

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

In the Matter of the Claim of

LILLY STERNBERG

300 Riverside Drive
New York, New York

Under the Yugoslav Claims Agreement
of 1948 and the International Claims
Settlement Act of 1949

Docket No. Y-1091

Decision No. 1375

Counsel for Claimant:

PAUL NEUBERGER

16 West 46th Street
New York 36, New York

approved
12-14-54

FINAL DECISION

A Proposed Decision was entered in this claim on October 20, 1954, and an award was made to Lilly Sternberg, claimant, in the amount of \$426,266.75 plus interest in the amount of \$25,856.06. Subsequent to the issuance of the Proposed Decision, the Government of Yugoslavia filed a brief, as amicus curiae, objecting to the Proposed Decision because it did not accept the valuation of the property as found in an appraisal submitted by the Government of Yugoslavia. In addition, the claimant requested an amendment by an additional claim for a one-half interest in the one-half interest owned by claimant's son, Mario Sternberg, deceased, in two mortgages in the amounts of 230,000 dinars and 200,000 dinars, respectively, recorded in the Land Register of the County Court of Zagreb. The additional claim is based on the inheritance by claimant of an interest in the property of the mortgagee, Mario Sternberg.

RV

In Decision No. 1527, In the Matter of the Claim of Manfred Sternberg, we denied that claimant's claim with respect to the mortgage registered under Docket No. 6264, Zagreb, and granted an award in the amount of \$1,442.20 with respect to his interest in the mortgage registered under Docket No. 4923, Zagreb.

For the reasons set out there, the claim for the mortgage registered under Docket No. 6264, Zagreb, is denied and the claim for the mortgage registered under Docket No. 4923, Zagreb, is allowed in the amount of \$1,442.20.

Thirty days having elapsed since the claimant herein and the Government of Yugoslavia were notified of the Commission's Proposed Decision on the above claim, and the brief filed by the Government of Yugoslavia having received due consideration, the Commission hereby adopts such Proposed Decision as its Final Decision on the claim, except that the fair and reasonable value of all property of the claimant which was taken by the Government of Yugoslavia is found to be \$427,708.95.

Accordingly, in full and final disposition of the claim, an award is hereby made to Lilly Sternberg, claimant in the amount of \$427,708.95, with interest on \$426, 266.75 and \$1,442.20 of that amount from August 17, 1947 and April 28, 1948, the respective dates of taking, to August 21, 1948, the date of payment by the Government of Yugoslavia, in the amounts of \$25,856.06 and \$27.26, respectively, a total of \$25,883.32.

Dated at Washington, D. C.

DEC 15 1954

10/17 oral request

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

In the Matter of the Claim of :

LILLY STERNBERG, ✓
300 Riverside Drive,
New York, New York. :

Docket No. Y-1091 ✓

Decision No. 1375

Under the Yugoslav Claims Agreement :
of 1948 and the International Claims :
Settlement Act of 1949 :

~~Counsel for Claimant:~~

PAUL NEUBERGER
16 WEST 46TH ST.
NEW YORK, N.Y.

PROPOSED DECISION OF THE COMMISSION

OT-
gms
Sep 23, 1954

This is a claim for \$854,254.17 by Lilly Sternberg, a citizen of the United States since her naturalization on July 25, 1946, and is for the taking by the Government of Yugoslavia of real property located at Jelacic Trg, No. 15 (formerly Jelacic Trg. No. 28, and presently Republica Trg. No. 15), Zagreb, valued at \$640,000; personal property located at Jelacic Trg. 15, Zagreb, valued at \$46,200; and income from the real property, valued at \$168,054.17.

The Commission finds it established by a certified extract from the Land Register of the County Court of Zagreb (Docket No. 3333), filed by claimant and the Government of Yugoslavia, and admissions of that Government, that claimant owned real property located at Jelacic Trg. No. 28, Zagreb, consisting of one parcel of land with an area of 2070 square meters (575.5 square fathoms), with 6 buildings on the parcel when it was taken on August 17, 1947, pursuant to the Abandoned Property Law of August 2, 1946 (Official Gazette No. 64 of August 9, 1946, and No. 105 of December 27, 1946).

Claimant has filed an appraisal by Eng. Gjuro Kastl, who finds the value of the property to be 13,506,000 dinars, as of 1939. She also has filed numerous affidavits of former Zagreb residents regarding its value. Without going into their details it is sufficient to remark that they agree that claimant's realty was one of the most

PR
Zak

valuable properties in the City of Zagreb. As to its exact value Klara Frankl swears that offers were received by claimant in 1940 and 1941 to sell the "houses" for 20,000,000 dinars, and that one offer late in 1940 by Dubrovacka Plovdba was as high as 25,000,000 dinars. Similarly, Felix S. Sorell swears that, as claimant's lawyer, he received offers amounting to 25,000,000 dinars for the properties between 1938 and 1941. In addition, Ervin Miller swears that he remembers the written offer of the shipping company Dubrovacka Plovidba for claimant's "house" late in 1940 for about \$410,000 "payable in the U.S.A." He further states that in his opinion the value of the property was over 30,000,000 dinars. In addition, Drago Ibler, an architect, swears that he was present in 1940 when the Banovinska Stedionica offered "\$220,000 United States dollars and 11,000,000 dinars" for the property, the location of which was the most desirable in Zagreb. And Ivan Pernar swears as follows:

"In the year 1940 the "Banovinska Stedionica of Croatia" (Provincial Bank of Croatia), Zagreb, negotiated through their representatives Mr. Lovincic, General Manager of the Bank, and Dr. Tomo Jancikovic, Member of Parliament, with Mr. Manfred Sternberg for the purchase of a building at Jelacicev Trg no. 15 owned by Mrs. Manfred Sternberg. The Bank planned to move their offices to this most centrally located building and to open up a thoroughfare connecting the existing thoroughfare called "Maric Prolaz" - which connected the Gajeva and Praska Streets - with the busy Jelacicev Square.

"During these negotiations, Mr. Sternberg was offered a price of twenty two million Dinars, which he accepted under the condition that about half of this amount, i.e., eleven million dinars, be paid in U.S. currency, which would have amounted to approximately U.S. Dollars 220,000. The representatives of the Bank accepted this condition, stating that they would be able to obtain the required Dollars through the Federal Bank of Yugoslavia. However, contrary to this expectation, the Bank was not able to obtain the U.S. Dollars and, therefore, the deal did not materialize."

A three-party committee designated by local authorities appraised the properties at 15,389,210 dinars. An investigator for this Commission appraised the properties at 18,315,737 dinars.

Both appraisals were made on the basis of 1938 values.

The Commission is of the opinion, on the basis of all evidence and data before it, that the fair and reasonable value of the real property was 18,315,737 dinars as of the year 1938.

Per. prop. | The claimant alleges the taking by the Government of Yugoslavia of antique furniture, paintings, objects of art, library books, rare china, linens, silver, and household furnishings in a duplex apartment occupied by her in one of the buildings at Jelacic Trg. No. 15 which she owned.

Claimant has filed the affidavit of Klara Frankl who makes the following statement with respect to the personal property:

"After the departure of the claimant from Yugoslavia, the claimant asked her to take care of the claimants apartment and belongings. Approximately about the middle of April 1941, when the German army occupied Zagreb, she was ordered by the police, at her own cost to remove all the furniture from the apartment of the claimant because the apartment was requested by the Germans. She removed all the furniture and other belongings on the first floor to the storage room in the left wing of the house. The Germans occupied the apartment and the police took the keys of the storage room. About the end of May 1941, she saw in the back yard of the house, trucks, the chief of police of Ustasi by the name of Cerovsky, and a squad of policemen. Cerovsky ordered that all the furniture and belongings be loaded on the trucks. After this happened, the storage room was left open and empty."

In the claim filed by claimant's husband, Manfred Sternberg (Docket No. Y-1092), he likewise states with respect to his own personal property stored at Jelacic Trg. No. 15:

"In 1941 the Chief of the USTASI POLICE by the name of CEROVSKY, drove up with police trucks and took away everything."

The taking of this personalty by the Chief of the Ustasi in Zagreb is confirmed by the affidavit of Felix S. Sorell, who states that he was present at the time.

The Agreement of July 19, 1948, between the Governments of the United States and Yugoslavia settled claims for "the nationalization and other taking by Yugoslavia of property" (Article 1). The "Ustasi"

referred to was the secret militia of the puppet State of Croatia, and we have held that the taking of property by that State, and damage to property while under its control and administration, are not compensable under the Agreement (Decision No. 993, In the Matter of the Claim of Socony-Vacuum Oil Company, Inc., Docket No. Y-304).^{*} Furthermore, even if a taking of property by the State of Croatia were to be considered a taking by the Government of Yugoslavia, claimant was not at such time a national of the United States and her claim would not be within the jurisdiction of the Commission for the reasons which will be stated subsequently.

While claimant alleges that the present Government of Yugoslavia restored ownership of this property to her by operation of law, and that it was thereafter nationalized or otherwise taken from her by that Government "as of July 19, 1948, the date of the Yugoslav Claims Agreement of 1948" she has filed no supporting evidence of these allegations whatsoever. The Government of Yugoslavia states that the People's Committee of the City of Zagreb by public notice ordered the surrender of all movable property taken away from its owner during the occupation, but that no movable property of the claimant was surrendered or reported.

We hold that claimant has not proved that her personal property was taken by the Government of Yugoslavia, and the claim with respect to such property is denied.

As to the claim for the loss of income, claimant alleges that such loss covers three periods. The first period is from May 1, 1941 to July 25, 1946, the date on which she became a citizen.

The Agreement of July 19, 1948, between the Governments of the United States and Yugoslavia settled "all claims of nationals of the United States" for the "nationalization or other taking by Yugoslavia of property" (Article 1), provided they were nationals of the United

^{*} A copy of this decision is enclosed.

States "at the time of nationalization or other taking" (Article 2). It expressly excluded nationals of the United States "who did not possess such nationality at the time of nationalization or other taking" (Article 3). Since claimant was not a national of the United States prior to July 25, 1946, any claim for the loss of rents before that date - assuming that such a claim were established - was not settled by the Agreement of July 19, 1948, and is not, therefore, within the jurisdiction of this Commission.

Claimant also claims the loss of income from the real property from the date the property was taken by the Government of Yugoslavia to July 19, 1948, the date of the Agreement.

After August 17, 1947, the property was owned by the Government of Yugoslavia, and not by claimant, because it was taken on that date. Accordingly, no right to income from the property would accrue to claimant after the date of taking. However, claimant may be compensated in terms of interest for the loss of the use of the compensation she was entitled to receive on the date the property was taken, from the date of taking to the date of payment by the Government of Yugoslavia. Both the Agreement with Yugoslavia and the International Claims Settlement Act contemplate the allowance of interest by the Commission for the delay in payment of compensation by the Government of Yugoslavia.

The remaining period for which claimant claims the loss of income from the real property is from July 26, 1946, until the date of taking, which we have held to be August 17, 1947.

The claimant has filed a certified statement dated June 24, 1952,

addressed to her from the Office of Administration of the Government Housing Fund, 1st Precinct, Zagreb. This document states:

"Upon your request of June 13th, 1952, we confirm herewith that the entire net income from the building Trg Republike 15 [formerly Jelacic Trg. No. 28 7], has been collected i.e., from July 1st, 1945 up to date and paid into the Government Accumulation Fund, i.e., the Government Treasury. The income was collected through the following authorities and establishments:

* * * * *

from Nov. 1st, 1945 to Dec. 31st, 1946

the 'Zemaljska banka za Hrvatsku (Landbank for Croatia), Department of Housing Administration, Zagreb, Gajeva 2a.

from January 1st to December 31st, 1947

the Authority by the name of Gradska uprava drzavnih stamb. zgrada (City's Administration of Government owned buildings), Zagreb, Gajeva 2a."

We conclude, therefore, that claimant has proved that rents were taken by the Government of Yugoslavia, and we next must determine the amount of income from the realty so taken between July 25, 1946, the date on which she became a citizen of the United States, until August 17, 1947, the date on which the real property was taken by the Government of Yugoslavia. Claimant alleges that the average net income was 1,167,580 dinars. As evidence of the income from the properties claimant has filed the affidavit of Ervin Miller, who swears:

"That he knew the manager of these (sic) real estate property, the late architect Oscar Marcus, and that he also had opportunity to see the income of the house from the books which he remembers to be over 100,000 dinars monthly. This excludes the apartment of the claimant and the office of the claimant's husband. He remembers well that one tenant, the firm of Stimac and Drndarski, paid monthly between 35 and 40,000 dinars."

In his affidavit, Zvonimir A. Hirs1 swears that he was the manager of "Nobilior", the leading perfume manufacturer in Yugoslavia, and that they rented a store in the building for which they paid a monthly rental of 6,000 dinars. In a statement by Eng. Stjepan Gombos and Eng. Gjuro Kastl, dated November 9, 1951, they declare that from 1941 to 1945, inclusive, rentals remained the same as before the

occupation, but that after May 1945 there was a reduction of 50 percent.

Lacking explicit evidence as to the amount of rents actually taken by the Government of Yugoslavia, and the amount of taxes and other expenses normally deductible from such income, we are unable to determine the exact net income but are satisfied from available data that such income amounts to at least \$10,000 for the period July 25, 1946 to August 17, 1947, inclusive.

The Commission is of the opinion that the fair and reasonable value of all property of the claimant which was taken by the Government of Yugoslavia was 18,315,737 dinars for the realty or \$416,266.75, converted at the rate of 44 dinars to \$1 (the rate adopted by the Commission in making awards based on 1938 valuations), plus \$10,000 for the net income, a total of \$426,266.75.*

AWARD

On the above evidence and grounds, this claim is allowed to the extent indicated and an award is hereby made to Lilly Sternberg, claimant, in the amount of \$426,266.75, with interest thereon at 6% per annum from August 17, 1947, the date of taking, to August 21, 1948, the date of payment by the Government of Yugoslavia in the amount of \$25,856.06.*

The Commission determines that 5% of the total paid pursuant to such award shall be paid to Paul Neuberger, counsel for claimant.

OCT 20 1954

*For the Commission's reasons for use of 1938 valuations, use of exchange rate of 44 to 1, and the allowance of interest, see attached copy of its decision in the claim of Joseph Senser.