

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

IN THE MATTER OF THE CLAIM OF

CONTINENTAL ILLINOIS NATIONAL  
BANK & TRUST COMPANY OF CHICAGO

Under the International Claims Settlement  
Act of 1949, as amended

Claim No. G-2644

Decision No. G-2123

Counsel for Claimant:

Mayer, Brown & Platt

PROPOSED DECISION

This claim in the amount of 62.50 reichsmarks against the Government of the German Democratic Republic, under Title VI of the International Claims Settlement Act of 1949, as amended by Public Law 94-542 (90 Stat. 2509), is based upon City of Dresden, German liquidation bonds.

The evidence of record indicates that claimant is a corporate United States national which is acting as a depository for the Executors of the Estate of Frederick W. Matthiessen.

Under section 602, Title VI of the Act the Commission is given jurisdiction as follows:

"The Commission shall receive and determine in accordance with applicable substantive law, including international law, the validity and amounts of claims by nationals of the United States against the German Democratic Republic for losses arising as a result of the nationalization, expropriation, or other taking of (or special measures directed against) property, including any rights or interests therein, owned wholly or partially, directly or indirectly, at the time by nationals of the United States whether such losses occurred in the German Democratic Republic or in East Berlin. . ."

Section 601(3) of Title VI of the Act defines property as follows:

"The term 'property' means any property, right, or interest, including any leasehold interest, and debts owed by enterprises which have been nationalized, expropriated, or taken by the German Democratic Republic for which no restoration or no adequate compensation has been made to the former owners of such property."

Claimant asserted in its claim form that the subject bonds were not honored when they became due for redemption.

It is a well established principle of international law, which this Commission has affirmed in the German Democratic Republic claims program, that the mere non-payment of a debt owed by a foreign government does not constitute a nationalization or other taking of property under international law as required by section 602 of the Act. (Claim of RUFUS L. ULLMAN, Claim No. G-0018, Decision No. G-0205.)

The Commission, in certain past programs, has found claims for the debt obligations of a foreign government compensable where the evidence established that there was an express annulment or cancellation of specific debt obligations by government decree or regulation which constituted a taking of the property right of the claimant.

However, neither the claimant herein nor its counsel have submitted any evidence of any such express repudiation, annulment, or cancellation of these bonds. The Commission has reviewed the laws, regulations and decrees of the German Democratic Republic since the end of World War II and finds no such repudiation, annulment, or cancellation of such bond obligations by the German Democratic Republic.

Therefore, the Commission finds that this claim based upon the loss relating to bonds of the City of Dresden is not compensable under the Act, since the loss is not the result of the nationalization expropriation or other taking of property by the German Democratic Republic within the meaning of sections 601 and 602 of the Act.

The Commission also notes that claimant submitted documentation concerning a 6 1/2 percent Gold bond of the Harz Water Works which was dated February 1, 1929 and fell due February 1, 1949. Claimant has not submitted, nor has the Commission been able to find, that this bond was a debt owed by an enterprise which had been nationalized, expropriated or otherwise taken by the German

Democratic Republic in compliance with sections 601 and 602 of that Act. The evidence of record indicates that this bond is a government obligation which falls into the same category as the aforementioned bonds of the City of Dresden.

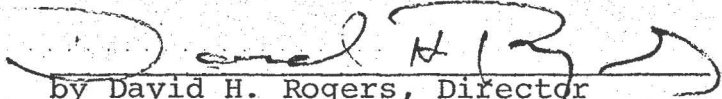
For the above cited reasons, the claim must be and hereby is denied.

The Commission finds 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.

APR 23 1980

For Presentation to the Commission



by David H. Rogers, Director  
German Democratic Republic Claims  
Division

This is a true and correct copy of the decision  
of the Commission which was entered as the final  
decision on SEP 10 1980

  
Executive Director

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, a Final Decision based upon the Proposed Decision will be issued upon approval by the Commission any time after the expiration of the 30 day period following such service or receipt of notice. (FCSC Reg., 45 C.F.R. 531.5 (e) and (g), as amended.)