

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

IN THE MATTER OF THE CLAIM OF

DOROTHEA BLUM

Claim No. Y2-0536

Decision No. Y2-73

Under the Yugoslav Claims Agreement of 1964  
and Title I of the International Claims  
Settlement Act of 1949, as amended

Counsel for Claimant:

Paul Neuberger, Esq.  
Samuel Herman, Esq.

Appeal and objections from a Proposed Decision entered October 4, 1967.  
Oral hearing for argument requested and held on April 23, 1968.

FINAL DECISION

The Commission issued its Proposed Decision on this claim on October 4, 1967, granting claimant an award of \$20,455.00 for the nationalization of improved real property in Belgrade, Yugoslavia. The award was based on a valuation of the property in the amount of 900,000 prewar dinars, the purchase price of the property paid by the claimant on December 3, 1938, which amount was converted into United States currency at the established rate of exchange of 44 dinars for \$1.00.

Claim was also made for 75,000 prewar dinars representing the loss of brokers' and attorneys' fees and transfer taxes which claimant paid at the time of the purchase. The Commission found that claimant failed to substantiate her claim for the loss of the fees and taxes and held that they do not constitute proper items for compensation under the Yugoslav Claims Agreement of 1964 and, therefore, could not be added to the value of the property.

Claimant objected to that portion of the Proposed Decision which denied the costs. She admitted that she cannot substantiate by documentary evidence the payment of brokers' and attorneys' fees; but asserts that the transfer taxes are a matter of record. She contended that the fees and taxes should be included in the valuation of the property.

At the hearing set for April 23, 1968, counsel for claimant withdrew the portion of the claim for brokers' and attorneys' fees. With respect to the transfer taxes, counsel for claimant stated that the purchase contract indicates that these taxes amounted to 45,000 prewar dinars; that under paragraph 5 of the purchase contract claimant was bound to pay the transfer taxes; and that the transfer of title could not have been recorded had these taxes not been paid. He urged that the Commission include in its finding of value the transfer tax of 45,000 prewar dinars and that the award be increased by the dollar equivalent of that amount.

The Commission has heretofore adopted the rule that the correct value in this type of claim is the fair market value of the property at the date of nationalization or other taking, expressed in terms of prewar dinars. This value may be based on appraisals of experts, on site investigations by the Commission, special studies and reports, or, among other things, the value arrived at by a purchaser and seller in negotiating a contract of sale at a time reasonably related to the date of loss.

In the instant case, only the consideration expressed as the sum payable to the seller in the contract of sale of December 3, 1938 was relied upon by the Commission in its Proposed Decision as a basis for valuation. After full consideration of claimant's objections and the argument and evidence presented by counsel at the oral hearing, the Commission now holds that the transfer tax of 45,000 prewar dinars which the claimant agreed in the contract to pay, and which was paid by the claimant, should be included as part of the consideration in the sale.

The Commission, therefore, holds that the transfer tax in the amount of \$1,022.73 (45,000 dinars) should be added to the value heretofore found, making the award a total of \$21,477.73 plus appropriate interest.

Accordingly, it is hereby

ORDERED that the Proposed Decision be modified in accordance with the above findings and, as modified, entered as the Final Decision in this claim; and that the award be restated as follows:

A W A R D

An award is hereby made to DOROTHEA BLUM in the principal amount of Twenty-One Thousand Four Hundred Seventy-Seven Dollars and Seventy-Three Cents (\$21,477.73) with interest thereon at 6% per annum from October 5, 1960, the date the claim arose, to January 20, 1965, the date on which the Yugoslav Claims Agreement entered into force, in the sum of Five Thousand Five Hundred Thirty Dollars and Fifty-Two Cents (\$5,530.52).

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

JUN 13 1968

*Leonard v. B. Sutton*

Leonard v. B. Sutton, Chairman

*Theodore Jaffe*

Theodore Jaffe, Commissioner

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73

Counsel for claimant:

Paul Neuberger, Esq.

PROPOSED DECISION

This claim, for \$22,159.00 is based upon the asserted ownership and loss of improved real property located in Belgrade, Yugoslavia. Claimant DOROTHEA BLUM has been a national of the United States since her naturalization on November 24, 1952.

Under Section 4(a) of Title I of the International Claims Settlement Act of 1949, as amended (64 Stat. 13 (1950), 22 U.S.C. §1623(a) (1958)), the Commission is given jurisdiction over claims of nationals of the United States included within the terms of the Yugoslav Claims Agreement of 1964, which provides, among other things:

Article I. (a) The Government of Yugoslavia agrees to pay, and the Government of the United States agrees to accept, the sum of \$3,500,000 United States currency in full settlement and discharge of all pecuniary claims of nationals of the United States, whether natural or juridical persons, against the Government of Yugoslavia, on account of the nationalization and other taking of property and of rights and interests in and with respect to property which occurred between July 19, 1948 and the date of this Agreement.

.....

Article II. The claims of nationals of the United States to which reference is made in Article I of this Agreement refer to claims which were owned by nationals of the United States on the date on which the property and

rights and interests in and with respect to property on which they are based was nationalized or taken by the Government of Yugoslavia and on the date of this Agreement. (Agreement between the Government of the United States and the Government of the Socialist Federal Republic of Yugoslavia Regarding Claims of United States Nationals, November 5, 1964, which entered into force on January 20, 1965, 16 U.S.T. & O.I.A. 1965, T.I.A.S. No. 5750 (1964).)

Claimant states that she was the owner of an apartment house situated at No. 26 Filipa Kljaica Street in Belgrade, which was nationalized on December 26, 1958. In support of the claim, claimant submitted, among other things, blueprints of the building, an extract from the land books, and an agreement of sale and purchase. Documents in the Yugoslav language were accompanied by verified English translations.

Based upon the documentation presented by the claimant, the Commission finds that on December 3, 1938 claimant purchased a piece of improved real property consisting of an apartment house at No. 26 Dragacevska Street (now Filipa Kljaica Street), recorded in the land books under Liber 802, parcel No. 1912, of the cadastral district of Belgrade (4th Precinct) for 900,000 dinars, of which 770,000 dinars were paid in full, and 130,000 dinars were assumed by the purchaser as a mortgage.

The Commission further finds that the aforesaid real property was nationalized by a decision of the Financial Section of the Municipality of Belgrade (District of Vracar), dated October 5, 1960, pursuant to the Yugoslav Nationalization Law of April 28, 1948 (Official Gazette of Yugoslavia, No. 36 of April 29, 1948). The Commission gave full consideration to this matter and finds that claimant remained the owner of the real property up to the time of the decision for nationalization rendered by the local authorities, and concludes that the claim of the claimant arose on October 5, 1960, the date when the aforesaid decision of the local authorities became operative.

As stated above, claimant has submitted a purchase and sales agreement. This document shows that on December 3, 1938 claimant purchased

the property for 900,000 dinars. Claimant's valuation is predicated upon this figure plus 75,000 dinars for transfer taxes, brokers' and attorneys' fees, and other expenditures in connection with the purchase.

The Commission has considered the economic conditions which existed in Yugoslavia after World War II including the fluctuations in the value of the currency and the distorted prices of all commodities, goods and real estate. In the Claim of Alexis G. Bacic, Claim No. Y2-0522, the Commission concluded that the prewar (1938-39) values reflect a better basis for the appraisal of property and would be considered as the point of reference for valuation purposes; and that prewar dinars shall be converted into United States dollars at the official rate of exchange of 44 dinars for \$1.00.

Based upon the entire record, the Commission finds that the property had the value of 900,000 dinars, the amount corresponding to the purchase price. Converted into United States currency at the rate of 44 dinars for \$1.00, the exchange rate applicable to prewar dinars, claimant's property had a value of \$20,455.00.

The Commission finds that claimant failed to substantiate by appropriate evidence her claim for the loss of transfer taxes, brokers' and attorney's fees, and for the loss of similar charges in connection with the purchase of the property. The Commission holds, even if probative evidence as to these items had been submitted, that such costs and expenses as taxes and fees do not constitute proper items for compensation under the Yugoslav Claims Agreement of 1964 and, therefore, cannot be added to the value of the property.

The record shows that at the time of nationalization the mortgage of 130,000 dinars, to which reference is made in the 1939 sales contract, was no longer in existence.

The Commission has decided that in granting awards on claims under the Yugoslav Claims Agreement of 1964, interest shall be allowed at the rate of 6% per annum from the date of loss to January 20, 1965, the date on which the Agreement entered into force and effect. (See the Claim of Alexis G. Basic, Claim No. Y2-0522.) Accordingly, the amount of the award will be increased to that extent.

Therefore, under the Agreement claimant is entitled to an award in the amount of \$20,455.00 plus interest as specified below.

A W A R D

An award is hereby made to DOROTHEA BLUM in the principal amount of Twenty Thousand Four Hundred Fifty-five Dollars (\$20,455.00) with interest thereon at 6% per annum from October 5, 1960, the date the claim arose, to January 20, 1965, the date on which the Yugoslav Claims Agreement entered into force, in the sum of Five Thousand Two Hundred Sixty-seven Dollars and Sixteen Cents (\$5,267.16).

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

OCT 4 1967

*Edward D. Re*

Edward D. Re, Chairman

*Theodore Jaffe*

Theodore Jaffe, Commissioner

*LaVern R. Dilweg*

LaVern R. Dilweg, 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, 32 Fed. Reg. 412-13 (1967).)

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