

AMENDMENTS TO THE WORLD WAR ADJUSTED
COMPENSATION ACT

JULY 3, 1926.—Ordered to be printed

Mr. SMOOT, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 10277]

The Committee on Finance, to whom was referred the bill (H. R. 10277) to amend the World War adjusted compensation act, having had the same under consideration, report it back to the Senate and recommend that the bill do pass with the following amendments:

On page 2, line 11, after the period, add the following:—

Provided, however, That if the veteran died between May 19, 1924, and July 1, 1924, without making the application, leaving a widow surviving him, the application may be made by the widow and shall be valid with the same force and effect in every respect as if the application had been made by the veteran.

On page 6, line 6, after the words "Sec. 4 (a)," add the following:

Any person who charges or collects, or attempts to charge or collect, either directly or indirectly, any fee or other compensation for assisting in any manner a veteran, his dependents, or other beneficiary under this act, in obtaining any of the benefits, privileges, or loans to which he is entitled under the provisions of this act, shall, upon conviction thereof, be subject to a fine of not more than \$500, or imprisonment for not more than one year, or both.

(b) (Continue with the words "such act, etc.")

On page 6, line 13, after period and beginning with the word "Notwithstanding," strike out balance of section down to and including the word "section" in line 23.

On page 7, line 7, commencing with the words "Sec. 5," down to and including line 20, page 7, strike out the entire section.

On page 7, line 21, strike out "Sec. 6" and substitute therefor "Sec. 5."

On page 8, line 14, strike out "Sec. 7" and substitute therefor "Sec. 6."

On page 9, line 5, strike out "Sec. 8" and substitute therefor "Sec. 7."

On page 10, line 4, strike out "Sec. 9" and substitute therefor "Sec. 8."

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On page 10, line 22, strike out "Sec. 10" and substitute therefor "Sec. 9."

On page 11, line 4, strike out "Sec. 11" and substitute therefor "Sec. 10."

On page 11, line 12, strike out "Sec. 12" and substitute therefor "Sec. 11."

On page 11, line 24, strike out "Sec. 13" and substitute therefor "Sec. 12."

On page 12, line 19, strike out "Sec. 14" and substitute therefor "Sec. 13."

After an experience of nearly two years under the World War adjusted compensation act it has been found that while in general the act has worked well and been of great benefit to the families and dependents of deceased veterans, there were a large number of cases where parties equally entitled to its benefits were excluded from the provisions of the act. Among these cases are those where an application for the adjusted compensation credit had been executed by the veteran but not filed before his death. There were also numerous cases where dependency in fact existed, but under the circumstances was difficult to prove in conformity with the language of the original act. There were other cases where the beneficiaries found that the amount actually paid them had been greatly reduced by deductions on account of charges made against the soldier, which in some cases included even items for loss of equipment. Controversies also arose between the Veterans' Bureau and the office of the Comptroller General, which resulted in decisions overruling the Veterans' Bureau in matters that affected the amount to be received by beneficiaries under the act. These decisions were made, as a rule, upon purely technical features, and thereby many persons who would have come within the original purpose of the act as intended by Congress either received much less than was contemplated when it was adopted or, in some cases, nothing at all.

Without going into detail, it may be said that the main purpose of this bill is to equalize the benefits of the act among the dependents of the veterans and to prevent the disallowance or reduction of claims through mere technicalities. It was not found possible to provide for every isolated case, but it is believed that practically all of those in which substantial injustice exists have been cared for. Some other features have been included for the protection of veterans against loan sharks and the public generally against the issuance of forged certificates. Further on in the report a detailed explanation is given of the changes made in the law by the bill.

The committee applied to the Veterans' Bureau for an estimate as to the cost of the changes made by this measure. The bureau made estimates of the cost of sections 1, 3, 5, and 11, as shown by the table below:

Immediate:	
Section 1.....	\$249, 526. 00
Section 3.....	108, 386. 21
Sections 7 and 8.....	1, 778, 260. 00
Section 11.....	1, 996, 920. 00
Total.....	4, 133, 092. 21
Future.....	635, 580. 00
Grand total.....	4, 768, 672. 21

APPLICATION BY THE VETERAN

The Comptroller General has ruled that where a veteran died after making an application but before it was filed the application is not a valid one. Section 302 of the World War adjusted compensation act has been rewritten by section 1 of the bill to change this ruling so that where a veteran died after making application it may be filed by anyone. The section as rewritten also provides that where the Secretary of War or Navy has in his possession a document, no matter how informal, which is found by such Secretary to disclose an intention to claim the benefits of the act on behalf of the veteran and to bear the bona fide signature of the applicant, such document shall be considered a valid application. Subdivision (c) of such section provides that if a veteran has died and payments are being made to his dependents because no application on behalf of the veteran has been submitted to the department, and then a valid application is filed, the payments to dependents shall immediately cease and payments on account of the application of the veteran shall be made to the persons entitled thereto after deducting any amounts already paid to the dependents.

To remove any doubt as to the finality of the determination of the Secretary of War or the Secretary of the Navy concerning the validity of an application or the amount of the adjusted service credit, section 303 of the act has been amended by section 2 of the bill (1) by inserting a requirement that the certificate transmitted by either Secretary to the director shall contain a statement that a valid application has been received, and (2) by removing the requirement in the present law that the facts of record used in preparing the certificate be included in the certificate.

In order to care for those cases where the veteran died after the passage of the adjusted compensation act but before application blanks were made available by the War or Navy Departments, an amendment is added to paragraph (b) of section 302, so as to provide that his widow may make the application.

DEDUCTION OF INDEBTEDNESS OF VETERAN TO THE UNITED STATES

Under the present law the Comptroller General has ruled that if the veteran is indebted to the United States, deduction of the amount of such debt shall be made from the adjusted service credit of the veteran.

Section 3 of the bill amends section 308 of the present law so as to prohibit such deductions and makes the amendment retroactive to the time of the original enactment of the act.

If no benefits have been extended in such cases before the passage of the amendatory act, no problem arises. When the case comes up for adjudication the credit will be computed in accordance with the law as amended without deduction for debts, and payment made in accordance with law.

If, however, any payments have already been made, the problem is presented as to how the amendment shall be given effect. Subdivisions (b), (c), (d), and (e) of section 3 of the bill make provision for such cases.

Subdivision (c) provides that if a veteran is alive at the time of the enactment of the amendatory act and the benefits of the act have already been extended to him, then the amount deducted on account of the debt shall be treated as if it were a separate adjusted service credit and the benefits of the act extended in accordance with its terms. For example: If the amount of the debt deduction is \$49, the \$49 will be paid in a lump sum. If the amount of the debt deduction is \$60, an adjusted service certificate will be issued of a face value computed on the basis of an adjusted service credit of \$60.

Subdivisions (d) and (e) cover the case where the veteran has died before the enactment of the act and where payments have already been begun or have been completed before the enactment of the amendatory act. For example: If the adjusted service credit after deduction for debt was \$100 and the debt deduction was \$100, an adjusted service certificate of approximately \$300 (the face value of a certificate computed on the basis of the debt deduction) is to be paid to the beneficiary or estate entitled thereto, in addition to the payment of the certificate computed on the basis of the adjusted service credit after making the debt deduction.

FINALITY OF DECISION

Section 4 has for its purpose the conferring on the Secretary of War, the Secretary of the Navy, and the Director of the Veterans' Bureau of final and conclusive authority in all matters arising under their respective jurisdictions. This is for the purpose of prohibiting suits in connection with the adjusted compensation act because of differences of opinion between the Secretary of War, the Secretary of the Navy or the Director of the Veterans' Bureau, and applicants.

VETERANS OVER 75 YEARS OF AGE

Section 5, page 7, the amendment proposed by the House of Representatives to pay veterans over 75 years of age the full amount of his adjusted service credit in cash, was disagreed to.

LOAN SHARKS

The attention of the committee has been called to instances where loan sharks have in their possession in some cases large numbers of certificates which they had procured by loaning money to veterans, but these sharks can not be prosecuted because the law imposes no penalty for such practices. Instances also have been cited where a person is named as a beneficiary by the veteran in consideration for making a loan to him. To discourage such practices, section 503 of the act has been amended by section 6 of the bill by making void the naming of any person as a beneficiary in consideration for a loan having been made to the veteran and by making it a misdemeanor for any person to accept assignment of a certificate or to receive a certificate as security for a loan or to loan money to veteran in consideration of the naming by the veteran of any person as beneficiary. This section necessarily does not apply in the case of loans made by banks in conformity with section 502 of the act.

DEPENDENTS

A few clerical changes have been made by section 7 of the bill in section 601 of the act in order to conform to the revised provisions concerning dependency found in section 602.

Section 602 of the act has been entirely rewritten in section 8 of the bill to restate the policy concerning dependency. Any language which might tend to indicate that a showing of dependency upon the veteran is required has been eliminated.

The requirement in respect of dependency of the widow is not materially changed. If she has remarried before making application or if at the time of the death of the veteran she was living apart from him willfully, she is not entitled to the benefits. Otherwise, upon the showing of marital cohabitation she is presumed to have been dependent.

A child under 18 at the time of the death of the veteran, or over 18 and before January 2, 1928, incapable of self-support by reason of mental or physical defect, is entitled to the benefits.

A mother or father is entitled to be considered dependent upon a showing of dependency upon anyone before January 2, 1928, and is presumed to be dependent if over 60 years of age before January 2, 1928. A mother is also presumed to be dependent if unmarried. The requirement in the present law of a statement under oath of the dependency in the case of the mother and father has been eliminated.

APPLICATION BY DEPENDENTS

Section 9 of the bill amends section 605 of the act in order to have it correspond in terminology and legal effect with the changes in respect of applications made in section 303.

DEFINITION OF WIDOW

Section 10 of the bill adds a new definition of "widow" to include widower, and is made to correspond with the clerical changes made by section 7.

DEDUCTION OF FIRST 60 DAYS OF SERVICE

Section 1406 of the revenue act of 1918 did not permit payment of the \$60 bonus to persons who died in the service. Inasmuch as under the World War adjusted compensation act a deduction of 60 days was made in the computation of the adjusted service credit of all veterans, including those who died in the service, this latter class was consequently discriminated against, and section 11 of the bill removes the discrimination by providing for the payment of \$60 in cash to the dependents of any such veteran.

ACCRUED RIGHTS

Because of amendments in the bill changing the basis for determining dependency in many cases and because of certain retroactive provisions of the bill, section 12 has been added in order to validate all payments made and all applications received under the act and to

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assure any dependent now receiving the benefits of the act that he will continue to receive such benefits unless a person entitled to a priority in preference can establish dependency. If such person can establish dependency, he receives only the remaining benefits extended by the act.

COUNTERFEITING CERTIFICATES

Section 13 of the bill adds a new penal section to the act to cover forging, counterfeiting, etc., of adjusted service certificates and provides for the use of the Secret Service Division of the Treasury Department to enforce the provisions of this section.

LOST CERTIFICATES

Section 14 of the bill adds a new section to the act to provide for the issuance under bond of a duplicate adjusted service certificate where the director determines that such certificate, without bad faith on the part of the person entitled to payment thereon, has been lost, destroyed, or so defaced as to impair its value to the rightful holder.

