

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

In the Matter of the Claim of

AMERIKANSKO JUGOSLOVENSKO ELEKTRICNO DRUSTVO  
(American-Yugoslav Electric Company),  
c/o J. G. White & Company, Inc.  
37 Wall Street  
New York 5, New York

Docket No. Y-252

Decision No. 1485

Under the Yugoslav Claims Agreement of 1948 and  
the International Claims Settlement Act of 1949

Counsel for Claimant:

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63 Wall Street  
New York 5, New York

PROPOSED DECISION OF THE COMMISSION

This is a claim for \$4,226,022.75 by the Amerikansko Jugoslovensko Elektricno Drustvo (American-Yugoslav Electric Company), a domestic corporation, under Article 2, subdivision (B) of the Yugoslav Claims Agreement of 1948, for the nationalization by the Government of Yugoslavia of claimant's properties in that country, which were owned in whole or part by claimant at the time of said nationalization. The principal facts are not disputed by the Government of Yugoslavia.

The claimant, American-Yugoslav Electric Company, hereinafter referred to as "AYECO", was originally organized in the State of Delaware on May 22, 1930, under the name of the Argentine Water Works and Public Service Corporation, its name having been changed to AYECO by amendment to its Certificate of Incorporation on May 9, 1931.

AYECO was authorized to transact business in the Kingdom of Yugoslavia by permit issued by the Ministry of Commerce and Industry

on June 12, 1931 and, pursuant thereto, established a branch office in Belgrade, Yugoslavia, which it maintained uninterruptedly until April 1941.

The claimant has issued and outstanding 20,000 shares of capital stock without par value, all shares of which are now owned by International Public Service Corporation. By agreement between the International Public Service Corp., a Maryland corporation, and AYECCO, under date of March 1, 1931, the International Public Service Corp., which was doing business in Yugoslavia, transferred to AYECCO all of its right, title, and interest to its Yugoslav investment, which consisted of shares of stock of Novi Sad Electric Corp., in exchange for and in consideration of the issuance of certain shares of stock in AYECCO. AYECCO continued, thereafter, to be at all times a wholly owned subsidiary of International Public Service Corp., the stock of which is owned by individual citizens of the United States and by corporations organized in the United States.

On or about December 29, 1930, International Public Service Corp. purchased a majority of the outstanding shares of capital stock of Novosadsko Elektricano Dionicko Drustvo, hereinafter referred to as "NECO." The International Public Service Corp., thereafter, assigned its acquired shares of NECO to AYECCO. Additional shares of NECO's stock were purchased by AYECCO so that at the time of AYECCO's nationalization it owned 99.94% of the capital stock of NECO (146,309 shares) as well as 100% of capital stock (14,000 shares) of the Yugoslav corporation Voivodina Electric Company, hereinafter referred to as "VECO." This claim is therefore principally based upon the nationalization or other taking of the NECO and VECO properties in Yugoslavia.

The claimant's holding company, International Public Service Corp., owned all of claimant's outstanding stock. Since December 30, 1941 the stockholders of record of the International Public Service

Corporation have been J. G. White & Company, Inc., a United States corporation, and C. R. Breck and his wife, Louise N. Breck. Of International's 21,548 outstanding shares, C. R. Breck owned 5,280 shares and Louise N. Breck owned 5,279 shares. C. R. Breck and Louise N. Breck were born in the United States on January 12, 1892 and September 17, 1884, respectively, and have not lost their United States citizenship.

NECO operated the electric generating system in the City of Novi Sad, Yugoslavia for distribution of electricity in Novi Sad and to towns and villages in the vicinity. It also maintained electric transmission lines in the same area, as well as the electric tramway system in the City of Novi Sad. In addition, NECO wholesaled electric power to certain other concerns for distribution.

VECO operated the electric generating plant and electric distribution system in the City of Veliki Beckerek, also called Petrovgrad, (today called Zrenjanin), Yugoslavia.

NECO's property consisted of:

- (1) An electric generating plant )
- (2) An electric distribution system ) within the City
- (3) An electric tramway system ) of Novi Sad
- (4) Transmission lines and )
- (5) Miscellaneous property )

and of

- (1) Transmission lines )
- (2) Transformer stations ) outside the City
- (3) Electric distribution system ) of Novi Sad
- (4) Wholesale distribution )
- organization )

VECO's property consisted of:

- (1) An electric generating plant )
- (2) Electric distribution system )
- (3) Materials for the transmission ) within the City of
- line Zabalj-Petrovgrad in ) Veliki Beckerek
- construction )
- (4) Miscellaneous property )

and of

- (1) Transmission lines Jarak-Zabaj ) outside the City of
- (2) Materials for the Zabalj-Petrovgrad ) Veliki Beckerek
- transmission lines )

NECO conducted its operations in Yugoslavia under two Concession Agreements dated October 10, 1908, between the City of Novi Sad and the Joint Stock Company for Electricity and Transportation of Budapest, Hungary, which were amended on March 7, 1910. These agreements were further amended after World War I by a supplemental agreement between the City of Novi Sad and NECO of May 23, 1927. NECO, thereafter, became the licensee for the duration of the concession in Novi Sad which was to expire on June 1, 1960. The Yugoslav Government has advised that this particular Concession Agreement was terminated by the City of Novi Sad on July 31, 1945.

VECO operated under a Concession Agreement dated November 25, 1929, between the City of Veliki Beckerek and J. G. White & Company, Inc., New York, which Concession Agreement had been assigned to it by J. G. White & Company, Inc. This Concession Agreement was to terminate on November 25, 1979. However, the VECO plant was nationalized by the Government of Yugoslavia on December 5, 1946, pursuant to the Nationalization Act of that date.

Claimant contends that its predecessor, the International Public Service Corporation, paid \$1,702,635.27 in 1931 for 99.82% of the outstanding shares of stock of NECO and incurred additional costs and expenses in improving NECO, formation of VECO, and in establishing an office for AIECO in Yugoslavia in the amount of \$340,690.58. The total claimed investment in NECO therefore amounted to \$2,043,325.85.

The claimant values all of its Yugoslav properties as follows:

- (a) Novisad Electric Company (NECO)  
(146,309 shares, or 99.94%, of  
stock owned by claimant) \$ 3,311,827.58
- (b) Voivodina Electric Company (VECO)  
(14,000 shares, or 100%, of stock owned  
by claimant) 352,717.75

(c) Claim against Beocin Cement Company	523,467.00
(d) Cash in various banks as of December 31, 1940	31,515.56
(e) Furniture and fixtures	<u>6,494.86</u>
TOTAL	\$ 4,226,022.75

The only controversial question for determination is the value of the properties. The several methods of evaluation will be considered separately.

#### VALUATION METHOD USED BY CLAIMANT

The claimant has used several methods of computing the value of the shares of stock of NECO. The average of the several evaluations amounts to \$3,508,865.69. Two of the methods are based upon the covenants in the Concession Agreements which the subsidiary companies had with Yugoslav authorities and the other two methods are based on investment values plus appreciation which allegedly occurred during and after the war. Certain depreciation was also taken into account. The claimant also filed valuation report which it had submitted to the Securities Exchange Commission. In that report, the claimant alleges a total investment of United States dollars in Yugoslavia, as of June 30, 1940, of \$2,466,561.68. It filed with the Treasury Department Form TFR-500 in 1943 alleging that the cost, or face value of the investments, was \$2,692,796.00, while the book, market, or estimated value was \$1,723,020.00.

This latter figure is said to have been reached by the use of the par value of the shares of stock of the subsidiaries, which is somewhat below its actual value, and was done for the sole purpose of satisfying the instructions of the Treasury Department in preparing the particular report. This same report contains, as cost value of

the properties, the amount of \$2,692,796.00, which is a figure almost \$1,000,000 more than the book, market, or estimated value of the investments. It is also nearly \$230,000 higher than the figures submitted to the Securities and Exchange Commission. The explanation seems to be found in the valuation of certain blocks of stock of NECO and VECO held by the claimant's branch office in Belgrade, which were valued at \$228,801.00.

The claimant also filed an inventory made by the general manager of NECO in 1946. This inventory reflects individual items at original cost-price, converted into dollars at the exchange rate of 44.59 dinars to the dollar. The inventory, however, does not include the VECO plant at Petrovgrad. The claimant subsequently adjusted the exchange rate to 50 dinars to the dollar and arrived at an inventory value of \$2,791,020.00.

Claimant also filed balance sheets for AYEKO which correspond with the reports made to the Securities and Exchange Commission and the Treasury Department. They are alleged to show the investment value of the properties in Yugoslavia as of 1940 or 1941.

#### VALUATION BY THE YUGOSLAV GOVERNMENT

The Government of Yugoslavia has submitted a detailed report under date of August 5, 1953. This report values NECO's assets as of 1940 at 124,536,694 dinars, from which 99,641,608 dinars are deducted for depreciation until 1945. From the net value of 24,895,086 dinars, 7,370,777 dinars is deducted for war damages. On the basis thereof the Yugoslav Government found a total net worth for NECO of 17,524,309 dinars. However, it added 9,375,958 dinars to show the actual value.

The Yugoslav Government appraised all of the assets of NECO as follows:

1.	Investment values	26,900,267.00	dinars
2.	Real property	320,000.00	"
3.	Cash on hand (with banks)	1,161.50	"
	TOTAL	<u>27,221,428.50</u>	"

At the same time, the Yugoslav Government set off the following amounts as liabilities of NECO:

1.	Liabilities for salaries, wages and debt to the Pension Fund, according to Court judgments entered in 1946, 1947 and 1948	18,541,640.40	dinars
2.	4% interest pursuant to the above judgments for a period of three years	642,466.80	"
3.	Court expenses pursuant to judgments	140,358.00	"
4.	Fees for guardians ad litem	87,612.50	"
5.	Judgment No. 2613/1926 for a life rent of 600 dinars monthly, capitalized	342,000.00	"
6.	Fees paid to Dr. Adamovic, NECO's attorney	41,950.00	"
	TOTAL	<u>19,796,027.70</u>	"

Consequently, NECO's value, according to the Yugoslav Government, is as follows:

Assets	27,221,428.50	dinars
Liabilities	<u>19,796,027.70</u>	"
Net value	7,425,400.80	"

The Yugoslav report sets forth its valuation of the assets of VECO as follows:

1.	Total amount of investments on April 1, 1941	13,360,748.00	dinars
2.	Deductions for depreciation until 1945	3,458,844.00	"
3.	Deductions for war damages inflicted to VECO's material in the Novi Sad area	<u>773,512.00</u>	"
	Total assets after deductions	9,128,392.00	"

To that valuation, the Yugoslav Government adds:

1.	Value of material at time of seizure	45,203.00	dinars
2.	Cash on hand	3,439.00	"
3.	Accounts receivable	69,236.00	"
4.	Various assets	16,250.00	"
5.	Deposits	<u>2,440.00</u>	"
	TOTAL . . . . .	136,568.00	"
	Net value of VECO . . . . .	9,264,960.00	dinars

The assets of the AYEKO office in Belgrade are valued by the Yugoslav Government at 3,186 dinars. This amount includes a bank deposit and the value of some furniture left after the occupation of the branch office by the Germans.

Thus, the total of all the assets is:

NECO	7,425,400.80	dinars
VECO	9,264,960.00	"
AYECO	<u>3,186.00</u>	"
TOTAL . . . . .	16,693,546.80	"

The Yugoslav Government places the figure at 16,675,546.00 dinars but does not explain why a reduction of 18,000 dinars is made. The final amount of 16,675,546.00 dinars, converted at the exchange rate of 44 dinars to 1 dollar, equals \$378,989.68 as the net value of claimant's property.

VALUATION BY THE COMMISSION

The Commission cannot accept as the sole basis for the evaluation of any of the properties the recapture provisions of the concession agreements on three principle grounds, namely, (1) the recapture of the Novi Sad property was not in accordance with the terms of the concession contracts; (2) the war and sequestration of claimant's property by occupation authorities, including war damage, makes it impossible to

apply the provisions of the concession agreements with respect to recapture price, and (3) payment was not made pursuant to the recapture provisions and even if it had been, it would not have constituted prompt and effective compensation for the taking of property.

As to the first reason, the Novi Sad concession agreements contain similiar provisions with respect to the manner of recapture. The agreement with respect to the facilities, other than the railway, expressly provides that,

" . . . the city may, even before the contract expires, to the dates listed below, recapture the ownership of the electric light and power transmission plant and all the above-named accessories subject to reversion, except such parts as may be located outside the city limits of Ujvidek -- but only simultaneously with the electric railroad -- at midnight of the 31st day of December of the 15th, 25th, 35th and 40th business year computed from the beginning of the operation of the plant, in every case after a notice given for the 31st day of December of the next year, and terminate in such case this concession contract."

The Government of Yugoslavia advises that the right of recapture was exercised under the following circumstances:

"Finally, by decision of the Municipal People's Liberation Committee of Novi Sad, No. 07481145, of April 6, 1945, on basis of the provisions of paragraph 47 of the basic, i.e., paragraph 1 of the Firts subsequent Contract of the Concession, notice for the abrogation of the Concession Contract was given, to take effect July 31, 1945. Since the members of the Managing Board of the Novi Sad Electric Co., Inc., did not accept this notice the City of Novi Sad instituted Court proceedings in a law suit heard by the District Court in Novi Sad and which terminated with the decision No. Pos. 26/46 of January 5, 1946. By this decision the concession was finally broken off, April 6, 1946 and the People's Municipal Committee of Novi Sad, on basis of the Contract of Concession, took possession of the electric power-house and all the machinery and devices on the territory of the City. In the mentioned decision the Court had set a redemption price of 30,811,559.57 dinars."

Thus, it appears that the right of recapture was not exercised at the time and in the manner provided by the contract.

With respect to the amount of compensation to be paid by the City of Novi Sad, the concession agreement for the property in that city, except the electric railway, provides:

"The price of recapture shall be determined on the basis of net income, which net income shall be understood to be the amount shown as net profit in the annual balance sheet of the Joint Stock Company to be established by the Contractor pursuant to Sections .55. for the purpose of the erection and operation of the electric lighting and power transmission plant, which annual balance sheet shall be prepared according to commercial custom and shall provide for depreciation and in which net profit shall not be included either the installation business or the participation of the City.

"In determining the net profit forming the basis of the price of recapture, there shall be determined the average net income of the 3 years remaining after the exclusion of the 2 worst years from the last 5 business years preceding the year of notice."

Thus, it will be noted that compliance with the contract required the use of profits for the three best years immediately prior to recapture as the basis for determining the amount of compensation. During the greater part of the period immediately prior to recapture the territory was occupied by enemy forces and the plant was under the management and control of such forces; the facilities were heavily bombed and thus could not maintain normal production or income, and currency changes brought about financial and other dislocations, making it impossible to obtain a realistic application of the contract.

With respect to the failure to pay prompt and effective compensation, we are persuaded that the fixing of a redemption value of approximately 30 million dinars does not meet the test. So far as we are aware tender of the redemption price was not met in terms of effective compensation where it could be used by claimant. The principal purpose of the Agreement of July 19, 1948, between the Governments of the United

States and Yugoslavia, was to effect the prompt payment of effective compensation for the nationalization or other taking of property. The Agreement did not exempt takings which were purportedly effected pursuant to the provisions of particular contracts such as those here involved. The Commission in the determination of claims against Yugoslavia has been conscious at all times that its awards are to be paid out of a fund which may prove inadequate or may have a surplus which will be refunded to the Yugoslav Government. As a result it has used every effort to employ similar standards for the evaluation of similar properties. To depart from that practice in this claim might result in an award substantially less or substantially more than the actual value of the property taken with resultant injustice to the claimant or to the Government of Yugoslavia.

The Commission instead relies upon three principal methods of evaluation, namely, straight-line depreciation on the basis of capital invested, capitalization of earnings for years prior to 1940, and on-the-spot inspection and appraisal of physical assets. In all three methods appropriate deductions are made for war damage and for the fact that the properties in Novi Sad and Zrenjanin would have reverted to those cities in 1960 and 1979, respectively. In all three methods weight is also given to the financial data, inventories, reports and analyses furnished by the Government of Yugoslavia. Recognition is also given to appreciation in value of some of the properties as a result of world-wide increase in the cost of electrical equipment.

Our financial experts made the following evaluation of AYECO, NECO and VECO on the basis of straight-line depreciation on capital investment, less deductions for war damage and as adjusted to take into account the life of the concessions, as of December 31, 1940, using data filed by claimant:

Book Value . . . . .	\$1,610,188
War Damage . . . . .	<u>229,884</u>
Net Value . . . . .	\$1,380,304

Our financial experts made the following evaluation of AYECO, NECO and VECO on the basis of earnings prior to 1940, capitalized at 8% (the rate provided in the concession agreements), as adjusted to take into account the life of the concessions:

NECO (Concessions)	\$884,000
VECO (Concessions)	209,000
Transmission lines not covered by concessions	<u>240,000</u>
Total . . . . .	\$1,333,000
Less War Damage	<u>230,000</u>
Net Value . . . . .	\$1,103,000

Our industrial engineer made the following evaluation of the physical properties and war damage to the same on the basis of an on-the-spot investigation:

<u>Description</u>	<u>Value on the basis of 1938 values -- before war damage</u>
Preparation of sites	\$ 2,500
Land (not depreciated)	
4.71 acres at Novi Sad donated at Zrenjanin	16,500
Power plant buildings	168,250
Other buildings, inc. office	102,450
Boilers, including auxiliaries	251,460
Generators, including auxiliaries	394,610
Transmission and distribution (inc. substations & transformers)	884,950
Instruments and equipment	9,750
Power plant tools	1,360
Distribution tools	250
Distribution inventory and equipment	19,560
Meters	88,780
Street cars	26,750
Tracks and trolley lines	56,490
Shop tools	2,430
Street lighting	1,650
Office furniture and equipment	210
Rights-of-way for transmission lines	5,000
Water supply and cooling system	7,150
Sewer system	250
Automobiles and bicycles	5,120
D.C. current sets	5,060
	<hr/>
Value without war damage . . . . .	\$ 2,050,530

War damage on same basis

Generator plant building and office building	\$ 46,020
Cooling towers and connections	6,470
Boilers, including auxiliaries	74,610
Generators, including auxiliaries	132,240
Garage, shop and small buildings	6,970
Control room and equipment	11,410
Power plant tools and instruments	2,090
Automobile	960
Office furniture and equipment	2,940
Substation and transmission	3,870
Street cars and tracks	3,960
	<hr/>
Total war damage . . . . .	\$ 291,540

In addition to the above property, the Government of Yugoslavia reports that it nationalized three houses in Novi Sad on April 28, 1948 on the basis of the Nationalization Law of that date. The houses were evaluated by the Yugoslav Government at 320,000 dinars on the basis of 1938 values. That amount equals \$7,272 converted at the rate of 44 dinars to 1 dollar.

CLAIM AGAINST BEOCIN CEMENT FACTORY

Claimant asks \$523,467 as the amount owed to NECO by Beocin Cement Factory of which 338,717 dinars accrued before the property was taken by the occupation authorities, and the balance between May 1, 1941 and September 4, 1944. The Government of Yugoslavia denies liability for these items alleging, among other things, the following:

"Conducted investigations have shown that the Novi Sad Electric Co. Inc. had a claim against the Cement Factory of Beocin for current (delivered) supplied to it, which on April 6, 1941 amounted to 338,717.30 dinars. This sum had been entirely liquidated by the Cement Factory of Beocin, at the beginning of the occupation, and that was paid in part to authorized representatives of the Novi Sad Electric Company, Inc., and in part to the bodies which were managing the Novi Sad power-house during the war."

\* \* \* \* \*

"In the Statement of Claim it is said that during the occupation current was supplied in the value of 25,840,583, - dinars. Conducted investigations have shown that the enterprise Djer Industrial Company, Inc., which was exploiting the Novi Sad Electric Co., Inc. during the war, continued to supply current to the Cement Factory of Beocin. In the course of this business the balance due was changing for during the time when current was being supplied the Cement Factory of Beocin was making payments for the current delivered to it. After the war there remained in fact an unpaid balance of only 657,306.65 pengos. In this connection it should be pointed out, that we can see no basis how it is possible

for the AYECO to set forth a claim on FFRY for the sum of 25,840,583 dinars, the alleged amount of the supplied quantity of current delivered during the war, considering that the FFRY had received (nothing) no part of this current."

In support of this item of the claim, claimant filed a copy of a letter, dated July 16, 1946, from the Beocin Cement Factory, to claimant. In that letter it is stated that electricity of the value of 575,376.37 dinars was furnished from January 1 to March 31, 1941, but of this amount "242,612.52 dinars has been paid your subsidiary, the Novi Sad Electric Company, and the balance of 332,783.65 dinars has been paid to the administrators of your enterprise during the period of the war and the occupation." It is also stated that during the war NECO furnished Beocin Cement Factory electricity of the value of 2,584,058.28 pengos and that the balance of the account, as of August 31, 1944, was 657,306.67 pengos, or 7,927,118 kuna "which amount, when computed to dinars of the Federal People's Republic of Yugoslavia, equals 6,573.06 dinars." On the other hand, claimant, in computing the claim, takes the position that it is entitled to compensation for the entire amount converted into dinars at the rate of 10 dinars for 1 pengos, or a total of 26,173,366.45 dinars.

From the foregoing, we must conclude that all except the balance appearing on the books as of August 31, 1944 was paid to the subsidiary in the normal course of business. We are unable to agree with claimant that either Beocin Cement Factory or the Yugoslav Government are liable for obligations which were incurred and satisfied in the regular course of business. With respect to the balance appearing on the books, as of August 31, 1944, in pengos, or its equivalent in kunas,

we are of the view that it would be subject to the conversion rate applied to all occupation currency. Under the law in effect kunas were exchangeable at the rate of 1,000 kuna for 7 dinars. Thus, the value of the account is not substantial. It is, however, taken into account in the reduced amount, in our evaluation.

#### BANK ACCOUNTS

Claimant asks 1,575,778 dinars or the "equivalent to \$31,515.56" allegedly on deposit in its own name in four banks in Yugoslavia as of December 31, 1940. Claimant has not filed evidence that these accounts were taken by the Government of Yugoslavia. The Government of Yugoslavia reports that one Vasilije Engelisen, the individual who managed AYEKO's property during the war, withdrew all of these deposits with the exception of 1,986 dinars. It further reports that Engelisen thereafter fled Yugoslavia with the retreating German forces. The Commission has been unable to obtain further information on the matter. If, as reported by the Yugoslav Government, the bank deposits were taken by occupation authorities, such taking would not be compensable under the terms of the Agreement of July 19, 1948, between the Governments of the United States and Yugoslavia, and the Commission has consistently so held. (See the Commission's Proposed Decision on the claim of Socony-Vacuum Oil Company, Decision No. 993.) The Commission is without adequate evidence regarding the balance of 1,986 dinars. These items of the claim must,

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DEDUCTIONS BY THE GOVERNMENT OF YUGOSLAVIA

The Government of Yugoslavia takes the position that a total of 19,412,077.70 dinars should be deducted from the value of the assets of NECO for judgments, including interest thereon, court expenses, and fees for guardians ad litem. The judgments were entered after the property was taken on suits brought by individuals for the recovery of overtime wages accrued at various times between 1923 and 1940, and for suits brought by the Managing Board of the Pension Fund for amounts allegedly owed the Pension Fund. We are of the view that these judgments cannot be recognized as deductions from the assets of NECO at the time it was taken. The claimant's property had been taken before the suits were instituted. The judgments were entered without participation by claimant in the proceedings. It is inconceivable to us that if plaintiffs had valid grounds during all of the years before the suits were brought, on the basis of laws in effect during those years, that they would have waited for as much as twenty-four years before asserting them. We are of the view that proper construction of the laws in effect prior to the confiscation of the property would have barred the actions. We are also of the view, that if the actions were based upon laws enacted after the property was taken that the liability, if any, rests upon the successors to the enterprises and not the owners thereof at the time of taking.

The Government of Yugoslavia also takes the position that 41,950 dinars should be deducted for a fee paid "to the attorney of the Novi Sad corporation" for services rendered in connection with these judgments. Since we do not believe that the law suits themselves are valid obligations of the claimant we are of the opinion that no deduction should be made for these fees.

The Government of Yugoslavia also takes the position that a deduction of 342,000 dinars should be made for a judgment entered in 1926 for the value of disability compensation payable to an injured workman. The court decree evaluating the property contains the following explanation of the matter:

"The Commission has also established that Andjelka Krncevic of Novi Sad had obtained a judgment of the District Court of Novi Sad, which became final, according to which the Novi Sad Electric Corporation has to pay her for her lifetime a pension of 600 dinars monthly, 350 dinars for the repairs of an artificial leg and for the procurement of new artificial legs after her 24th year, every three years 3,000 dinars. The life probability of the pensioned beneficiary appears to be 70 years, which is 40 years more - because she is now 30 years old - and the Commission computed the liabilities of the company for this paid under the said judgment is in the amount of 342,000 dinars."

We are in agreement that that amount is a valid and subsisting obligation of NECO. In our evaluation suitable deduction is made.

#### DECISION ON VALUE

On the basis of all the foregoing evidence and data, including that provided by claimant, by the Government of Yugoslavia, and by our own experts, the Commission is of the opinion that the fair and reasonable value of all properties of the claimant taken by the Government of Yugoslavia was \$1,650,000 at the time of taking, based on 1938 values.

The property was taken on different dates by the Government of Yugoslavia, the property within Novi Sad on April 6, 1946, the three houses in Novi Sad on April 28, 1948 and the Vojvodina Electric Company as well as the electrical network and facilities outside Novi Sad, on December 5, 1946. As previously indicated, the Commission has

relied to a large extent for values on evidence respecting the physical condition of the properties. Our experts in arriving at their values for the overall physical properties did not segregate the properties in some instances to reflect either the exact location or the date of taking. The Commission has decided that in preference to ascribing values to each segment of property by date of taking, on an arbitrary basis, it would be fairer to select a date at a point between the taking of the two principal properties for the purpose of computing interest. Accordingly, the midway point August 5, 1946 is deemed to be the date of taking of all the properties for the purpose of computing interest.

AWARD

On the above evidence and grounds, this claim is allowed to the extent indicated, and an award is hereby made to the American-Yugoslav Electric Company, claimant, in the amount of \$1,650,000, with interest thereon at 6% per annum from August 5, 1946, the date of taking, to August 21, 1948, the date of payment by the Government of Yugoslavia, in the amount of \$202,339.50.

Dated at Washington, D. C.

NOV 10 1954

relied to a large extent for values on evidence respecting the physical condition of the properties. Our experts in arriving at their values for the overall physical properties did not segregate the properties in some instances to reflect either the exact location or the date of taking. The Commission has decided that in preference to ascribing values to each segment of property by date of taking, on an arbitrary basis, it would be fairer to select a date at a point between the taking of the two principal properties for the purpose of computing interest. Accordingly, the midway point August 5, 1946 is deemed to be the date of taking of all the properties for the purpose of computing interest.

AWARD

On the above evidence and grounds, this claim is allowed to the extent indicated, and an award is hereby made to the American-Yugoslav Electric Company, claimant, in the amount of \$1,650,000, with interest thereon at 6% per annum from August 5, 1946, the date of taking, to August 21, 1948, the date of payment by the Government of Yugoslavia, in the amount of \$202,339.50.

Dated at Washington, D. C.

**NOV 10 1954**

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

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In the Matter of the Claim of :  
: AMERIKANSKO JUGOSLOVENSKO :  
: ELEKTRICNO DRUSTVO (American - :  
: Yugoslav Electric Company) :  
: c/o J. G. White & Company, Inc. : Docket No. Y-252  
: 37 Wall Street :  
: New York 5, New York : Decision No. 1485  
: :  
Under the Yugoslav Claims Agreement :  
of 1948 and the International Claims :  
Settlement Act of 1949 :  
:

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Counsel for Claimant:

HENRY A. STICKNEY  
DUDLEY B. BONSAI  
CLARENCE U. CARRUTH, Jr.  
63 Wall Street  
New York 5, New York

FINAL DECISION

By Proposed Decision No. 1485 of November 10, 1954, claimant was awarded \$1,650,000 plus interest in the amount of \$202,339.50.

Claimant filed objections to the Proposed Decision to the extent that on page 2, 7th line of first full paragraph, the words "consisted of" should read "included"; that on page 3, 5th line, the birth date should be reversed, Mr. Breck having been born on September 17, 1884 and Mrs. Breck on January 12, 1892; and on page 10, 3rd line from the bottom, the word "met" should read "made". The Government of Yugoslavia filed a brief as amicus curiae objecting to the valuation of the property by this Commission and requesting that due consideration be given to the fact that judgments for 19,412,077.70 dinars were entered in Yugoslav Courts against claimant's subsidiary which should be deducted from the award.

The Commission has considered the aforesaid objections and found that the assignment from the International Public Service Corporation transferred to the claimant all of its right, title and interest to its Yugoslav investment, which included shares of stock of the Novi Sad Electric Corp. It also found that C. R. Breck was born on September 17, 1884 and Louise N. Breck on January 12, 1892. It finally found that the tender of the redemption price for the Novi Sad Electric Corp. was not made in terms of effective compensation where it could be used by the claimant. While all these minor matters have no bearing on the principal issues involved in the claim, we note them for the purpose of correcting the Proposed Decision.

The objections raised by the Government of Yugoslavia have been amply discussed in the Proposed Decision. With respect to the valuation of the property, we affirm the reasons stated therein. With respect to the judgments, we also affirm the reasons set forth in the Proposed Decision and, in addition, we find that the Government of Yugoslavia admits that the judgments were rendered on the basis of new legislation enacted after the claimant lost control of the property. We are of the opinion that such new legislation can not create liabilities of the company for which the claimant would be responsible. We are, therefore, satisfied that no deduction should be made from the award for the liabilities embraced in the judgments.

For the foregoing reasons, in full and final disposition of the claim, Proposed Decision No. 1485 must be and hereby is affirmed.

Done at Washington, D. C.

DEC 3 0 1954