

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

IN THE MATTER OF THE CLAIM OF

DOROTHY R. WILLIAMS

Under the International Claims Settlement
Act of 1949, as amended

Claim No. HUNG-2-664

Decision No. HUNG-2- 0236

PROPOSED DECISION

This claim in an unstated sum against the Government of Hungary, under subsection 303(5), Title III of the International Claims Settlement Act of 1949, as amended, is based upon the loss of certain shares of stock of Magyar Altalanos Hitelbank, (Hungarian General Credit Bank), a Hungarian Corporation, and a "pengo" bank account with the same corporation.

Claimant acquired United States nationality on October 18, 1912, by birth in the United States.

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 on 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.

Therefore, 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 the nationalization, compulsory liquidation or other taking of property.

It is important to note that other classes of claims settled and discharged by the Agreement which arose prior to August 9, 1955, were provided for pursuant to subsections (1), (2) and (3) of section 303 of the Act, supra. The Commission's authority with respect to claims arising before August 9, 1955, under Public Law 84-285, expired, by law, on August 9, 1959.

A review of Hungarian laws and statutes shows that Hungarian financial institutions were nationalized by the government of that country under Law 1947:XXX tv. by the surrender of the stock certificates not later than June 30, 1948 (Decree 5,210/1948 Korm.) Accordingly, the Commission concludes that it has no jurisdiction to grant compensation for the loss sustained in connection with the ownership of the shares of stock in the Magyar Altalanos Hitelbank, because the issuing corporation was nationalized by the Government of Hungary on June 30, 1948, a date substantially prior to August 9, 1955, the first date of the period during which the loss must have occurred in order to be compensable under the Act, supra.

In her Statement of Claim the claimant, DOROTHY R. WILLIAMS, states, among other things, as follows:

"An earlier notification which might have been sent to Mrs. Marie Williams would have not reached her as we had moved several times and the residence has been in my name, so that the earlier message would not have reached me."

Such statement implies that the claim should be considered by the Commission under subsection 306(d) of the Act, supra,

which would permit the granting of compensation for a loss sustained prior to August 9, 1955, by Mrs. Marie Williams, the claimant's asserted predecessor in interest.

Subsection 306(d) of the Act is applicable to those claimants who did not receive notice about the filing of claims under the first Hungarian Claims Program "as the result of administrative error in placing a nonexistent address on the notice."

Inasmuch as the claimant does not allege an "administrative error" as specified in subsection 306(d) of the Act, the Commission concludes that the provisions of that section of the Act do not apply to the claimant in connection with the claim now under consideration.

The remaining portion of the claim is based upon the alleged ownership of a blocked bank pengő account with the Magyar Altalanos Hitelbank in an unstated sum.

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. To the Commission's knowledge, there has been no general legislation by which deposits were confiscated, appropriated, or otherwise taken by the Hungarian Government.

World War II was followed by a gradual loss of value of the pengő concluding in a complete collapse of that currency so that it had 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)).

Claims for bank deposits in pengő since August 1, 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. No responsibility was attached in the peace treaty to the Government of Hungary for the fact that obligations in pengő became worthless.

Although the collapse of the pengő currency and its subsequent devaluation caused economic loss to a great many individuals holding such currency, in or out of banks, it was not 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.

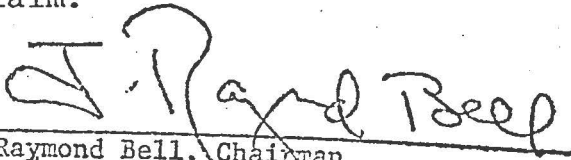
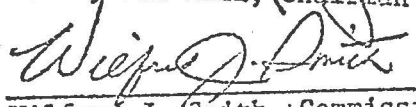
On the basis of the foregoing, the Commission concludes that this portion of the claim is not compensable because the claimant's bank account in pengő, if any, which had no value since August 1, 1946, was not nationalized or otherwise taken by the Government of Hungary between August 9, 1955, and March 6, 1973, the period covered by the Act, supra, as required for compensation.

In view of the foregoing, this claim is denied in its entirety.

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.

2 OCT 1975


J. Raymond Bell, Chairman

Wilfred J. Smith, 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.)

This is a true and correct copy of the decision
of the Commission which was entered as the final
decision on 4 NOV 1975

HUNG-2-664


Executive Director