

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

IN THE MATTER OF THE CLAIM OF

JOZSEF CHOBADY
Star Route
Sunbright, Tennessee

Claim No. HUNG-20,187

Decision No. HUNG- 716

Against the Government of Hungary:
Under the International Claims Settlement
Act of 1949, as amended

GPO 16-72128-1

PROPOSED DECISION

This is a claim against the Government of Hungary under Section 303 of the International Claims Settlement Act of 1949, as amended, by JOZSEF CHOBADY based upon an alleged deposit in 1926, of 102,000 korona in a savings account with the Magyar-Olasz Bank R.T. (Hungarian-Italian Bank, Ltd.).

The only provision of Section 303 of possible application herein is Subsection (2), which provides for the receipt and determination of claims against the Government of Hungary, among others, for its failure to--

pay effective compensation for the nationalization, compulsory liquidation, or other taking, prior to the effective date of this title [August 9, 1955], of property of nationals of the United States in "...Hungary..."

It is concluded that the grievance of the claimant is the consequence of severe currency devaluation and restrictions on the transfer of currency out of Hungary brought about by general economic conditions rather than by any specific action of the Hungarian Government which may be characterized as a "nationalization, compulsory liquidation, or other taking" of claimant's property within the meaning of the Act.

In 1925, subsequent to the making of the korona deposit which forms the basis of this claim, in recognition of the depreciation of the currency, a new currency, the pengo, was introduced in Hungary by Law 1925:XXXV tv., providing for an exchange ratio of 12,500 korona for one pengo. On this basis claimant's 102,000 korona became the equivalent of 8.16 pengo.

While Law 1928:XII tv. provided for the revaluation of certain money debts within the period of one year, debts based on savings and checking accounts were expressly excluded from operation of the Law by Section 4 thereof.

There followed a gradual loss of value of the pengo ending in complete collapse of that currency so that with the establishment of the forint on August 1, 1946, the exchange ratio between the pengo and forint was 400 octillion (negyszazquadrillio) to one.^{1/} The pengo had entirely lost its value. Thus, claims for deposits in pengo or korona are claims expressed in a completely destroyed, valueless currency. While the currency devaluation caused economic loss to a great many individuals holding such currency, in or out of banks, it was not a nationalization, compulsory liquidation, or other taking of property by the Government of Hungary. Such loss was the result of tremendous damage inflicted upon the Hungarian economy, principally by the war and post-war conditions, and not of any action by the Government of Hungary giving rise to a compensable claim under the Act.

The record contains no evidence of a confiscation, nationalization, compulsory liquidation, or other taking by the Government of Hungary of the bank accounts of the claimant, as distinguished from the bank which was not the property of the claimant. This is true, notwithstanding the fact that Law 1947:XXX tv., as amended, and implemented,

^{1/}Decrees 9,000/1946. (VII.28.)M.E. and 8,640/1946.(VII.29.)M.E.

provided for the nationalization of banking institutions and as a consequence of such provisions, accounts of certain banks were taken over by other banks. There is no evidence that the rights of depositors were curtailed or abolished by such actions.

Likewise, a prohibition against transfer of funds outside of a country is an exercise of sovereign authority which, though causing hardship to nonresidents having currency on deposit within the country, may not be deemed a "taking" of their property within the meaning of Section 303(2) of the Act.

Accordingly, claimant having failed to establish any action on the part of the Government of Hungary which amounts to "nationalization, compulsory liquidation, or other taking" of his property, within the meaning of the Act, the claim is denied. The Commission finds it unnecessary to make determinations with respect to other elements of the claim.

Dated at Washington, D. C.

FEB 5 1958

FOR THE COMMISSION:

Donald G. Benn

Donald G. Benn, Director
Balkan Claims Division

A.K.B.

HB
CSM

Dated at Washington, D. C.

MAY 14 1958

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FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES

WASHINGTON 25, D. C.

IN THE MATTER OF THE CLAIM OF

JOZSEF CHOBADY
Star Route
Sunbright, Tennessee

Claim No. HUNG-20,187

Decision No. HUNG-716

Against the Government of Hungary
Under the International Claims Settlement
Act of 1949, as amended

GPO 16-72126-1

Counsel for Claimant:

Galiher & Stewart
820 Woodward Building
Washington 5, D. C.

FINAL DECISION

The Commission issued its Proposed Decision on this claim on February 5, 1958, a certified copy of which was duly served upon the claimant. The claim having, on April 30, 1958, come on for hearing on claimant's objections to the Proposed Decision, there being no appearance by or for the claimant, and the Commission having reviewed and considered the claim and the objections of the claimant, 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.

Dated at Washington, D. C.

MAY 14 1958

Whitney Hilliard

Pearl Pace

Henry B. Clay
COMMISSIONERS

*ASB.
BGS*

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