

FOREIGN CLAIMS SETTLEMENT COMMISSION  
OF THE UNITED STATES  
WASHINGTON 25, D. C.

IN THE MATTER OF THE CLAIM OF

FELIX HAUROWITZ  
417 South Henderson Street  
Bloomington, Indiana

Under the International Claims Settlement  
Act of 1949, as amended

Claim No. CZ-3,489

Decision No. CZ- 3390

PROPOSED DECISION

This is a claim in the amount of \$381,466 against the Government of Czechoslovakia under Section 404 of Title IV of the International Claims Settlement Act of 1949, as amended, by FELIX (MICHAEL) HAUROWITZ, a national of the United States since March 28, 1952, the date of his naturalization. The claim is based on the nationalization or other taking of claimant's interest in (1) a weaving mill in Hradek nad Nisou; (2) apartment houses in Prague; (3) an estate with three houses in Roztoky near Prague; (4) bank deposits; and (5) securities.

Section 404 of the Act provides, inter alia, for the determination by the Commission in accordance with applicable substantive law, including international law, of the validity and amount of claims by nationals of the United States against the Government of Czechoslovakia for losses resulting from the nationalization or other taking on and after January 1, 1945 of property including any rights or interests therein owned at the time by nationals of the United States.



Section 405 of the Act provides as follows:

A claim under Section 404 of this title shall not be allowed unless the property upon which the claim is based was owned by a national of the United States on the date of nationalization or other taking thereof and unless the claim has been held by a national of the United States continuously thereafter until the date of filing with the Commission.

(1) WEAVING MILL IN HRADEK NAD NISOU

The record shows that prior to 1939 Rudolf Haurowitz, claimant's father, owned in Hradek nad Nisou in northern Bohemia a weaving mill conducted under the name of L. Haurowitz, which prior to World War II employed approximately 300 workers and technicians. The factory had been in the hands of the family since 1828 and by the end of 1930 Rudolf Haurowitz was its sole owner. Rudolf Haurowitz died on January 27, 1940 and claimant inherited under the decedent's last will a one-third (1/3) interest in his father's property.

After the occupation of Czechoslovakia by Germany, the weaving plant consisting of several buildings, workers' dwellings and large grounds was confiscated by the German authorities and transferred to one Alvin Schmidt, a person of ethnic German descent. After the liberation of Czechoslovakia the property was placed under national administration and pursuant to Law No. 114/1948, effective retroactively as of January 1, 1948, the property formerly owned by the firm of L. Haurowitz was nationalized.

Since the property upon which this portion of the claim is based was not owned by a national of the United States on the date of its nationalization, and the claim arising from the nationalization was not held by a national of the United States continuously thereafter, this portion of the claim, not being compensable under Section 405 of the Act, is hereby denied.



(2) APARTMENT HOUSES IN PRAGUE

The record further shows that Rudolf Haurowitz owned real property in Prague, located at No. 13 Wenzeslav Square, described as a building Cons. No. 778, recorded in Liber No. 778 of the Community of Prague - New City, erected on parcel No. 1132, consisting of a front house facing the square and a rear house in the yard. Both houses had three upper floors, a ground floor and a cellar. In both houses were shops on the ground floor, and on the upper floors business offices and apartments for residential purposes. The houses were located in the center of the business section of the City of Prague.

Claimant acquired title to this real property to the extent of a one-third interest at the time of the death of Rudolf Haurowitz in 1940. Shortly thereafter, the property was confiscated and transferred to the ownership of the German Reich. After World War II the Government of Czechoslovakia placed the property under national administration. Claimant filed a petition for restitution, which was denied on December 3, 1953, for the reason that claimant and the other heirs to the property were not reliable from a point of view of the State of Czechoslovakia.

The Commission, therefore, finds that the real property in question was taken by the Government of Czechoslovakia without compensation on December 3, 1953.

Claimant submitted information indicating that in 1939 the gross income of the houses was approximately Kc. 373,000 Czech crowns, and the net income approximately Kc. 180,900 Czech crowns. The record does not show that the property was encumbered by mortgages. Using a capitalization of approximately 7 percent (fourteen times the gross income), an evaluation method adopted by the Czechoslovak Property Tax Law of 1946, the Commission finds that the total value of the above two houses in 1939 was 5,222,000 Czech crowns or, at the exchange rate of \$0.0342 for 1 Czech crown prevailing in 1939, \$178,592.40. Taking into consideration



subsequent depreciation for wear and tear and appreciation during the war and postwar years, the Commission concludes that the houses had the same dollar value in 1953 as in 1939.

Claimant is, therefore, entitled to compensation for his one-third (1/3) interest in the above property in the amount of \$59,530.80, plus interest as stated below.

(3) ESTATE IN ROZTOKY

The record further shows that claimant's father, Rudolf Haurowitz, owned real property recorded under Liber No. 51 of the Community of Roztoky described as houses Nos. 63, 110, and 125 in Roztoky near Prague. After the death of claimant's father in 1940, when claimant inherited a one-third (1/3) interest in the property, these houses were confiscated by the German authorities, and after the liberation they were placed under national administration by the Government of Czechoslovakia. On December 3, 1953 claimant's petition for restitution of the property was denied for the reasons stated above.

These three houses situated in a large garden constituted a summer estate for the members of the entire Haurowitz family. Claimant submitted evidence that in 1940 the summer estate was appraised for tax purposes by the Probate Court in Prague, which administered the Estate of Rudolf Haurowitz, at Kc. 257,148; but he contends that the true value was much higher. The record does not show that there were mortgages placed on the property.

The Commission, in the absence of any direct evidence of value for these houses, gave consideration to the fact that the value established by the Probate Court in Prague might have been considerably lower than the market value at that time. The Commission further considered the fact that the British Foreign Compensation Commission in 1959 in granting an award for an interest in these houses to the Estate of Stephen Karl



Haurowitz, claimant's late brother, evaluated these houses at nearly 3,000,000 Czech crowns (using a multiplying method not adopted by this Commission). In view of the foregoing, the Commission finds that in 1953 the summer estate in Roztoky had a value of 900,000 Czech crowns (in pre-1953 currency), which, converted into United States dollars at the exchange rate of \$0.02 for 1 Kc, prevailing during the period 1945 - 1953, amounts to \$18,000.00.

Claimant is, therefore, entitled to compensation for his one-third (1/3) interest in the above property in the amount of \$6,000 plus interest as specified below.

(4) BANK DEPOSITS

The record further shows that the Estate of Rudolf Haurowitz, deceased, had on deposit with various banks in Czechoslovakia large amounts of cash, but such deposits in most cases were confiscated during World War II by the German authorities in Prague. Nevertheless, after World War II the following bank accounts of the aforesaid decedent's estate were still on deposit with the following banks:

In the Czech Escompte Bank of Prague	K 93,260.00
In the Postal Savings Bank of Prague	<u>K 26,361.10</u>
Total	K 119,621.10

While claimant's petition for restitution of his property was pending, the Government of Czechoslovakia on June 1, 1953 enacted Law No. 41/1953 which annulled all blocked bank accounts in old currency, such as the above deposits. The Commission finds that claimant's right to payment with respect to these deposits was taken by the Government of Czechoslovakia on June 1, 1953 by virtue of Section 7 of Law No. 41/1953, which cancelled this right, and that claimant is entitled to compensation for such taking of his one-third (1/3) interest in the deposits in the amount of 39,873.70 Czech crowns, converted into dollars at the exchange rate of \$0.02 for 1 crown.



There was also an amount of K 2,273.80 on deposit with the German Property Office (Emigration Fund) of Prague, the source of which could be traced to the Estate of Rudolf Haurowitz. The Commission has held that cash confiscated from Jewish accounts in Bohemia-Moravia which was placed into the account of the German Property Office (Emigration Office) administered by the German Secret Police, has been comingled with cash originating from many sources, and that it has been disposed of by transfers and withdrawals by German authorities. Therefore, such money cannot be considered as having been owned by the former title holders of such accounts after the balance of the aggregate accounts was taken over by the Czech authorities in 1945, even if the source from which the accounts originated was still identifiable. <sup>1/</sup>

Consequently, the claim for cash in the amount of K 2,273.80 on deposit with the German Property Office is hereby denied.

(5) SECURITIES

Claimant seeks compensation for his interest in the following securities:

(a) Shares of Stock:

	20 Shares - West Bohemian Kaolin Works
	25 Shares - Rakovnik Ceramic Works
RM	1,500 Deutsche Bank
RM	11,500 Harpener Bergbau (Mining) Co.
RM	1,300 Eisenbahnverkehrsmittel, Vienna

(b) Bonds:

RM	5,000 Harpener Bergbau (Mining) Co.
£	500 Keren Kaymeth Leisrael "A" Issue, Tel Aviv
KC	100,000 3% National Defense Loan

(a) Shares of Stock

The record shows that the above securities were confiscated during World War II by the German authorities from the Estate of Rudolf Haurowitz. Subsequent to the war, these securities were still held by Czechoslovakian banks for the account of the German Property Office, but their identity as former property of the said estate had been established.

<sup>1/</sup> See Proposed Decision No. CZ-2278 In the Matter of the Claim of Joseph C. Pick, Claim No. CZ-3,153 issued by this Commission on May 3, 1961, affirmed by Final Decision on June 28, 1961.



Prior to claimant's petition for restitution, the property of the Bohemian Kaolin Works and of the Rakovnik Ceramic Works was nationalized pursuant to Czechoslovak Decree No. 100/1945, effective October 27, 1945.

Since the claim arising out of this nationalization was not held by nationals of the United States on the date of nationalization, this portion of the claim, not being compensable under Section 405 of the Act, is hereby denied.

The shares of stock of the Deutsche Bank, Harpener Bergbau (Mining) Company, and Eisenbahnverkehrsmittel, Vienna were securities of German and Austrian corporations, respectively. The confiscation of this stock during World War II by German authorities and the subsequent refusal of the Czech authorities to return them to the lawful owners, does not constitute a nationalization or other taking of this stock by Czechoslovakia within the purview of Section 404 of the Act for the following reasons:<sup>2/</sup>

This stock issued by German and Austrian companies, respectively, represented the interest of the stockholders in enterprises not within the territory of Czechoslovakia. The refusal to return the stock to claimant and to the other heirs by Czechoslovakia did not deprive claimant of his right to request from the corporations involved or from the Governments of Germany and Austria, the recognition of their ownership in the stock of the respective companies. The certificates in Czechoslovakia were merely evidence of ownership; and even though they presumably were bearer share certificates, claimant and the other interested parties could have enforced their ownership rights through proceedings known as "amortization" of the certificates or through other methods, which would have restored their rights lost under the above actions.

<sup>2/</sup> See also Proposed Decision No. CZ-3220 In the Matter of the Claim of Albert Klauber, Claim No. CZ-1,127 (1962), and Proposed Decision No. CZ-3282 In the Matter of the Claim of Robert G. Sidener, Claim No. CZ-1,808 (1962) in which the Commission adopted the same principles.



In view of the foregoing, this portion of the claim relating to the shares of stock of non-Czechoslovakian corporations is also denied.

(b) Fonds

With respect to the bonds of the Harpener Bergbau (Mining) Company and the Keren Kaymeth Leisrael, a non-profit organization in Israel, the Commission finds that these bonds were obligations of foreign (non-Czechoslovak) legal entities and that the refusal of the Czechoslovakian Government to return these bond certificates did not create a compensable claim under the Act for the reasons stated above under (a). Claimant and the other interested parties could have enforced their creditor rights through appropriate proceedings in the foreign countries involved, and their creditor interests might still have been recognized.

This portion of the claim relating to bonds of non-Czechoslovakian legal entities is, therefore, also denied.

On the other hand, while claimant's petition for restitution was pending, the Government of Czechoslovakia by Section 7 of Law No. 41/1953, effective June 1, 1953, annulled its obligation of payment arising out of bonds expressed in pre-1945 currency, which included the 3% National Defense Loan Bonds in the amount of 100,000 Czech crowns, owned by the Estate of Rudolf Haurowitz. The Commission, therefore, finds that claimant is entitled to compensation for his one-third (1/3) interest in the bonds in the amount of 33,333.33 Czech crowns, converted into dollars at the exchange rate of \$0.02 for 1 Kc. prevailing during the years 1945-1953.

RECAPITULATION

Summarizing, claimant is entitled under Section 404 of the Act to the following compensation:

Property	Kc.	Value in \$	Date of Taking	6% Int. from Date of Taking to 8/8/58	Total Amount of Compensation
Apt. House Prague		59,530.80	12/ 3/53	\$ 16,718.03	\$ 76,248.83
Roztoky Estate		6,000.00	12/ 3/53	1,684.98	7,684.98
Bank Deposits	39,873.70	797.47	6/ 1/53	248.15	1,045.62
Bonds	33,333.33	666.67	6/ 1/53	207.45	874.12
<b>TOTAL</b>		<b>\$ 66,994.94</b>		<b>\$ 18,858.61</b>	<b>\$ 85,853.55</b>



A W A R D

Pursuant to the provisions of Title IV of the International Claims Settlement Act of 1949, as amended, an award is hereby made to FELIX HAUROWITZ in the principal amount of Sixty-six Thousand Nine Hundred Ninety-four Dollars and Ninety-four Cents (\$66,994.94), plus interest thereon at the rate of 6% per annum from the respective dates of taking to August 8, 1958, the effective date of Title IV of the Act, in the amount of Eighteen Thousand Eight Hundred Fifty-eight Dollars and Sixty-one Cents (\$18,858.61), for a total award of Eighty-five Thousand Eight Hundred Fifty-three Dollars and Fifty-five Cents (\$85,853.55).

Dated at Washington, D. C.

BY DIRECTION OF THE COMMISSION:

MAY 23 1962



Francis T. Masterson  
Clerk of the Commission

THIS DECISION WAS ENTERED AS THE COMMISSION'S  
FINAL DECISION ON JUN 29 1962



Clerk of the Commission