

EXCERPTS FROM AN ADDRESS  
BY

HONORABLE HERBERT BROWNELL, JR., ATTORNEY GENERAL OF THE UNITED STATES  
BEFORE

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The nature and scope of the activities of the Department of Justice have been a constant source of surprise to me during the past eight months since I left the private practice of law. Perhaps, then, it may interest you practising lawyers if my colleagues and I discuss some of the problems that beset us and tell you something of the improvements we are making.

The Department itself has thirty-thousand employees, dispersed in eleven buildings in Washington, and in five hundred additional offices throughout the United States and its territories.

There are dozens of decisions and actions which the Department is called upon to make and take in a single day. These would include apprehension of a pair of spies in Vienna and returning them to the United States for trial; replacement of a prosecutor stricken with appendicitis midway in a trial of Communist leaders in Honolulu; adjustment of claims brought about because a Navy plane rammed a commercial airliner in mid air; initiation of a Grand Jury investigation of politicians who seek to sell influence; testimony before a Congressional committee on some pending bill, or to justify the Departmental budget of nearly 180 million dollars; writing of an opinion for the President on a proposed executive order; selection of a new board for a 100 million dollar corporation whose stock is owned by the United States and administered in the Office of Alien Property -- and such things as recommending a new Federal Judge to the

President, or affirmative action by him on a clemency petition.

Perhaps the best example I could give you of the diversity of our activities is to make our first public report on the Office of Alien Property -- the division in the Department of Justice which, by Presidential delegation, administers the German and Japanese property program which grew out of World War II. At its height, \$500,000,000 in enemy assets were seized and approximately \$7,000,000,000 in foreign assets were subject to blocking controls. The main purpose of the program was to prevent the enemy from using its property and the property of its citizens during time of war, and to take this property in partial satisfaction of our reparation claims.

You members of the Philadelphia Bar may be somewhat familiar with one aspect of the Alien Property activities, in the field of enemy interests in estates in the Orphans Court. Philadelphia has been one of the major areas of the country in which estate interests owned by enemies have been seized and distributed to the Alien Property authorities by the courts of the Commonwealth of Pennsylvania. Perhaps the most outstanding probate case of the century is the Estate of Henrietta Garrett. In that particular litigation the Office of Alien Property has this year successfully contested, in your Supreme Court, several petitions for reargument of the final decision determining heirship in the estate. We have also recently successfully resisted a half-dozen assorted petitions for a writ of certiorari in the United States Supreme Court. We hope to do the same with still another pending petition for reargument and another petition for a writ. Ultimately we expect to obtain from the estate the sum of approximately \$4,000,000. The Commonwealth of Pennsylvania will also benefit to

the extent of approximately \$4,000,000, from the result of our joint activities in this estate.

You may not be so familiar with other branches of our Alien Property work and with our recent accomplishments.

Since January 20 of this year, we have put into effect a realistic program for the liquidation of this entire area of activity. There is no excuse for the Government to continue at this date to own breweries, cigarette lighter companies, drug companies and the great variety of private businesses which were seized under the enemy property laws. Congress has directed that once litigation of these properties is concluded, these properties shall be liquidated and sold at the earliest possible moment, and that the claims of Americans against this property be satisfied. The monies to be realized are to be distributed by the War Claims Commission to those Americans who suffered extraordinary hardship as prisoners of war and as civilian internees.

Accordingly, we have put into effect an intensive program of closing out the businesses owned by this Office. While the complications are great, we feel that we have made great strides. We have operated on both the international and the domestic fronts.

On the international front we have taken two major steps.

In April of this year the Department of Justice formally stopped all vesting of German property by its Office of Alien Property. Hostilities with Germany had been over for more than five years and there was no further excuse for continuing to vest the property of nationals of West Germany. On the occasion of Chancellor Adenauer's visit to the United States, we took the forward step of putting an end to such vestings. I think that this step,

taken in cooperation with the Secretary of State, resulted in a marked improvement in our relations with West Germany.

In June of this year, we unblocked all remaining World War II blocked property, except property in the countries of the Communist orbit. Thus, on June 14, we unblocked about \$15,000,000 worth of property owned by Swiss, French, and others of our Western European Allies.

By these two decisions we brought to an end the entire vesting and blocking program. We can now concentrate on liquidation and disposal of the great mass of property we have, without constantly adding to the property.

Our policy is that the Government should not own or operate a private business without a demonstrated public need. You know that the entire administration feels strongly about this, from the President down. We in the Department have been applying this principle vigorously in our Alien Property Office. We got the Government out of the safety pin business. We settled a lawsuit and realized almost a half-million dollars on our 37% stock interest in a safety pin business in Connecticut. We did the same in a cigarette lighter business. We disposed of that for a quarter of a million dollars. We sold for \$1,200,000 our half interest in Jasco, Inc., a holding company which owned patents in the oil cracking and synthetic rubber fields. We have also sold a cough medicine business -- a half interest in the company which makes Pertussin, a cough medicine which is widely known. We sold that one for \$650,000. Within a matter of days we are to settle four lawsuits which will end our ownership of a fur processing business. The Custodian had vested a majority interest in a company which processed furs, particularly Persian lamb. We have agreed to settle several lawsuits pending in that case and we will then sell our interest in that company for over \$800,000.

Wherever we can, we have settled pending cases. We are thereby making administrative economies possible, in addition to withdrawing the Government from businesses in which it should not have been. Since January, we have sold 74 parcels of real estate, one for more than a million dollars. We have liquidated 23 businesses, and we have sold miscellaneous securities for over a million dollars. From sales of businesses, other liquidations and income, we have in the first eight months of this year realized a total of \$15,400,000.

At the same time we cut the Alien Property staff by 200 out of 485 persons. Even before this reduction in force, we closed a large New York office of the Alien Property division and brought its people to Washington. We saw no reason for the accounting and financial part of the organization to be in one city and the remainder of it in another. Great credit for the improvements on the internal administrative side, as well as on the policy and liquidation side, is due to Assistant Attorney General Dallas Townsend, internationally known attorney from Montclair, New Jersey, who heads the Office of Alien Property.

Some tough problems remain, for whose solution we need Congressional help. One such problem is presented by the necessity, under the present law, that we keep vested properties intact until litigation affecting them is carried to final judgment. As a consequence, some of the largest properties cannot be sold. Harm is meanwhile being done to the properties and to the public interest. We have recommended to the Congress the passage of an amendment which would substitute, for the right of a successful claimant to have the property intact, permission for us to sell properties involved in litigation, when the public interest

requires, the claimant to have a right to just compensation if he should succeed in his suit.

Another problem which requires Congressional action is the problem of debt and title claims. A title claim is a claim by a technical enemy, for instance, a Dutchman whose country was occupied or a German persecutee, to property which was vested from him. We have over 12,000 such claims pending. A debt claim is a claim against vested assets by an American for the satisfaction of a debt owed by the former enemy owner. We have over 47,000 such claims pending. The Congress has directed that both these types of claims be considered and determined. Yet the number of the claims, the comparatively small amounts involved, and the time and effort required to give a fair hearing to each claimant, have led to a situation in which only a small percentage of the claims can be disposed of each year. Congressional action to limit the types of claims to be considered would seem to be necessary if this part of the Alien Property program is to be cleared away.

This story of our Office of Alien Property typifies our story of the activities of the Department of Justice - substantial accomplishment during our first eight months - and plenty yet to be accomplished.