

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

In the Matter of the Claim of :

JOVO MILJUS :
Box 522 :
2263 Fourth Avenue North :
St. Petersburg, Florida :

Docket No. Y-1561
Decision No. 352-A

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

*OK.
11-16-54
✓*

*OK
JMS
11-14-54*

FINAL DECISION

Thirty days, or such extended time as may have been granted by the Commission, having elapsed since the Claimant(s) herein and the Government of Yugoslavia were notified of the Proposed Decision of the Commission on the above Claim, and no objections thereto or notice of intention to file brief or request for hearing having been filed, or, if filed, no further evidence or other representations having been offered pursuant to the opportunity duly afforded therefor, such Proposed Decision is hereby adopted as the Commission's final decision on this Claim.

Done at Washington, D. C. **NOV 17 1954**

*ZRR
JMS*

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JOVO MILJUS
Box 522
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Under the Yugoslav Claims Agreement
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Settlement Act of 1949

*OK
9/28/54*

PROPOSED DECISION OF THE COMMISSION

*OK
278
Sep 28, 1954*

This is a claim for \$2,379 by Jovo Miljus, a citizen of the United States since his naturalization on February 17, 1902, and is for the taking by the Government of Yugoslavia of a bank deposit and of 10 Yugoslav war-damage bonds with a face value of 10,000 pre-war dinars. The claim with respect to the bank deposit was denied by Decision No. 352, and the instant decision will deal with the claim for the dinar bonds.

As evidence of his ownership of the bonds, the claimant has filed a photostatic copy of a receipt dated June 29, 1938, by the former Yugoslav State Mortgage Bank of Yugoslavia in Belgrade, confirming that claimant had on deposit ten 2½% Yugoslav bonds for war damage of 1,000 dinars face value each.

In a Note dated January 12, 1949, the Yugoslav Ministry of Foreign Affairs informed the United States Embassy, Belgrade, that these ten bonds were not registered in compliance with the provisions of the Law on Conversion of Pre-War Internal Public Debts of July 22, 1946 (Official Gazette No. 61 of July 30, 1946), and that because of

such failure "his claim is extinguished automatically."

The claimant's rights as to the bonds are contractual with the Government of Yugoslavia. The failure of that Government to pay the bonds in the past, or to provide for their full payment in the future, presents the question as to whether such contractual rights are compensable under the Agreement of July 19, 1948 between the Governments of the United States and Yugoslavia. We are of the opinion that they are not.

The Agreement does not specifically mention dinar bonds. In Article 4(c) Yugoslavia recognizes the obligation of successor enterprises created by it (in effect the Government of Yugoslavia itself), to pay debts owed by nationalized enterprises (private business corporations). In Article 10(a) Yugoslavia authorizes persons residing in that country, who are legally indebted to private parties in the United States, to pay such obligations at maturity. Also, in Notes exchanged between the Governments of the United States and Yugoslavia on the same date the Agreement was executed, the latter Government recognized "among its other international obligations, the dollar bonds issued or guaranteed by predecessor Yugoslav Governments." Thus, three categories of American creditors (including dollar bondholders) were specifically excluded from participation in the fund created by the Agreement, but were protected to the extent that the Yugoslav Government gave assurance that such obligations would be treated as subsisting. However, we do not believe that the failure to mention dinar bonds is subject to the interpretation that they are compensable under the Agreement. This view is buttressed by the fact that the Government of Yugoslavia had enacted legislation before the Agreement was signed which provided for the payment of dinar bonds at 10% of

their face value, provided the same were registered in accordance with its laws. This view is further buttressed by the Senate report on the bill which became the International Claims Settlement Act of 1949 (Public Law 455 - 81st Congress), which reflected the views of State Department officials who had testified regarding the intent of the negotiators of the Agreement. That report contains the following statement with respect to debt claims:

"The Yugoslav Claims Agreement of 1948 is a settlement of a defined category of claims. In consideration of the payment of \$17,000,000, the Yugoslav Government was discharged of obligation with respect to such claims. Claims not settled were not discharged and remain unsettled obligations of Yugoslavia. For example, the Yugoslav Government is not released as to nationalization or other taking after July 19, 1948. Thus, also, the claims settled do not include creditor interests. They are confined to ownership interest in property, either legal or beneficial, direct or indirect. This is consistent with traditional United States policy in connection with espousals" (Senate Report No. 800, 81st Congress, 1st Session, Calendar No. 810, p. 11).

This view is further and fully substantiated by the traditional policy of the United States Government not to espouse claims against foreign governments for defaulted government bonds, which has been stated as follows:

" . . . while the situations created by default on foreign bonds, whether partial or complete, are given constant study by the Department of State, it has been the policy of this Government to consider them primarily matters for direct negotiation and settlement between the foreign debtors and the American bondholders or their representatives. American citizens who purchase such obligations do so upon their own responsibility and at their own risk. While the Department is always glad to facilitate settlements in such cases when possible, it has long been the policy of the Department, repeatedly stated by various Secretaries of State, generally to decline to intervene in the enforcement of such obligations,

save under very exceptional circumstances, as, for example, where American nationals are discriminated against in connection with payments made by a foreign government on its obligations." (The Assistant Secretary of State (Welles) to Samuel O. Leslie, June 14, 1935, MS. Department of State, file 832.51/1054. Quoted in Hackworth, International Law Digest, Vol. V, pp. 625-26.)

When the United States Government departs from that policy and enters into a Convention for the settlement of defaulted obligations of a foreign government, appropriate language is inserted in the Convention. For example, in the Convention of September 8, 1923 with the Government of Mexico, provision was made for the settlement of "all claims" (Hackworth, International Law Digest, Vol. V, p. 618). Since the Agreement with Yugoslavia provided only for the settlement of claims for the "nationalization and other taking by Yugoslavia of property and of rights and interest in and with respect to property, which occurred between September 1, 1939 and the date hereof" (July 19, 1948), we conclude that the failure to include dinar bonds was not inadvertent and that such bonds were omitted intentionally.

For the foregoing reasons this claim is denied.

Dated at Washington, D. C.

SEP 29 1954