

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

IN THE MATTER OF THE CLAIM OF

HENRI CHARLES JULIUS VALLAT
9732 Greenridge Heights
East St. Louis, Illinois

Claim No. SOV- 42,187

Decision No. SOV- 2149

Under the International Claims Settlement
Act of 1949, as amended

epo 16-78126-1

FINAL DECISION

The Commission issued its Proposed Decision on this claim on April 16, 1958, a copy of which was duly served upon the claimant. No objections or request for a hearing having been filed within twenty days after such service 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, and it is further

ORDERED that the award granted pursuant thereto be certified to the Secretary of the Treasury. *Whitney Killick*

Washington 25, D. C.

JUN 18 1958

ZRR
hms
hms

Pearl Rice
Henry S. Clay

COMMISSIONERS

54
529

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

IN THE MATTER OF THE CLAIM OF

HENRI CHARLES JULIUS VALLAT
10024 E. Rush Street
El Monte, California

Claim No. SOV-42,187

Decision No. SOV-2149

Under the International Claims Settlement
Act of 1949, as amended

GPO 16-72128-1

AMENDED PROPOSED DECISION

This claim for \$1,553,045.00 against the Soviet Government under Section 305(a)(2) of the International Claims Settlement Act of 1949, as amended, by Henri Charles Julius Vallat, a national of the United States since his naturalization on January 4, 1915, is based upon his loss of a 20% interest in the assets of a Russian corporation "Towaritschewe-Liessopromishlenost", hereinafter described as the "Company", in Petrograd (St. Petersburg), Russia; for real property, a bank account, and bonds, owned by claimant's brother (one Othon Vallat); and for credit owed by the Company to said Othon Vallat.

The Commission, on August 7, 1957, issued its Proposed Decision No. SOV-2149, denying that part of the claim based upon the 20% interest in the Company for the reason that claimant had not established that at least 25% of the outstanding capital stock or other beneficial interest of this nationalized Company was owned by natural persons who were nationals of the United States, as required by Section 311(b) of the International Claims Settlement Act of 1949, as amended, and denying the balance of the claim for the reason that the claimant had failed to establish that he owned in his own right, any of the said properties.

54
529

Claimant filed objections to the Proposed Decision and requested a hearing for the purpose of presenting additional evidence and oral argument. On October 3, 1957, a hearing was held before Commissioners Pearl C. Pace and Henry J. Clay, at which hearing (and subsequent thereto) claimant submitted documentary evidence, not heretofore filed with the Commission, in support of his claim. Such documentary evidence related, in part, to claimant's ownership of 20% of the stock in the Company, to the confiscation of such stock by the Soviet Government long before the Company was nationalized by that Government, to the fact that the confiscation of the stock had no relationship to the nationalization of the Company, and, thus, the eligibility requirements of Section 311(b) would not apply to the facts in this claim.

From all the evidence submitted by the claimant and now of record, the facts appear to be as follows: That the capital stock of the Company consisted of 1,000,000 rubles divided in 1,000 shares of stock of 1,000 rubles each, of which claimant owned 200 shares; that claimant's shares were originally held by Othon Vallat, his brother, who was manager of the Company during World War I; that in 1917, after the outbreak of the Russian revolution, his brother deposited the stock certificates of the company with the Legation of Switzerland in Petrograd; that Othon Vallat was forced to leave Russia in September 1918; that he authorized one M. Ahbels to run the business firm in his absence; that towards the end of June 1919, the premises of the Legation of Switzerland were searched by agents of the Russian Soviet Police and claimant's shares of stock were confiscated and Mr. Ahbels arrested; that on September 27, 1919, the company was taken over by the Soviet Government; and that on October 27, 1921, the Soviet Government decreed that all enterprises which up to May 17, 1921 have actually been transferred to the State, shall constitute nationalized enterprises (published in No. 244 of the Official Gazette of the All-Russian Central Executive Committee of the Soviets of October 30, 1921).

45,187

In view of these facts and on the basis of all evidence and data now of record, the Commission concludes that Section 311(b) of the International Claims Settlement Act of 1949, as amended, does not apply to the facts in this claim, and that claimant has a valid claim for compensation for the value of the certificates of stock confiscated by the Soviet Government.

The evidence presented at the hearing shows that M. Ahbel, the last manager of the company, in 1922, estimated the value of the Company's net assets at 1,250,000 gold rubles or 1,250 gold rubles per share. Taking into consideration the fact that the ruble currency in 1922 was almost valueless, it is fair to assume that Mr. Ahbel's reference to "gold rubles" in 1922 was equivalent to the term "pre-revolutionary" rubles. The Commission's records show that the exchange rate of the ruble in New York in November 1917, immediately preceding the outbreak of the Bolshevik revolution, was quoted at 13 cents per 1 ruble.

Accordingly, the Commission amends its Proposed Decision of August 7, 1957, for that part of the claim based upon shares of stock, and concludes that claimant is entitled to an award in the amount of 1,250 rubles for each of his 200 shares of stock of the nationalized corporation "Towaritschewe-Liessopromishlenost", converted into dollars at 13 cents for 1 ruble, and for interest from July 1, 1919 until November 16, 1933, the date of the Litvinev Assignment.

No additional evidence has been submitted establishing claimant's ownership of the balance of the properties upon which the claim was based, or that the bonds filed with the Commission were owned by a United States national at the time the claim for such securities arose, namely, February 10, 1918, and continuously thereafter. Accordingly, the claim based upon the real property, bank accounts, credit and bonds must be and is hereby denied.

42,187

A W A R D


On the above evidence and grounds, this claim is allowed and an award is hereby made to HENRI CHARLES JULIUS VALLAT, claimant herein, in the amount of thirty-two thousand five hundred dollars (\$32,500), plus interest thereon at the rate of 6% per annum from July 1, 1919 to November 16, 1933, in the amount of twenty-eight thousand thirty-six dollars and seventy-eight cents (\$28,036.78). No determination is made with respect to interest for any period subsequent to November 16, 1933.

Payment of the award herein shall not be construed to have divested claimant herein or the Government of the United States on his behalf, of any rights against the Government of the Soviet Union, for the unpaid balance, if any, of the claim.

Dated at Washington, D. C.

ZRR
APR 16 1958
ASR

FOR THE COMMISSION:


Joseph Stein, Director
Soviet Claims Division

42,187

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

IN THE MATTER OF THE CLAIM OF

HENRY CHARLES JULIUS VALLAT
Greenridge Heights
East St. Louis, Illinois

Under the International Claims Settlement
Act of 1949, as amended

Claim No. SOV-42,187

Decision No. SOV-2149

GPO 16-72128-1

PROPOSED DECISION

This claim for \$1,553,045.00 against the Soviet Government under Section 305(a)(2) of the International Claims Settlement Act of 1949, as amended, by Henri Charles Julius Vallat, a national of the United States since his naturalization on January 4, 1915, is based upon the loss of an alleged 20% interest in the assets of a Russian corporation "Twaritschewe-Liessopromishlenost" (Company for the Commerce of Lumber) in Petrograd (St. Petersburg), Russia, and in profits realized by the said corporation.

Claimant alleges that, by an agreement, dated October 7, 1914, he acquired from his brother, Othon Vallat, a twenty (20) per cent interest in "Robert Dittler", a company located at Petrograd (St. Petersburg), Russia, which was then engaged in the trade and commerce of lumber; that the aforesaid agreement provided that "Robert Dittler" could be transformed into a corporation, and in such event, claimant would always maintain a share of twenty (20) per cent as incorporator or as preferred stockholder of the said corporation; that in fact shortly thereafter, the firm of "Robert Dittler" was transformed into a corporation, and 1,000 shares of stock with a par value of 1,000 rubles per share were

issued; that the name of the firm was changed to "Towaritschewe-Liessopromishlenost"; that 200 shares of this corporation were issued to the claimant and deposited by his brother, Othon Vallat, a major stockholder and manager of the corporation, with the Swiss Legation in Petrograd (St. Petersburg), Russia; that thereafter the business was conducted by Othon Vallat on an extensive scale; and that the profits to which claimant would have been entitled were not paid to him, but were either reinvested in the business or invested in the purchase of Russian Government and Municipal bonds, in mortgage bonds and in real estate.

Claimant further alleges that during the revolution the entire assets of the aforesaid corporation, both real and personal, were nationalized or confiscated; that his brother, Othon Vallat, was compelled to leave Russia and abandon the business and property; and that the total amount of his claim consists of the following items:

(1) For shares of stock of the company	1,000,000	rubles
(2) For real estate, owned by his brother	2,000,000	"
(3) For bank accounts, owned by his brother	58,490	"
(4) For a credit owed by the company to his brother	40,000	"
(5) For bonds acquired by his brother	7,600	"
Total	<u>3,106,090</u>	rubles or,

at 50¢ for 1 ruble, \$1,553,045.00.

The claimant asserts ownership only of the shares of stock of the corporation; he does not claim ownership in his own right of any of the remainder of the above-described properties. Thus, his claim is entirely derived from the fact that he allegedly owned twenty (20) per cent of the corporation's stock. No evidence has been submitted by claimant to prove that he was actually the owner of 20% of such stock, nor did he submit any evidence with respect to the properties to which his brother,

Othon Vallat, had title and in which claimant alleges to have had a beneficial interest in the amount of 20%.

Before a claimant can establish his entitlement to an award based upon a direct or indirect interest in a corporation, the following condition imposed by Section 311(b) of the Act must be met:

"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."

Claimant's alleged twenty (20) per cent interest in the Russian corporation "Towaritschewe-Liessopromishlenost" does not meet the requirements of the Act. Claimant has not offered evidence of any ownership interests in the company other than his own, and from the facts alleged the inference can be drawn that his brother, Othon Vallat, was apparently the only other stockholder of the company. The latter was a Swiss citizen. It is to be noted that the shares of stock of the claimant were deposited with the Legation of Switzerland and not with the United States Embassy in Petrograd.

Additionally, the records available to the Commission show that the Association for the Protection of Swiss Interests in Russia, in its Report No. 3720 submitted with letter of April 7, 1936, validated the claims of Othon Vallat of Geneva, Switzerland, in the amount of 6,079,560 Swiss francs for the compensation of properties lost in Russia. Such validation included all of Othon Vallat's interest in the Company for the Commerce of Lumber in Petrograd valued at 1,200,000 rubles, 1/ real properties valued at 1,000,000 rubles and bonds valued at 38,000 rubles. Nothing in the report of the Swiss Association indicates that any portion of these properties was owned by persons other than Othon Vallat.

1/ Probably 1,000,000 rubles for the shares of stock and 200,000 rubles for the credit claim against the corporation.

The Commission concludes that claimant has not established that at least 25 per cent of the outstanding capital stock or other beneficial interest of the corporation "TOWARITSCHENE-LIESSOPROMISHLENOST" in Petrograd was owned by natural persons who were nationals of the United States, and has also failed to establish that he owned in his own right any of the other properties upon which the claim is based.


For the foregoing reasons, the claim is hereby denied.

Dated at Washington, D. C.

AUG 7 1957

mgs
ham

FOR THE COMMISSION:


Joseph Stein, Director
Soviet Claims Division