

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

IN THE MATTER OF THE CLAIM OF

CHARLES NEUMAN de VEGVAR
Round Hill Road
Greenwich, Connecticut

Claim No. HUNG-21,190

Decision No. HUNG- 1020

Under the International Claims Settlement
Act of 1949, as amended

GPO 16-72128-1

Counsel for Claimant:

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PROPOSED DECISION

This is a claim under the provisions of the International Claims Settlement Act of 1949, as amended, against the Government of Hungary, by CHARLES NEUMAN de VEGVAR based on the alleged nationalization of various Hungarian corporations in which claimant had stock interests.

Claimant asserts ownership, directly or through Sociedad Meridional de Inversiones Sociedad de Responsabilidad Limitada of Argentina, a corporation wholly owned by claimant, of the following securities:

<u>Issuing Company</u>	<u>Shares Owned</u>	<u>Total Capitalization</u>
Rimamurany Salgotarjan Iron Works Company	2,005	483,600
Hungarian General Colliery Company	✓ 78	242,000
Hungarian Sugar Industry	93	240,000
Urikany-Zsilvoelgy Hungarian Coal Mining Company	✓ 50	210,000
Electric Transport Undertaking Company	63	350,000
Coal Mines of Salgo Tarjan Company	✓ 4,787	1,274,000

<u>Issuing Company</u>	<u>Shares Owned</u>	<u>Total Capitalization</u>
First Budapest Steam Mills Company	1,929	112,000
S.A. de Chemin de Fer d'Interest Local Hongrois Sud-Est, Budapest	11 ✓	Unknown
Railway Company Ltd., Szeged-Csanad	1,250	Unknown
Szolnok Sugar Factory Company	2,455 ✓	150,000

It is clear that in a claim based on ownership of a stock interest in a corporation, which itself is not a United States national and hence not a qualified claimant under the Act, one of the conditions which must be met before claimants can establish entitlement to an award under Section 303 of the Act, is that which is imposed by Section 311(b) of the Act, which provides as follows:

"A claim based upon an interest, direct or indirect, in a corporation or other legal entity which directly suffered the loss with respect to which the claim is asserted, but which was not a national of the United States at the time of the loss, shall be acted upon without regard to the nationality of such legal entity if at the time of the loss at least 25 per centum of the outstanding capital stock or other beneficial interest in such entity was owned, directly or indirectly by natural persons who were nationals of the United States."

The reports of the Committees of Congress which considered the legislation which, when enacted, incorporated 311(b) into the International Claims Settlement Act of 1949, leave no doubt that Section 311(b) was intended to exclude from the scope of the Act those claims which are based on interests in non-national corporations or other legal entities which were not a least 25% owned by nationals of the United States. In describing the intended effect of Section 311(b), the Report of the House of Representatives' Committee on Foreign Affairs stated in part as follows:

"Accordingly, the bill provides that awards based on such indirect interests will be made only if, at the time of the loss at least 25 per cent of the stock or other beneficial

interest in the corporation which suffered the loss was owned directly or indirectly by individual United States nationals."1/ Similarly, the Senate Committee on Foreign Relations expressed its understanding of the intent which was manifested by the inclusion of Section 311(b) in the Act in its report as follows:

"Its primary purpose, however, was to eliminate claims based upon a holding of 1 or 2 shares which would hardly justify the expense and effort of processing."2/

The shares held by the claimant represent but a small fraction of the total capitalization of the corporations involved herein. Claimant has not offered evidence of any ownership interests in the corporations other than his own in order to establish that at least 25% of the corporations was owned by natural persons who were nationals of the United States. Moreover, it does not appear, from information available to the Commission, that the ownership interests of nationals of the United States in these corporations approximated anywhere near 25% of their total capitalization. Thus, it must be concluded that claimant has not established that at least 25% of any of the various companies in which he claims an interest was owned at the time of loss by natural persons who were nationals of the United States, and that, therefore, this claim is not compensable.

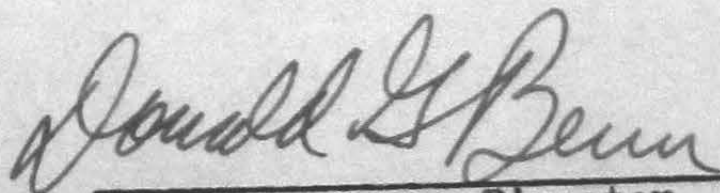
Accordingly, for the foregoing reasons, this claim is denied.

The Commission finds it unnecessary to make determinations with respect to other elements of this claim.

Dated at Washington, D. C.

APR 2 1958

FOR THE COMMISSION:



Donald G. Benn, Director
Balkan Claims Division

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1/ 84th Congress, 1st Session-House Report No. 624 @ P. 17 & 18.

2/ 84th Congress, 1st Session-Senate Report No. 1050 @ P. 7.