

FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES
WASHINGTON, D.C. 20579

IN THE MATTER OF THE CLAIM OF

CONSTANTINA GEORGEOFF

Claim No. BUL-2-006

Decision No. BUL-2-

14

Under the International Claims Settlement
Act of 1949, as amended

PROPOSED DECISION

This claim, for 5,000 leva, against the Government of Bulgaria under Section 303(4), Title III, of the International Claims Settlement Act of 1949, as amended, is based upon a loss assertedly sustained in connection with a life insurance policy, issued by the Cooperative Insurance Association in Sofia. The claimant, CONSTANTINA GEORGEOFF, has been a national of the United States since her naturalization on February 1, 1935.

Under Section 303, Title III, of the International Claims Settlement Act of 1949 (69 Stat. 570 (1955), 22 U.S.C. §§1641-1641q (1964)), as further amended by Section 10 of Public Law 90-421, approved on July 24, 1968 (82 Stat. 420 (1968)), the Commission is given jurisdiction over certain claims of nationals of the United States included within the terms of the Bulgarian Claims Agreement of 1963 (Agreement Between the Government of the United States of America and the Government of the People's Republic of Bulgaria Regarding Claims of United States Nationals and Related Financial Matters, July 2, 1963, 14 UST 969; TIAS 5387 (1963)).

The jurisdiction of the Commission is set forth in Section 303(4) of the Act, supra, which authorizes the receipt and determination by the Commission in accordance with applicable substantive law, including international law, of the validity and amounts of claims of nationals of the United States against the Government of Bulgaria arising out of the failure of that government to pay effective compensation for the nationalization, compulsory liquidation, or other taking of property of nationals of the United States between August 9, 1955 and July 2, 1963, the effective date of the Bulgarian Claims Agreement.

It is clear, therefore, that this new section of the Act does not confer jurisdiction upon the Commission to consider all claims which were settled and discharged under the Bulgarian Claims Agreement of 1963 but rather, provides for a limited class only, namely, those which arose between August 9, and July 2, 1963, as a result of the nationalization, compulsory liquidation, or other taking of property.

The submitted copy of life insurance policy No. 52597 shows that on August 18, 1919, the claimant entered into a 10 years life insurance contract with the Cooperative Insurance Association in Sofia, Bulgaria, in the amount of 5,000 gold leva. Assertedly all premiums were paid when due and the matured policy was not cashed in 1929.

It is also stated by the claimant that in 1945 she wanted to cash the policy but got the reply from the Insurance Department of Bulgaria, which took over the insurers business in 1935, that "your insurance policy was invalidated in 1935."

It is noted that the Bulgarian Law on Payments of Debts Contracted in Gold (Bulgarian Official Gazette No. 184 of August 14, 1946) provided that "all contractual obligations in leva, stipulated to be paid in gold or according to the rate of the gold or in a foreign currency, shall be paid in such an amount of banknotes as is indicated in the contract". (See Risoff and Sipkov, Depreciation of Currency and Money Claims, Memorandum prepared for the Library of Congress, 1955.)

Both actions, the invalidation of the contract in 1935 (if that was the case) and the annulment of the gold clause resulting in payment by depreciated currency of little value, occurred prior to August 9, 1955, the first date covered by the Act, and for that reason any loss, sustained in consequence of such actions, is outside of the scope of Section 303(4), Title III, of the Act, and it is not compensable thereunder.

During and after World War II the lev, the Bulgarian currency, lost a substantial portion of its value. A continuing depreciation in the value of the lev culminated in Decree No. 405 on Monetary Reform, published in the Official Gazette No. 40 of May 11, 1952, pursuant to which 100 old leva were exchanged for 1 new lev, with a somewhat more favorable ratio for bank deposits. At the same time the official rate of exchange was established at 6.80 leva to the U.S. dollar. On the black market, however, about 30 leva had the equivalent of one U.S. dollar. Although neither the official nor the black market rate states the true value

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of the lev, it is safe to conclude that since May 11, 1952, the dollar equivalent of the claimant's 5,000 "old" leva, reduced at that date to 50 "new" leva, the asserted cash value of the insurance policy, was not in excess of \$5.00, an amount too small to justify the cost of processing a claim for the payment of that amount.

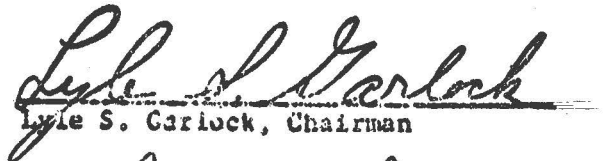
In view of the foregoing, the Commission concludes that the claimant has failed to establish that her right to collect the proceeds of her insurance policy now in question was taken by the Government of Bulgaria between August 9, 1955, and July 2, 1963, as required for compensation. Moreover, due to the depreciation of the Bulgarian lev during and after World War II, the value of the claimant's insurance policy diminished since May 11, 1952 to such a small amount which does not justify the processing of this claim.

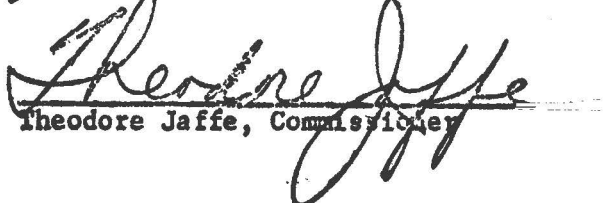
Therefore, this claim must be and it is hereby denied.

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

Dated at Washington, D. C.
and entered as the Proposed
Decision of the Commission

DEC 16 1970


Lyle S. Carlock, Chairman


Theodore Jaffe, Commissioner

NOTICE: Pursuant to the Regulations of the Commission, if no objections are filed within 15 days after service or receipt of notice of this Proposed Decision, the decision will be entered as the Final Decision of the Commission upon the expiration of 30 days after such service or receipt of notice, unless the Commission otherwise orders. (FCSC Reg., 45 C.F.R. §531.5(e) and (g), as amended.)

CERTIFICATION

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This is a true and correct copy of the decision of the Commission which was entered as the final decision on **JAN 21 1971**


Francis P. Hartman
Clerk of the Commission