

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

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In the Matter of the Claim of	:	
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WALTER W. WINGET	:	
411 First National Bank Building	:	Claim No. HUNG-20,122
Peoria, Illinois	:	
	:	Decision No. HUNG-50
Against the Government of Hungary	:	
Under the International Claims	:	
Settlement Act of 1949, as Amended.	:	

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PROPOSED DECISION

This is a claim by WALTER W. WINGET under the provisions of the International Claims Settlement Act of 1949, as amended, against the Government of Hungary based on the failure of that government to meet its contractual obligations. The claim is predicated upon ownership by the claimant of a \$1000 Hungarian Consolidated Municipal Loan bond, one of two issues floated by two groups of Municipalities of Hungary in 1926 and 1927, and City of Budapest External Loan of 1927 bonds in the principal amount of \$8500.

Section 303 of the applicable statute provides in part as follows:

The Commission shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of claims of nationals of the United States against the Governments of Bulgaria, Hungary, and Rumania, or any of them, arising out of the failure to--

. . .

- (3) meet obligations expressed in currency of the United States arising out of contractual or other rights acquired by nationals of the United States prior to April 24, 1941, in the case of Bulgaria, and prior to September 1, 1939, in the case of Hungary and Rumania, and which became payable prior to September 15, 1947.

It is not reasonable to conclude that the pattern established by Section 303(1) of the Act in bringing within its purview only certain of those claims which the national governments of Bulgaria, Hungary and Rumania failed to honor under the respective Treaties of Peace with those nations, and by Section 303(2) which has as its basis the responsibility of the national governments of Bulgaria, Hungary, and Rumania to pay prompt, adequate and effective compensation for the nationalization, compulsory liquidation or other taking of property of nationals of the United States, was not followed in Section 303(3). Hence, it is only claims against the national governments of Bulgaria, Hungary, and Rumania, which may be considered compensable under the Act; and, as to contractual claims, it is only those arising out of obligations of the national government upon which awards may be made by this Commission.

The claimant's bond contract of the 1926 Hungarian Consolidated Municipal Loan Issue contains a specific disclaimer of financial liability by the national Government of Hungary in the following words which are identical to a provision contained in the 1927 Hungarian Consolidated Municipal Loan Issue:

The words "the Government on behalf of the Municipalities" shall throughout this Bond and the Clauses endorsed thereon be always deemed to denote the Royal Hungarian Government acting as agents and attorneys for and on behalf of the Municipalities and/or for and in behalf of an individual Municipality (pursuant to the Law XXII of 1925, as amended by Section 18 of Law XV of 1926) and shall never be deemed to denote that the Government in its own name or on its own behalf takes any financial liability in respect of the service of the Loan or that it is in any way acting in its own name or on its own behalf in any other manner unless otherwise specifically provided. (underscoring supplied)

Claimant's bond contracts of the City of Budapest issue contain the following provision:

This bond is one of an issue of bonds of the City known as the External Sinking Fund 6% Gold Bonds, Loan of 1927, of the City, dated as of June 1, 1927, limited to the aggregate principal amount of twenty million dollars (\$20,000,000.00), constituting an external loan of the City and issued pursuant to and in conformity with law. Principal and interest on bonds of this issue shall be paid in time of war as in time of peace, irrespective of the nationality of the owner or bearer of any bond or coupon. For the due and punctual performance of the obligations expressed in the bonds of this issue, the City has pledged its full faith and credit.


Nowhere does there appear, in either contract, any specific provisions whereby the national government undertakes to guarantee, or itself to make, payments or other performance of the obligations described.

Accordingly, this claim is denied for the reason that it has not been established that the obligations on which it is based were obligations of the Government of Hungary which gave rise to "claims against the government of Hungary" as that phrase is used in Section 303 of the Act. The Commission finds it unnecessary to make determinations with respect to other elements of this claim.

Dated at Washington, D. C.

FOR THE COMMISSION:

JAN 30 1957

  
Donald G. Benn, Director  
Balkan Claims Division

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FINAL DECISION

The Commission issued its Proposed Decision on this claim on January 30, 1957, a certified copy of which was duly served upon the claimant(s). Full consideration having been given to the objections of the claimant(s), filed within the twenty-day period after such service which has now expired, 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.

OCT 30 1957

*Whitney Gilliland*  
*Paul Carter Pace*

*Henry S. Clay*  
COMMISSIONERS

*ATM*