

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

IN THE MATTER OF THE CLAIM OF

VENDEL BENEDEK

Under the International Claims Settlement  
Act of 1949, as amended

Claim No. HUNG-2-254

Decision No. HUNG-2-015

PROPOSED DECISION

This claim for \$1,100.00, against the Government of Hungary under Section 303(5), Title III of the International Claims Settlement Act of 1949, as amended by Public Law 93-460, approved October 20, 1974, is based upon the asserted loss sustained in connection with an account with the Magyar Nemzeti Bank (Hungarian National Bank) in Budapest, Hungary.

The claimant, VENDEL BENEDEK, states that he acquired nationality of the United States by naturalization on November 20, 1928.

Under Section 303, Title III of the International Claims Settlement Act of 1949 (69 Stat. 570 (1955)); 22 U.S.C. §§1641-1641q (1971), as amended by Section (3) of Public Law 93-460, approved October 20, 1974 (88 Stat. 1386 (1974)), and which implements certain provisions of the Hungarian Claims Agreement of March 6, 1973, (TIAS 7569), 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 of nationals of the United States against the . . . [Government of Hungary] . . . arising out of the failure to ---

(5) pay effective compensation for the nationalization, compulsory liquidation or other taking of property of nationals of the United States in Hungary, between August 9, 1955, and the date the United States-Hungarian Claims Agreement of March 6, 1973, enters into force.

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 Hungarian Claims Agreement of 1973; but rather, provides for a limited class only, namely, those which arose between August 9, 1955, and March 6, 1973, as a result of nationalization, compulsory liquidation, or other taking of property.

It is alleged by the claimant that the sum of 3,120 "gold" pengő was on deposit with the Magyar Nemzeti Bank in Budapest, Hungary, in his favor since 1938.

The claimant does not allege a confiscation, nationalization, compulsory liquidation, or other taking by the Hungarian Government of the bank account (as distinguished from the bank, which was not the property of the claimant), and it is not likely that any such action occurred. Hungarian banks, including the Magyar Nemzeti Bank, were nationalized by virtue of Law 1947;XXX tv. not later than March 31, 1948 (Section 3(2), ibidem); but this action did not affect their obligations. To the Commission's knowledge, there has been no general legislation by which deposits were confiscated, appropriated, or otherwise taken by the Hungarian Government.

The nationalization of the banks was proceeded in Hungary by the collapse of the pengő as currency which had practically no value on June 30, 1946 since 1,835 billion pengő were equal to one United States dollar on that date. On August 1, 1946, a new currency, the forint, was introduced and its value was established at 11.83 forint to one United States dollar. No exchange rate between the old and new currency was ever established. (International Financial Statistics 1946 (No. 3, March 1948)).

It is further noted that Section 2 of Hungarian Decree 670/1946 M.E., effective on January 24, 1946, barred the enforcement of all claims based upon a private contract entered prior

to January 1, 1945, the amount of which would have to be calculated by converting a foreign currency or gold into pengö. It appears that the right of a depositor whose contract of deposit had a "gold" clause, a safeguard against unfavorable fluctuations of the pengö, was "taken" by the Government of Hungary on January 24, 1946, the date when the enforcement of such provision was barred.

Claims for bank deposits in pengö or in "gold" pengö since January 24, 1946, are claims expressed in a completely destroyed currency. The destruction of the currency took place in 1945 and 1946 before the treaty of peace with Hungary was signed and before the banks were nationalized. No responsibility was attached in the peace treaty to the Government of Hungary for the fact that obligations in pengö became worthless.

Although the collapse of the pengö currency and its subsequent devaluation caused economic loss to a great many individuals holding such currency, in or out of banks, it was not a nationalization, compulsory liquidation, or other taking of property by the Government of Hungary. Rather, it was the result of tremendous damage inflicted upon the Hungarian economy, principally by the war and post-war conditions, and not of any action of the Hungarian Government giving rise to a compensable claim under the Act.

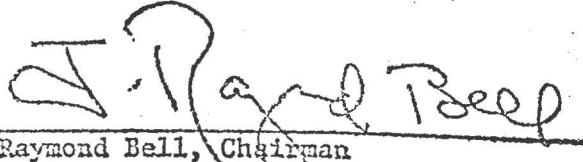
On the basis of the foregoing, the Commission concludes that this claim is not compensable because the claimant's bank account in "gold" pengö which had no value since August 1, 1946, was not

nationalized or otherwise taken by the Government of Hungary between August 9, 1955, and March 6, 1973, the period covered by the Act, supra, as required for compensation.

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.

23 APR 1975

  
\_\_\_\_\_  
J. Raymond Bell, Chairman

  
\_\_\_\_\_  
Wilfred J. Smith, Commissioner

This is a true and correct copy of the decision  
of the Commission which was entered as the final  
decision on 18 JUN 1975

  
\_\_\_\_\_  
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, 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.)