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

IN THE MATTER OF THE CLAIM OF

HUGO PAUL BANKERT, SR.
322 Northwest 7th Street
Boynton Beach, Florida

Under the International Claims Settlement Act of 1949, as amended

Claim No. SOV-40,520

Decision No. SOV-1938

GPO 16—72126-1

PROPOSED DECISION

This claim for $30,674.74 by Hugo Paul Bankert, Sr., asserted against the Soviet Government under Section 305(a)(2) of the International Claims Settlement Act of 1949, as amended, is based upon a loss allegedly sustained by virtue of bank deposits in rubles contained in the Shanghai branch of the Russo-Asiatic Bank.

Section 305(a)(2) of the Act provides for the receipt and determination by the Commission, in accordance with applicable substantive law, including international law, of the validity and amounts of claims of nationals of the United States against the Soviet Government, providing such claims arose prior to November 16, 1933.

The record discloses that on July 21, 1919, the claimant exchanged Fixed Deposit Receipt No. 1520, due July 21, 1920, in the amount of 5,000 rubles and issued by the Shanghai branch of the Russo-Asiatic Bank for Safe Custody Receipt No. 358 of the same branch and in the same amount to be renewed with interest on due date. The claimant has also furnished a photostatic copy of a Deposit Receipt No. 26685, issued by the Shanghai branch of the Russo-Asiatic Bank on March 25, 1920, which shows the claimant deposited 10,300 rubles therein with interest thereon at 2 per cent per annum.

to records available to the Commission, on such liquidation, general creditors of the Shanghai branch who had filed claims in Shanghai received payment of approximately 55 per cent of their original claims.

If the claim is based upon the theory that the Soviet Government assumed the liabilities of the foreign branches of the Russo-Asiatic Bank, it must be denied, because the nationalization of the Russo-Asiatic Bank in 1917 affected merely the bank offices within Russia. The foreign branches continued to operate without any serious interference on the part of the Soviet Government and the latter did not take any assets of the foreign branches nor did it assume their liabilities.

If the claim is based upon the theory that claimant's deposits were confiscated or otherwise taken by the Soviet Government, it must also be denied because no evidence in support of such confiscation or other taking has been submitted. To the contrary, that no confiscation or other taking by the Soviet Government took place with respect to the deposits of the branch office of the Russo-Asiatic Bank in Shanghai, is evidenced by the fact that the bank's general creditors received payment of a portion of their claims upon liquidation of the bank in 1926.

This claim, therefore, must be and is hereby denied.

Other elements bearing upon eligibility have not been considered.

Dated at Washington, D. C.

MAY 22 1957

FOR THE COMMISSION:

Joseph Stein, Director
Soviet Claims Division

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The question arises, therefore, as to whether or not this is a claim against the Soviet Government within the purview of Section 305(a)(2) of the Act. Before such question can be answered, it is necessary to review briefly the background of the Russo-Asiatic Bank and the decree nationalizing banks and banking institutions in Russia.

The Russo-Asiatic Bank was chartered in 1910 under Russian law as an amalgamation of the Russo-Chinese Bank and the Banque du Nord. The latter was a Russian bank with French capital for the most part. The Russo-Asiatic Bank had branches in London, Paris and in other cities and more than 20 branch offices in China. While technical control of the bank was at the head office in Petrograd, the branches had considerable de facto independence. Shanghai was the de facto head office for China. Each branch conducted its own business so as to preserve a balance of assets and liabilities.

On December 27, 1917, banking institutions within the Russian Socialist Soviet Republics were nationalized[1/]. All Russian branches of the Russo-Asiatic Bank within the territory of the Russian Soviet Republic were affected by the measure of nationalization and the bank ceased to exist after having been merged with the People's Bank (originally known as the State Bank), a Government bank organized by the Soviets in 1918.

After 1917, the Paris office acted as head office of the foreign branches of the Russo-Asiatic Bank.

In 1926 the Paris office decided to liquidate all branches and a French national was appointed as liquidator in Shanghai. According

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1/ Decree Regarding the Nationalization of Banks adopted on December 14, 1917 (old style), published in No. 35 of the GAZETTE OF THE WORKERS' AND PEASANTS' PROVISIONAL GOVERNMENT OF DECEMBER 17, 1917 (PETROGRAD).

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FINAL DECISION

The Commission issued its Proposed Decision on this claim on May 22, 1957, a certified copy of which was duly served upon the claimant(s). Full consideration having been given to the objections of the claimant(s), filed within the twenty-day period after such service which has now expired, and general notice of the Proposed Decision having been given by posting for thirty days, it is

ORDERED that such Proposed Decision be and the same is hereby entered as the Final Decision on this claim.

Washington 25, D. C.
JUL 17 1957

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Whitney Gillilland

Henry J. Clay

COMMISSIONERS

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