

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

IN THE MATTER OF THE CLAIM OF

HORST D. RIEDEL

Under the International Claims Settlement  
Act of 1949, as amended

Claim No. G-0898

Decision No. G-1508

PROPOSED DECISION

This claim in the amount of \$10,140.00 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 the loss of two parcels of agricultural land in Bischofswerda, as well as bank accounts at the Kreissparkasse Bischofswerda, and the Staatsbank der DDR in Dresden.

The record indicates that claimant became a United States citizen on December 11, 1959.

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. . ."

The record indicates that claimant's grandmother, Ida Riedel, a citizen of the German Democratic Republic, was the owner of 1.71 hectares of agricultural land at Suessmilchstrasse 30 in Bischofswerda, identified as parcel numbers 2150 and 2152, at the

time of her death on August 23, 1961. At that time claimant inherited a 25 percent interest in the property, while another 25 percent was inherited by his nephew, Dietrich Riedel, a West German citizen, and 50 percent was inherited by claimant's aunt, Elsa Kegel, a citizen of the German Democratic Republic. Upon the death of Elsa Kegel on September 29, 1974, claimant also inherited her 50 percent interest in the property. Claimant's total ownership interest, therefore, was 75 percent.

The record contains a copy of a contract whereby Elsa Kegel leased the subject property for six years to the County Council of Bischofswerda for use by a local LPG (agricultural production cooperative) from January 1, 1963 to December 31, 1968. The agreement called for an annual rental payment of 128.25 ostmarks. The record indicates that this contract continued in effect for an additional six years from January 1, 1969 to December 31, 1974.

Following his inheritance of the additional 50 percent interest in the subject property from Elsa Kegel, claimant, in October 1974, granted Hanna Knoll, a resident of Bischofswerda, power of attorney over all of the personal property and bank accounts he had inherited from Ida Riedel and Elsa Kegel. This power of attorney, however, specifically excluded the right of Hanna Knoll to sell or transfer any buildings or real property. Nevertheless, Hanna Knoll entered into another contract with the County Council of Bischofswerda on July 3, 1975, whereby the subject property was to be placed under the management of the agriculture division for the six year period beginning on January 1, 1975 and ending on December 31, 1980. The contract did not provide for any compensation or rental payments to the claimant. In a subsequent letter from his administrator in the German Democratic Republic, dated July 1978, claimant was informed that the subject property was being used by a local LPG to store agricultural machinery and was to be turned into small garden plots in the future. In a letter to claimant's administrator, dated February 2, 1978, the City Council of Bischofswerda indicated

that two apartment houses were slated for construction on the 2,070 square meter parcel number 2150 and offered to purchase the parcel at a set price of 517.50 ostmarks. Additional correspondence from claimant's administrator in August 1979 indicates that the compensation payment offered by the City Council of Bischofswerda was rejected and that parcel number 2150 was turned into "Peoples' Property" on August 1, 1979. In view of this entire chain of events, the Commission finds that both parcels 2150 and 2152 were taken, as defined by section 602 of the Act, on July 3, 1975, when the contract was signed turning over the management of the subject property to the agriculture division of the County Council of Bischofswerda without providing consideration to the claimant.

Claimant asserts that the value of his three quarter ownership interest in the property was \$6,840.00. Upon review of the entire record, including such evidence as the property's area, its tax assessment value, and the uses to which it has been put since its taking, the Commission considers the claimant's assertion as a reasonable estimate of his loss. The Commission finds, therefore, that claimant is entitled to an award of \$6,840.00 for the loss of the agricultural property taken in 1975.

Claimant also asserts the loss of a bank account at the Kreissparkasse Bischofswerda, containing money he had inherited from Ida Riedel. The record contains a notice from that bank, dated February 10, 1964, indicating that account number 89602 had been established in the claimant's name with 600 ostmarks worth of "Uraltguthaben" (very old assets) he inherited from Ida Riedel and her husband, Adolph. Uraltguthaben were assets that were already in existence before the end of World War II in 1945 and which were converted from Reichsmarks into ostmarks at varying rates after the war depending upon the nature and amount of the assets. Claimant states that he has received no correspondence from the Kreissparkasse Bischofswerda with regard to account number 89602 since February 10, 1964.



Based upon the entire record, the Commission finds that this account came under the purview of the "Decree on the Administration and Protection of Foreign Property in the German Democratic Republic" dated September 6, 1951. The Commission has held that implementation of the provisions of that decree constitutes a taking as defined by section 602 of the Act. (Claim of OLGA LOEFFLER, Claim No. G-0056, Decision No. G-0221). The Commission determines, absent more specific evidence, that the subject bank account was taken on or about February 10, 1964, the date of the bank's final correspondence to the claimant, and that 4 ostmarks equaled one dollar at that time. For the loss of the 600 ostmarks in the account, therefore, claimant is entitled to an award of \$150.00.

Claim is also made for bank account number 5161-46-14474 at the Staatsbank der DDR in Dresden, which was established with money derived from the liquidation of Elsa Kegel's estate following her death in 1974. The claimant has continued to receive periodic statements of account and the record includes one such statement, dated December 27, 1977, indicating that the balance at that time was 4,091.86 ostmarks. Claimant also states that he was allowed to withdraw 300 marks for the benefit of a relative around Christmas 1978 and that he has been informed that he could withdraw 15 marks a day for personal use should he visit in the German Democratic Republic.

Currency regulations in the German Democratic Republic, as in many other countries, place limitations upon the free use of bank accounts, allowing withdrawal within the German Democratic Republic in certain amounts for certain specified purposes, but prohibiting the conversion of the funds to foreign currency. An account subject to such regulations is termed a "blocked account."

The Commission has held that it is a well established principle of international law that such blocking of a bank account is an exercise of sovereign authority which does not give rise to a compensable claim (Claim of MARTIN BENDRICK, Claim No. G-3285, Decision No. G-0220).

While the fact of the blocking of an account may cause non-residents of the German Democratic Republic some hardship, the Commission concludes that such action does not constitute a nationalization, expropriation or other taking as required for compensation under section 602 of the Act. The claim for the loss of the Staatsbank account, number 5161-46-14474, must therefore be denied.

The record also establishes that claimant inherited a 75 percent ownership interest in a two family house and orchard located adjacent to the agricultural land at Suessmilchstrasse 30. Claimant states, however, that both of these properties are presently rented to private individuals and that the income deriving therefrom is being deposited into bank account number 5161-41-12730 at the Staatsbank der DDR in Dresden, out of which withdrawals are permissible to finance improvements on the property and to pay for taxes and administrative costs. The Commission finds, therefore, that the house and orchard have not been taken as defined by section 602 of the Act. Thus, this part of the claim must also be denied.

The Commission has concluded that in granting awards on claims under section 602 of Title VI of the Act, for the nationalization or other taking of property or interests therein, interest shall be allowed at the rate of 6% per annum from the date of loss to the date of settlement. (Claim of GEORGE L. ROSENBLATT, Claim No. G-0030, Decision No. G-0100 (1978)).

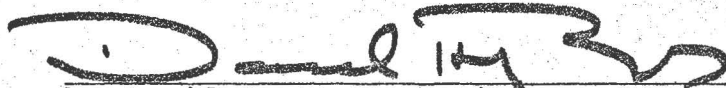
A W A R D

Claimant, HORST D. RIEDEL, is therefore entitled to an award in the amount of \$6,990.00 (Six Thousand Nine Hundred Ninety Dollars), plus interest at the rate of 6% simple interest per annum on \$6,840.00 from July 3, 1975, and on \$150.00 from February 10, 1964 until the date of the conclusion of an agreement for payment of such claims by the German Democratic Republic.

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

NOV 7 1979

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.)

At any time after Final Decision has been issued on a claim, or a Proposed Decision has become the Final Decision on a claim, but not later than 60 days before the completion date of the Commission's affairs in connection with this program, a petition to reopen on the ground of newly discovered evidence may be filed. (FCSC Reg., 45 C.F.R. 531.5 (1), as amended).