries to enable them to assert control over any dollar assets being unblocked. It is estimated that as of June 30, 1952, a total of \$67,500,000 in property remains blocked.

An inter-custodial conflict with the Netherlands Government involving approximately \$10,000,000 of blocked United States issued securities which had been registered in the names of Dutch Administration Offices and against which such Offices had issued bearer securities, was resolved during the year. Under the settlement, the United States unblocked the securities and the Netherlands Government agreed to pay the United States the sum of \$3,250,000 representing the estimated enemy interest therein. The first installment of this amount, which will be administered by the Office of Alien Property in accordance with the provisions of the Trading With the Enemy Act, as amended, was paid during the fiscal year in the amount of \$850,000, and it is expected that the remainder of the sum will be paid during the next two years.

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ANNUAL REPORT OF THE

ATTORNEY GENERAL

OF

THE UNITED STATES

FOR THE FISCAL YEAR ENDED JUNE 30, 1953.

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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 ¹⁹⁵⁴ 1953.

Detailed descriptions of the activities of
the various offices, divisions, and bureaus of the
Department are transmitted with the report. * There is
also transmitted the report of the Conference of Senior
Circuit Judges which convened in Washington on September
24-25, 1953.]

* 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 Deputy
Attorney General, the Office of Alien Property, the Office of
Legal Counsel, Criminal Division, Antitrust Division, Civil
Division, Lands Division, Tax Division, Administrative Division,
Federal Bureau of Investigation, Immigration and Naturalization
Service, Board of Immigration Appeals, Board of Parole, Bureau
of Prisons, Office of the Pardon Attorney and the Library.

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With many of the desired administrative changes already accomplished, I intend during the coming year to recommend and support changes in existing law, as well as new legislation, designed to improve and strengthen the Federal law enforcement system. A number of these recommendations will be found elsewhere in this report under Legislative Recommendations.

VIII

IMMIGRATION AND NATURALIZATION

Immigration. Immigration to the United States declined from 265,520 in the fiscal year 1952 to 170,434 in the fiscal year 1953, a drop of 36 percent. Quota immigrants comprised 49 percent, or 84,175, of those admitted, a decrease of almost 24 percent from 1952. This decline was due to the expiration of the Displaced Persons Act on June 30, 1952. A total of 5,838 displaced persons and 318 German ethnics, whose visas were issued prior to July 1, 1952, were admitted during the year, bringing the total number of displaced persons' admissions under the Act to 399,698. The chief objectives of the law may

be said to have been accomplished since out of a maximum number of 400,744 visas authorized, a total of 399,698 were admitted.

The Immigration and Nationality Act which became effective on December 24, 1952 introduced a number of basic changes in quota admissions. It retained and simplified the national origins formula of the Immigration Act of 1924 for determining annual quotas for each quota area. By Presidential proclamation a new total quota of 154,657 was established, effective January 1, 1953. New minimum quotas of 100 were set up for about a dozen countries that have recently become independent, and a separate quota of 100 was established for the new Asia-Pacific Triangle as defined in the Act.

Nonquota immigration during the year totaled 86,259, or 21 percent more than during the prior fiscal year. Over 70 percent of all nonquota immigrants consisted of natives of Western Hemisphere countries, their spouses, and children. Immigration from Mexico, particularly, doubled the figure of last year. The second largest group of nonquota immigrants was comprised of wives of United States citizens. Over three-fifths of this group came from the countries where numbers of United States civilian and military personnel are stationed, Germany, Italy and Japan.

ALIEN PROPERTY MATTERS

I am of the opinion that the Government should not own or operate a private business without a demonstrated public need. I have been greatly encouraged, therefore, by the great strides made in the past year by the Office of Alien Property in disposing of many of the business properties it acquired in the course of the World War II vesting program. Many properties, however, are involved in litigation and, under existing law, such properties must be kept intact until litigation affecting them is carried to final judgment. I trust that during the coming session of Congress legislation to remove this bar to disposal will be enacted so that the task of disposing of the remaining vested business properties may be accelerated. Such a step will also aid materially in the expeditious liquidation of the entire alien property program.

The vesting activities of the Office of Alien Property were terminated on April 17, 1953 with respect to property in this country owned by the Government or nationals of Germany. The vesting of Japanese-owned property had been discontinued since the Treaty of Peace with Japan became effective on April 28, 1952.

Between July 1, 1952 and April 17, 1953, the date of the termination of vesting, property with a net value of \$3,229,000 was vested. As of June 30, 1953, the Office of

Alien Property had vested property with an estimated net value at dates of vesting of \$391,858,000. Together with appreciation of vested property of approximately \$108,000,000 and income from vested property of approximately \$54,850,000, the total estimated value of all vested property as of June 30, 1953, amounted to \$554,708,000.

A total of approximately \$12,500,000 was realized after expenses from the sale or liquidation of vested property during the fiscal year and an additional \$4,300,000 was collected as income from vested property. As of June 30, 1953, the total vested property sold or liquidated amounted to approximately \$280,718,000, and an estimated amount of \$54,844,000 was received as income. It is the policy of the Office of Alien Property not to sell or liquidate patents, copyrights and trade-marks, and properties of nationals of countries other than Germany and Japan. As of June 30, 1953, approximately \$150,000,000 of these types of vested property had not been reduced to cash. This figure does not include any value for patents, copyrights, trade-marks and miscellaneous items of industrial property on which dollar values cannot be computed.

During the fiscal year the Office of Alien Property intensified its program of processing the many thousands of claims that have been filed. Debt claims are claims by American or Philippine citizens and corporations and by residents of the United States since the beginning of the war who are creditors

seeking payment of obligations owned by former owners of vested property, prior to its vesting. On July 1, 1952 there were 43,221 debt claims pending and 189 additional claims were received during the year. A total of 1,752 debt claims were processed during the same period, leaving a balance of 41,660 on June 30, 1953. Of the debt claims processed, 108 were paid in the amount of \$420,130 and 1,644 were disallowed, withdrawn or consolidated. Title claims are claims asserting ownership interests in vested property. On July 1, 1952 there were 8,457 title claims pending and an additional 1,127 title claims were filed during the year. A total of 1,952 title claims were processed, leaving a balance of 7,632 on June 30, 1953. Of the title claims processed, 542 were allowed and 1,410 were disallowed, withdrawn or consolidated.

Approximately \$3,000,000 in cash and appraisable property was returned during the fiscal year to title claimants qualifying under Section 32 of the Trading With the Enemy Act, as amended. There were also returned during the year 167 patents, 11 part interests in patents, 7 patent applications, 11 interests in patent contracts, and certain other industrial properties. As of June 30, 1953, there had been returned under Section 32 approximately \$45,500,000 in cash and appraisable property, 2,047 patents, 88 part interests in patents, 129 patent applications, 92 interests in 86 patent contracts and 10 inventions.

At the beginning of the fiscal year there were 1,431 litigation cases pending and 362 new cases were received during the year. A total of 787 cases were closed during the same period, leaving a balance of 1,006 cases pending on June 30, 1953. Of the pending cases, 615 involved estates and trusts and 97 sought the return of vested property valued at approximately \$140,000,000. The remaining cases in litigation involve suits to enforce delivery of vested property and to preserve property already vested.

Under Executive Order No. 8389 of April 10, 1940, as amended, assets in the United States of certain designated foreign countries and their nationals were blocked. Approximately 600 applications were filed during the fiscal year requesting licenses authorizing transactions with respect to this blocked property. Generally licenses were granted for unblocking in those cases where sufficient proof was furnished of beneficial ownership and nonenemy status of the owners. On June 27, 1953, General License No. 101 was issued and General Ruling Nos. 6 and 17 were revoked, removing the remaining blocking controls from blocked property in the United States held by the governments or nationals of the Marshall Plan countries (Austria, Belgium, Denmark, France, Greece, Italy, Luxembourg, The Netherlands, Norway, Sweden), Switzerland and Leichtenstein, as well as Japan and Western Germany. In addition,

by General License No. 102, issued on June 1, 1953, all other blocked accounts not exceeding \$100 in value were unblocked. These actions unblocked property valued at approximately \$15,000,000.

At the close of the fiscal year the only property remaining blocked was that under the control of "Iron Curtain" countries, specifically, property of Bulgaria, Hungary or Roumania or persons in any of these countries on January 1, 1945; Czeckoslovakia, Poland, Estonia, Latvia or Lithuania or persons in any of these countries on December 7, 1945; and Eastern Germany or persons in that area on December 31, 1946. It is estimated that on June 30, 1953 approximately \$50,000,000 in assets in the United States were blocked, of which \$31,900,000 were in the first category above, \$17,900,000 in the second category, and approximately \$200,000 in the third category.

I believe that during the next fiscal year even more substantial reductions will be made in the remaining vested property held, for with the termination of the vesting and blocking aspects of the program, the Office of Alien Property can concentrate more fully on the problems of liquidation and disposal.

XII

LEGISLATIVE RECOMMENDATIONS

As I pointed out at the outset of this Report, I intend that a major effort be made by the Department during the coming year to achieve the enactment of certain new and amendatory legislation designed to implement the enforcement and administration of Federal law. All of the proposals contained in the Department's legislative program are necessary and important to some aspect of its work but I shall refer here to a selected few which possess special interest or immediacy.

I wish to reiterate the recommendation I have made to the Congress with regard to legislation which would permit the use in evidence in criminal proceedings in Federal courts of information obtained by wire tapping in the course of investigations relating to serious crimes. Particularly in matters relating to the national security or defense, it is unrealistic and unreasonable that, though evidence is obtained showing clear violations of the laws against subversion, the hands of the prosecuting officers are tied and their efforts to maintain the security of the nation are thwarted. As the law now stands, the Government is under a serious handicap in protecting itself against spies, saboteurs and other perpetrators of serious crimes. The need for legislation of this type has long been felt by the Department of Justice and its enactment

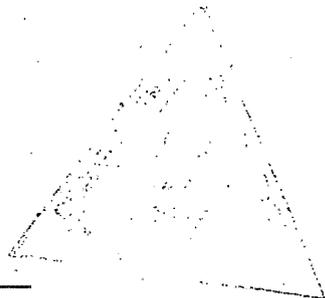
Entire section read carefully - NOTHING relevant
NONE on JRSO bills

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in Federal courts. To remedy this situation I recommend the enactment of legislation which would provide for the appointment by the several district courts of the United States of public defenders either as full-time or part-time officers as the volume of work, in the judgment of the courts, may require. Such legislation has been advocated by the Judicial Conference and the Department of Justice since 1937 and I am hopeful that the coming session of Congress will witness the enactment of such a measure.

In addition to the above matters, I desire to enlist the cooperation of the Congress with regard to enactment of the many other proposals contained in the Department's legislative program for the coming year.

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ANNUAL REPORT OF THE
ATTORNEY GENERAL
OF
THE UNITED STATES

FOR THE FISCAL YEAR ENDED JUNE 30, 1954

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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 1954.

Detailed descriptions of the activities of
the various offices, divisions, and bureaus of the
Department are transmitted with the report.*

*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 Deputy Attorney General, the Office of Alien
Property, the Office of Legal Counsel, Criminal Division,
Antitrust Division, Civil Division, Lands Division, Tax
Division, Administrative Division, Federal Bureau of
Investigation, Immigration and Naturalization Service,
Board of Immigration Appeals, Board of Parole, Bureau of
Prisons, Office of the Pardon Attorney and the Library.

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ALIEN PROPERTY MATTERS

In the course of its vesting program the Office of Alien

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Property has acquired a number of business properties which, in accordance with the policy that the Government should not own or operate a private business without a demonstrated public need, are being disposed of as quickly as practicable. Some of these properties, however, involve litigation which precludes their sale until such time as conflicting claims to the property are resolved. An instance of this is the stock in the General Aniline and Film Corporation which was vested by the Attorney General and the return of which has been sought in the courts by a Swiss corporation.

Since the beginning of the vesting program, the Office of Alien Property has vested property with an estimated value at dates of vesting of \$393,703,000. The total estimated value of all vested property on June 30, 1954 before deductions was \$567,203,000 which total included approximately \$115,000,000 in realized and estimated appreciation of vested property and about \$58,500,000 in income from vested property. During fiscal 1954, approximately \$13,000,000 was realized after expenses from the sale or liquidation of vested property and an additional \$4,000,000 was collected as income from vested property. The total property sold or liquidated by the Office of Alien Property since the inception of the program is approximately \$299,630,000.

In prior reports reference has been made to an inter-custodial agreement with the Netherlands Government involving approximately \$10,000,000 of blocked United States issued securities, under the terms of which the United States agreed to unblock the securities