

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

IN THE MATTER OF THE CLAIM OF

EUGENE JOSEPH VAYDA  
95 Bennett Road  
Teaneck, New Jersey

Claim No. HUNG-20,900

Decision No. HUNG- 709

Under the International Claims Settlement  
Act of 1949, as amended

GPO 16-72126-1

Counsel for Claimant:

Ernest N. Ruckert, Jr., Esquire  
781 Palisade Avenue  
Teaneck, New Jersey

PROPOSED DECISION

This is a claim against the Government of Hungary under Section 303 of the International Claims Settlement Act of 1949, as amended, based upon an alleged forced liquidation of a partnership, under Hungarian anti-Jewish laws of 1939, by reason of which claimant received less than fair value for his share.

It appears from the record that claimant held a 20% interest in the Hungarian partnership firm of Klauber and Vajda. The active management of the firm was composed of William Klauber (60% owner), and Alexander Palmai, claimant's brother-in-law, who represented the 40% Vajda family interest. From many references in correspondence to the impending or completed liquidation of the firm, this appears to have occurred in late 1939. Claimant alleges receipt of 17,000 pengoes (\$3,270.41) for his share, the true value of which he calculates to have been \$29,582.34. Claimant does not cite specific decrees of the Hungarian Government requiring the dissolution of the partnership or the disadvantageous sale of the Vajda interests, but states generally that anti-Jewish legislation of the late 1930's

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forced the sale of property interests at less than fair value, and alleges that the sale would not have been made had it not been necessary.

As of the apparent time of liquidation, the principal anti-Jewish measure was Law 1939:IV tv., imposing certain restrictions upon the economic and political advancement of Hungarian Jews. While far less harsh than the measures of outright confiscation of Jewish properties to come in 1944, this law did severely limit Hungarian Jews in the pursuance of political and business careers in Hungary. Nothing is found in this legislation, however, to compel the sale of an interest in Klauber and Vajda, at a fair or less than fair price. It is not doubted that the 1939 liquidation of the firm was motivated and spurred by the anti-Jewish climate of the time and place. There is also indication of possible mulcting of the Vajda family interests in the process of liquidation and prior thereto. It does not appear, however, that the liquidation or any attendant financial loss resulted directly and unavoidably from the legislation which preceded it.

Section 303(2) of the International Claims Settlement Act provides for the receipt and determination, among other claims, of those against the Government of Hungary 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....

The Commission concludes that a compulsory liquidation within the meaning of the above-quoted provision is one which is specifically and directly compelled by governmental utterance, so that the liquidation in compliance therewith is mandatory, and not an act of discretion on the part of those affected. It is recognized that this concept affords no relief to many individuals for economic disadvantage experienced in transactions entered into in anticipation

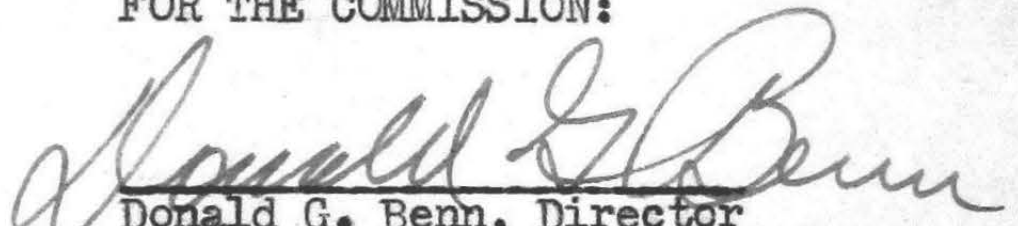
of possible greater future loss at the hands of their governments as the alternative. In legal contemplation, however, such circumstances are dehors the provisions of Section 303 of the Act, and not within the contemplation of its enactors.

It not having been established that there was a nationalization, compulsory liquidation, or other taking of Klauber and Vajda by the Government of Hungary, within the meaning of Section 303 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.

JAN 22 1958

FOR THE COMMISSION:

  
Donald G. Benn, Director  
Balkan Claims Division

