
SEIZED GERMAN SHIPS

COMMUNICATION

FROM

THE SECRETARY OF THE TREASURY

TRANSMITTING

IN RESPONSE TO SENATE RESOLUTION No. 310, COPIES OF ALL
COMMUNICATIONS RELATIVE TO SETTLEMENTS IN CONNEC-
TION WITH SEIZED GERMAN SHIPS

JANUARY 7, 1927.—Read; referred to the Committee on Finance and ordered
to be printed

THE SECRETARY OF THE TREASURY,
Washington, January 7, 1927.

DEAR MR. PRESIDENT: In response to Senate Resolution 310,
there are herewith transmitted to the Senate copies of all communi-
cations called for in said resolution. The Treasury has no record
of any communications with a Mr. Hunt, stated to be attorney for
the German shipowners.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

HON. CHARLES G. DAWES,
President of the Senate, Washington, D. C.

SENATE RESOLUTION 310

IN THE SENATE OF THE UNITED STATES,
January 6, 1927.

Resolved, That the Secretary of the Treasury is hereby directed to
immediately transmit to the Senate copies of all communications
made by the Treasury Department, or any person in the Treasury
Department, and particularly by Garrard B. Winston, Undersecretary

of the Treasury, to the German Government, or any official of the German Government, or to Wilhelm Kisselbach, the German commissioner of the Mixed Claims Commission, or to the German ambassador, or the attorney for German shipowners, or any German shipowners, and particularly a copy of all communications made by the Secretary of the Treasury or by the Undersecretary of the Treasury addressed to the "representatives of the German shipowners," and particularly a copy of the letter asking whether German shipowners would be satisfied with a limitation of \$100,000,000 as the value of the ships seized by the United States. Also copies of all communications sent to the Treasury Department, or to any representative of the Treasury Department, or any person acting for or in its behalf, by the German Government, or by said Wilhelm Kisselbach, or by any of the German shipowners, or any of the representatives of said shipowners, and particularly Mr. Hunt, attorney for said shipowners, and also copies of all cable messages exchanged by representatives of the Treasury Department and by representatives of the German shipowners or agents or representatives of the German Government, in regard to any legislation proposed or to be proposed by the Secretary of the Treasury, or by the Congress of the United States looking to the return of any property in the hands of the Alien Property Custodian, or looking to the compensation of American citizens for claims they have or may have against the German Government or against German nationals.

Attest:

EDWIN P. THAYER,
Secretary.

[Radiogram]

STEAMSHIP ALBERT BALLIN,
Via New York, December 30, 1926.

WINSTON,
Treasury Department, Washington:

Received cable that general consent of more than one hundred and fifty millions is now obtained. Therefore, now all three conditions completely fulfilled.

KIESSELBACH.

[Radiogram]

STEAMSHIP ALBERT BALLIN,
Via New York, December 30, 1926.

WINSTON,
Treasury Department, Washington, D. C.:

German ship owners and radio stations unanimously consent. Germany taking of fifty millions bonds secured. German general consent for hundred millions obtained further consents have after arrival of supplemental list.

KIESSELBACH.

[Radiogram]

BERLIN, December 8.

UNDERSECRETARY WINSTON,
Treasury Department, Washington.
 Committee consents.

KIESSELBACH.

OCTOBER 19, 1925.

DEAR MR. VON LEWENSKI: I understand that Doctor Kisselbach will be back in Washington in a few days. Secretary Mellon would like the opportunity of discussing informally with him some of the questions which may arise in connection with the American claims against Germany. If it is convenient we would be glad to see the doctor about 10 o'clock Thursday, October 22. You may wish to come with Doctor Kisselbach, and we should, of course, be glad to see you both.

Very truly yours,

GARRARD B. WINSTON,
Undersecretary of the Treasury.

MR. KARL VON LEWENSKI,
*Care of Mixed Claims Commission,
 United States and Germany, Washington, D. C.*

1439 MASSACHUSETTS AVENUE,
 Washington, D. C., October 20, 1925.

HON. GARRARD B. WINSTON,
*Undersecretary of the Treasury,
 Washington, D. C.*

DEAR MR. WINSTON: I beg to acknowledge receipt of your favor of October 19, by which you were kind enough to inform me that Secretary Mellon would like to discuss informally with Doctor Kisselbach some of the questions which may arise in connection with the American claims against Germany. Doctor Kisselbach is still in New York, but will arrive in Washington to-morrow afternoon, and, after having communicated with him by telephone, I am authorized to say that he will be very pleased to attend the conference with Mr. Mellon on Thursday at 10 o'clock as suggested by you. With your permission I shall take the liberty to accompany Doctor Kisselbach.

Very truly yours,

DR. KARL VON LEWINSKI.

NOVEMBER 23, 1925.

DEAR DOCTOR KIESSELBACH: Pursuant to our conversation, I submit the following:

Subject to—

- (a) Consent of German owners of property now held by the Alien Property Custodian to receive \$50,000,000 of bonds under the plan outlined below; and
- (b) Consent to the plan by a majority in amount of the German owners of alien property held by the Alien Property Custodian and

by at least 90 per cent in amount of all German owners of ships and radio stations whose claims are to be arbitrated as outlined in the plan:

It is proposed to recommend to Congress a plan for—

(a) Return to its owners of the property held by the Alien Property Custodian.

(b) Payment of private awards of the Mixed Claims Commission.

(c) Determination and payment of claims for German ships, radio stations, and such patents and property as have been taken and used by the United States (including patents transferred through the Alien Property Custodian to the United States for a purely nominal consideration).

Substantially as follows:

THE PLAN

(1) The United States shall assign to a trustee payments the United States may receive under the Dawes plan on account of reparations and in payment of costs of the army of occupation against the delivery by the trustee of an issue of about \$250,000,000 25-year 5 per cent bonds. Principal and interest may be payable either in dollars or marks or partly in dollars and partly in marks, and either in the United States or Germany, all at the option from time to time of the United States. The bonds may be retirable by lot at any time prior to maturity, at par if to be paid in dollars and at a premium after the first year of one-half per cent per annum if to be paid in marks. By "marks" is understood the currency accepted from Germany by the transfer committee under the Dawes plan at the rate currently accepted. Principal and interest of the bonds shall be guaranteed by the United States.

(2) The Alien Property Custodian shall purchase from funds in his possession \$50,000,000 of the bonds at par.

(3) Interest earned on cash deposits of the Alien Property Custodian with the Treasurer of the United States prior to March 4, 1923 (aggregating, with later accumulations, about \$31,000,000), and to which under the law German owners of property in the hands of the Alien Property Custodian are not entitled, shall be used by the United States, together with the \$50,000,000 proceeds from the sale of the bonds, to pay on the private claims allowed by the Mixed Claims Commission, which cash shall be used to pay all claims of less than \$50,000, and the balance applied on the larger claims.

(4) The balance of the private American mixed claims not paid in full in cash shall be paid in the bonds at par.

(5) The properties in the hands of the Alien Property Custodian, including the bonds and other securities in which his funds are then invested, shall be delivered to their owners.

(6) The President shall appoint an arbiter to render an award of fair and reasonable compensation to Germans for the title to and/or use of ships, radio stations and such patents and property as have been taken and used by the United States; provided the total amount of such awards shall not in any event exceed \$100,000,000. Within the limitation above, the United States shall pay the awards in the bonds at par.

I am advised that this plan is acceptable to the American mixed claimants.

Yours very truly,

A. W. MELLON,
Secretary of the Treasury.

DR. JUR. WILH. KIESSELBACH,
Mixed Claims Commission,
Washington, D. C.

NOVEMBER 23, 1925.

DEAR DOCTOR LEWINSKI: I herewith inclose the lists furnished me by the Alien Property Custodian in connection with German properties held by him. List No. 1 is all over \$50,000; list No. 2 is those between \$45,000 and \$50,000; and list No. 3 those between \$40,000 and \$45,000. The cash is, of course, accurate but the investments are the appraisals of 1918 and in the case of most of the securities there has been a large increase in value. I may be able to give you some figures later as to how much we may consider as safe to raise generally the value of the investment account.

Very truly yours,

GARRARD B. WINSTON,
Undersecretary of the Treasury.

DR. KARL VON LEWINSKI,
Mixed Claims Commission,
Washington, D. C.

WASHINGTON, D. C., November 23, 1925.

HON. GARRARD B. WINSTON,
Undersecretary of Treasury,
Washington, D. C.

SIR: It would greatly assist me in my negotiations in Germany if you could furnish me through Doctor von Lewinski, Investment Building, room 1006, with (1) a list of radio stations, taken and used by the United States; (2) a list of patents taken and used by the United States, in particular those used by the Navy Department either under license or under assignment from the A. P. C.

I am, sir, yours respectfully,

J. W. KIESSELBACH,

DECEMBER 9, 1925.

DEAR DOCTOR LEWINSKI: I herewith inclose list furnished me by the Alien Property Custodian showing trusts between \$20,000 and \$40,000. I assume that you will send this over to Doctor Kiesselbach.

You may have noticed the paragraph in the President's message to Congress yesterday saying he is opposed to any action on the alien property until we try out this plan of ours. It might be well to communicate this part of the message to Doctor Kiesselbach.

Very truly yours,

GARRARD B. WINSTON,
Undersecretary of the Treasury.

DR. KARL VON LEWINSKI,
Mixed Claims Commission, Washington, D. C.

WASHINGTON, D. C., December 30, 1905.

MR GARRARD B. WINSTON,

Undersecretary of the Treasury, Washington, D. C.

DEAR MR. WINSTON: Returned to Washington, I beg to confirm the following three wireless I sent you—

On December 8, reading: "Committee consents."

On December 21, reading: "German shipowners and radio stations unanimously consent. German taking of fifty million bonds secured. German general consent for hundred millions obtained, further consents safe after arrival of supplemental list."

On December 22, reading: "Received cable that general consent of more than 150,000,000 is now obtained. Therefore now all three conditions completely fulfilled."

I may add the following facts which will be of interest to you:

(1) The committee which is constituted in Germany under the chairmanship of Mr. Hamm, formerly Minister of Commerce, comprises the following members:

Blinzig, Vorstandsmitglied der Deutschen Bank, Berlin.

Wirklicher Legationsrat a. D. Dr. Buecher, Praesidialmitglied des Reichsverbandes der Deutschen Industrie, Berlin.

Konsul Deibel, Zentralverband des Deutschen Grosshandels, Berlin.

Geheimer Regierungsrat Prof. Dr. Duisberg, Vorsitzender des Reichsverbandes der Deutschen Industrie, Leverkusen, Bezirk Koeln.

Reichsminister a. D. Hamm, 1. geschaeftsfuehrendes Praesidialmitglied des Deutschen Industrie- und Handelstags, Berlin.

Hopf, Vorstandsmitglied der Hamburg-Amerikanischen Dampfschiffahrts-A.-G., Hamburg.

Geheimer Regierungsrat Kastl, Geschaeftsfuehrendes Praesidialmitglied des Reichsverbandes der Deutschen Industrie, Berlin.

Keinath, M. d. R., Geschaeftsfuehrendes Praesidialmitglied des Zentraeverbandes des Deutschen Grosshandels, Berlin.

Justizrat Kiskalt, Generaldirektor der Muenchener Steuer-Versicherungs-Gesellschaft.

Konsul Dr. e. h. Kotzenberg, Praesidialmitglied des Zentralverbandes des Deutschen Grosshandels, Frankfurt a. Main.

Kuttner, Vorstandsmitglied des Reichsverbandes des Deutschen Ein- und Ausfuhrhandels, Berlin.

Lilienthal, Geschaeftsfuehrer des Bundes der Auslandsdeutschen E. V., Abteilung Amerika.

Dr. Melchior, i. Fa. M. M. Warburg, Hamburg.

Franz v. Mendelsohn, Praesident des Deutschen Industrie- und Handelstages, Berlin.

Muenchmeyer, Vorsitzender der Handelskammer zu Hamburg.

Muencks, Geschaeftsfuehrer des Deutsch-Amerikanischen Wirtschaftsverbandes.

Geheimer Kommerzienrat Dr. Ravené, Praesident des Zentralverbandes des Deutschen Grosshandels, Berlin.

Staatsminister Graf v. Roedern, Verband der Deutschen Reeder.

Staatssekretaer z. D. Dr. v. Simson, Vorstandsmitglied des Reichsverbandes der Deutschen Industrie, Berlin.

Geheimer Reg.-Rat Stimming, Generaldirektor des Norddeutschen Lloyd, Bremen.

Urbig, Geschaeftsinhaber der Direktion der Diskonto-Gesellschaft, Berlin.

(2) According to the estimate of the German shipowners the tonnage requisitioned by the Government of the United States amounts to 623,971 B. R. T.

All of the owners of this tonnage have given me their written consent to the plan of the Treasury.

(3) The information forwarded to you in wireless messages of December 21 and 22 was received by me through two wireless signed by Mr. Hamm, the first one of December 19, the second one of December 22.

The data in the first wireless as to the aggregate amount of the general assent obtained were based on a careful estimate reached by the committee in a meeting held in the afternoon of December 18, the date fixed for the assent to be sent in.

But it seems that—probably owing to the shortness of the time given—a considerable amount of consenting votes came in later, enabling the committee to give on December 22 more accurate information as to the amount of the general consent obtained and communicated to you at once.

I am glad to be able to repeat that with the last cable all three conditions are completely fulfilled as I had the honor to mention in my cable to you of December 22.

Should there be any further information you need or could I be of any further assistance I shall be very glad to be at your disposal.

Very truly yours,

J. W. KIESSELBACH.

WASHINGTON, D. C., February 19, 1926.

MR. GARRARD B. WINSTON,
Undersecretary of the Treasury,
Washington, D. C.

DEAR MR. WINSTON: In compliance with your request regarding a specification of the tonnage of German-owned ships the owners of which approved of the plan proposed, I take pleasure in handing to you an itemized list of the tonnage (Exhibit 1), for which the consent was given and which comprises the total amount for which claims may be raised.

Since columns 2 and 3 of the said list contain the ships seized in Panama and Cuba, I deducted the respective amounts of 15,569 tons and 15,903 tons from the total of the first column amounting to 655,443 tons, the balance being 623,971 tons, as quoted in my letter of December 30, 1925.

In the meantime I was informed that the ships seized in Panama as well as in Cuba had been turned over to the United States and used by it, and therefore might fall within the agreement.

Therefore it seems safe to specify the total of 655,443 tons.

Exhibit 2 is the list of ships owned by the Hamburg-American Line, including the five ships, *Nassovia*, *Armenia*, *Arcadia*, *Savoia*, *Saxonia*, belonging to the Atlas Line, a corporation controlled by the Hamburg-American Line. The total of this list amounts to 296,047 tons.

From the ships quoted in said list the *Sachsenwald*, 3,559 tons; *Grunewald*, 4,707 tons; *Prinz Sigismund*, 4,689 tons; *Savoia*, 2,614 tons; total, 15,569 tons, were seized in Panama, and the *Bavaria*,

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3,898.14 tons; and *Constantia*, 3,025.86 tons; total, 6,924 tons, were seized in Cuba.

Exhibit 3 is a list of ships owned by the North German Lloyd, showing a total of 234,284 tons.

Exhibit 4 is the list of the balance of tonnage as specified in Exhibit 1. Out of this list, which amounts to 125,112 tons, the ships seized in Cuba are the *Kydonia* (Rhed. Horn, Luebeck), 2,390 tons; *Olivant* (Roland Linie, Bremen), 3,843 tons; *Adelheid* (Flensburger Dampfer Co., Flensburg), 2,746 tons; total, 8,979 tons.

In compliance with your further request I may add that the amount representing the consent of the owners of German property held by the Alien Property Custodian totals \$150,124,357.

As further assents are coming in, it may fairly be assumed that said amount will increase in the course of time.

Hoping to hear from you at your earliest convenience, I am,
Very truly yours,

J. W. KIESSELBACH

EXHIBIT 1

Complete list of German-owned ships seized in the United States, including ships seized in Panama and Cuba

No.	Owner	Btto. registered tons	In Panama	In Cuba
1	Hamburg-America Linie, Hamburg.....	296,047	Tons 15,569	Tons 6,924
2	Nordd. Lloyd, Bremen.....	234,284		
3	Deutsch-Austral. Dampfschiffs-Ges., Hamburg.....	20,119		
4	D. D. G. Kosmos, Hamburg.....	16,714		
5	D. D. G. "Hansa," Bremen.....	22,631		
6	Knoehr & Burchard Nff., Hamburg.....	4,887		
7	D. Rhed. Horn, Luebeck.....	5,168		2,390
8	Roland-Linie, Bremen.....	3,843		3,843
9	D. D. G. "Argo," Bremen.....	2,554		
10	Flensbg. Dampfer Co., Flensburg.....	2,746		2,746
11	Riekmers Reed. A. G., Hamburg.....	5,130		
12	G. J. H. Siemers & Co. Hamburg.....	3,109		
13	Holm & Molzen, Flensburg.....	2,555		
14	Wachsmuth & Krogmann, Hamburg.....	1,746		
15	F. A. Vinnen & Co., Bremen.....	1,860		
16	Carl Johs. Klingenberg & Co., Bremen.....	1,468		
17	Rhed. A. G. v. 1896, Hamburg.....	2,659		
18	Leonhardt & Blumberg, Hamburg.....	4,558		
19	Allgem. Elektr. Ges., Hamburg.....	4,630		
20	Otto Zelck, Rostock.....	1,686		
21	H. Vogemann, Hamburg.....	3,716		
22	D. Fuhrmann, Nissie & Guenther Nffg., Hamburg.....	2,974		
23	Jaluit Ges., Hamburg.....	556		
24	Deutsche Hand. & Plant.-Ges. der Suedsee-Inseln, Hamburg.....	304		
25	Deutsche Suedseephosphat-A. G., Bremen.....	499		
	Total.....	656,443	15,569	15,903

EXHIBIT 2

List of ships owned by the Hamburg-American Line, Hamburg, including ships owned by the Atlas Line

	Tons ¹
Odenwald.....	3,537.49
Praesident.....	1,849.20
Nicarua.....	3,974.07
Bohemia.....	8,413.92
Holsatia.....	5,644.30

¹ German registry

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	Tons	
Sachsen	8,007.18	
Sambia	4,765.21	
Suevia	3,789.06	
Amerika	22,621.87	
Andalusia	5,432.53	
Bulgaria	11,493.92	
Cincinnati	16,339.32	
Gouverneur Jaeschke	1,737.80	
Hamburg	10,531.60	
Koenig Wilhelm II	9,409.90	
Loongmoon	1,971.34	
Lycemooon	1,925.00	
Pennsylvania	13,333.00	
Pisa	4,966.84	
President Grant	18,072.34	
President Lincoln	18,167.74	
Prince Joachim	4,759.93	
Prins Oskar	6,026.24	
Rhaetia	6,599.62	
Staatssekretaer Kraetke	2,008.97	
Prinz Eitel Friedrich	4,650.31	
Vaterland	54,281.74	
Nassovia	3,901.75	
Armenia	5,464.00	
Arcadia	5,453.52	
Saxonia	4,424.34	
		273,554.00
Sachsenwald	3,559.00	
Grunewald	4,707.00	
Prinz Sigismund	4,689.00	
Savoia	2,614.00	
		15,569.00
Bavaria	3,898.00	
Constantia	3,028.00	
		6,924.00
Total		296,047.00

EXHIBIT 3

List of ships owned by the North German Lloyd

	Tons ¹		Tons ¹
1. Barbarossa	10,984	18. Rhein	10,058
2. Borneo	2,168	19. Tsingtau	1,685
3. Breslau	7,524	20. Tuebingen	5,586
4. Coblenz	3,130	21. Willehad	4,761
5. Elsass	6,591	22. Wittekind	5,640
6. Friedrich der Grosse	10,771	23. Darvel	1,508
7. George Washington	25,570	24. Marudu	1,514
8. Grosser Kurfuerst	13,102	25. Pongtong	1,631
9. Kaiser Wilhelm II	19,361	26. Prinz Waldemar	3,227
10. Koeln	7,409	27. Locksun	1,657
11. Kronprinzessin Cecille	19,503	28. Prinz Eitel Friedrich	8,797
12. Mark	6,579	29. Kronprinz Wilhelm	14,908
13. Neckar	9,835	30. Vulcan, lighter	120
14. Pommern	6,557	31. Jupiter, lighter	120
15. Prinzess Alice	10,981	32. Pollux, tug	86
16. Prinzess Irene	10,893		
17. Rajah	2,028		
		Total	234,284

¹ British registry

EXHIBIT 4

Details of requisitioned ships, other than those quoted in Exhibits 2 and 3

Deutsch-Australische Dampfschiffs-Ges., Hamburg:		Tons
Magdeburg.....	-----	4,490
Harburg.....	-----	4,472
Kiel.....	-----	4,494
Bochum.....	-----	6,161
Elmshorn.....	-----	4,594
Esslingen.....	-----	4,902
Total.....	-----	29,119
D. D. G. Kosmos, Hamburg:		
Serapis.....	-----	4,756
Setos.....	-----	4,730
Seostris.....	-----	7,228
Total.....	-----	16,714
D. D. G. "Hansa," Bremen:		
Ockenfels.....	-----	5,621
O. I. D. Ahlers.....	-----	7,485
Adamsturm.....	-----	5,000
Liebenfels.....	-----	4,525
Total.....	-----	22,631
Kroehr & Burchard Nfl., Hamburg:		
S. Steinbeck.....	-----	2,164
S. Dalbeck.....	-----	2,723
Total.....	-----	4,887
D. Rhed. Horn, Luebeck:		
Portania.....	-----	2,778
Kydonia.....	-----	2,390
Total.....	-----	5,168
Roland Linie, Bremen: Olivant.....	-----	3,843
D. D. G. "Argo," Bremen: Andromeda.....	-----	2,554
Flensburger Dampfer Co., Flensburg: Adelheid.....	-----	2,746
Rickmers Reed. A. G., Hamburg: Camilla Rickmers.....	-----	5,130
G. J. H. Siemers & Co., Hamburg: Kurt.....	-----	3,109
Holm & Molzen, Flensburg: Maia.....	-----	2,555
Wachsmuth & Krogmann, Hamburg: Indra.....	-----	1,746
F. A. Vinnen Co., Bremen: Arnoldus Vinnen.....	-----	1,860
Carl Johann Klingenberg & Co., Bremen: Matador.....	-----	1,468
Rhed. A. G. v. 1896, Hamburg: Ottawa.....	-----	2,659
Leonhardt & Blumberg, Hamburg:		
Frieda Leonhardt.....	-----	2,789
Rudolf Blumberg.....	-----	1,769
Total.....	-----	4,558
Allgem. Elektr. Ges., Hamburg: Allemania.....	-----	4,630
Otto Zelck, Rostock: Clara Mennig.....	-----	1,686
H. Vogemann, Hamburg: Vogesen.....	-----	3,716
D. Fuhrmann, Nisse & Guenther Nfl., Hamburg: Hohenfeld.....	-----	2,974

Jahuit Ges.:	Tons
Atlas.....	209
Neptun.....	197
Homes.....	150
Total.....	556
<hr/>	
Deutsche Hand. & Plant. -Ges. der Suedsee-Inseln, Hamburg: Staats. Solf.....	304
Deutsche Suedseephosphat-A. G., Bremen: Wiegand.....	499
Grand total.....	125, 112

WASHINGTON, D. C., March 15, 1926.

Mr. GARRARD B. WINSTON,
Undersecretary of the Treasury, Washington, D. C.

DEAR MR. WINSTON: Following our conversation of March 6, I immediately cabled to Berlin asking information with regard to the interest, if any, of the German Government, in the claims of the shipowners and radio stations (Sec. II) and in the German property seized by the custodian (Sec. VII).

Since the wording of the draft of the bill dealing with Germany's interest "directly or indirectly by stock ownership or otherwise" is so comprehensive that it is impossible for the Government to answer conclusively to a question of such scope, I confined myself in pursuance to our conversation to an inquiry with regard to private property in which the Government has an interest by way of stock ownership or partnership other than property directly owned by the Government or public-governmental corporations. I have, as agreed between us not included in my inquiry the patents for the use of which claims may accrue under the bill, because nobody knows what patents may come into question.

The answer received from the German Government confirms that the Government has no interest through stock ownership or partnership in the ships' claims and the radio station's claims. And also, as far as the trusts of the private property seized by the custodian are concerned, no interest by way of such stock ownership or partnership could be ascertained.

Very truly yours,

J. W. KIESSELBACH.

1441 MASSACHUSETTS AVENUE,
Washington, D. C., March 18, 1926.

Hon. ROBERT W. BONYNGE,
*Agent of the United States,
Mixed Claims Commission, United States and Germany.*

DEAR MR. BONYNGE: In view of the possibility that the United States administration might maintain the viewpoint expressed in section 7d of the Treasury bill; in view, furthermore, of the fact that this viewpoint seems to me at variance with the debt agreement, I would, if such viewpoint should be maintained, feel obliged to reserve to my Government all rights growing out of said agreement and to wait for further instructions in the matter before further steps are taken. Therefore, I do not feel in a position to continue

our present practice in debt cases until we know how the situation really stands. Much to my regret, I shall, therefore, for the time being abstain from signing agreed statements in such cases and have instructed my counsel to limit their negotiations and statements to ascertaining the amount of marks owing on April 6, 1917, reserving, however, in all cases the question whether and when the debt has fallen due.

Very truly yours,

KARL VON LEWINSKI,
Agent of Germany.

MEMORANDUM

Regarding the draft of a "bill to provide for the payment of the awards of the Mixed Claims Commission of the United States and Germany, to make compensation for certain properties seized by the United States during the World War, to amend the 'Trading with the enemy act,' and for other purposes."

I. The plan, outlining legislation for the final settlement of the above-mentioned questions, as published in December, 1925, by the Secretary of the Treasury, Mr. Andrew Mellon (hereafter called Mellon plan), sets forth in paragraphs (5) and (6) as leading principles governing the return of the seized German property to its owners and the compensation of German nationals for the use of their property by the United States, the following:

(5) The properties in the hands of the Alien Property Custodian, including the bonds or other securities in which his funds are then invested, shall be delivered to their owners.

(6) The President shall appoint an arbiter to render an award of fair and reasonable compensation to Germans for the title to and/or use of ships, radio stations, and such patents and property as have been taken and used by the United States; provided the total amount of such awards shall not in any event exceed \$100,000,000.

Within the limitation above, the United States shall pay the awards in the bonds at par.

II. It was understood that the Mellon plan was to become effective only upon acceptance by the majority owners of the seized German property, by the German parties claiming compensation for the use of their property by the United States and by the American War Claimants Association, and that thereafter it would become subject to legislative enactment by the Congress of the United States. In order to meet these requirements for making effective the plan, all German parties concerned have given their consent in due form, to the satisfaction of the Secretary of the Treasury. In doing so they based their decision on the promises, regarding the return of their property or their receiving compensations, as stated in the above inserted paragraphs (5) and (6) of the Mellon plan, since with respect to all other provisions of the plan they were called upon to declare their willingness to make sacrifices. Hence, the German owners whose property is either seized or was made use of by the United States, are entitled to expect that in any legislation based on the Mellon plan, due respect and consideration is given to the premises on which they have based their consents.

Therefore, if in substantial points such promises given should be disregarded by any legislation passed, it could not be said or assumed that the above-mentioned consent from the German side would still exist.

III. Based on the consents given by the various interested parties, as explained in Part II, the administration has prepared the draft of "A bill to provide for the payment of the awards of the Mixed Claims Commission of the United States and Germany, to make compensation for certain properties seized by the United States during the World War, to amend the 'Trading with the enemy act,' and for other purposes" which is said to be introduced in Congress very shortly. This draft contains in its present form certain provisions, however, which are not in harmony with the promises, dealt with in Parts I and II, and besides this, there are certain provisions missing in the draft, but the enactment of which seems necessary in order to carry out such promises effectively. The former, which should be eliminated or altered, are mentioned in Part IV, and the most important one of the latter, which should be added, is discussed in Part V.

IV. Provisions of the present draft, which are not in harmony with the Mellon plan:

(1) It is proposed to except from the return to the owner money or property in the amount or value of any award entered by the Mixed Claims Commission against the German Government, where the owner of seized property is involved in the cause of action before the commission.

(2) It is proposed that no compensation shall be paid for the use by the United States of any German property during the time of war.

(3) It is proposed that any award for compensation to the German Government or any award in which the German Government has an "interest, directly or indirectly, by stock ownership or otherwise," shall not be paid to the extent of the value of such interest, but shall to such extent be credited to Germany as payment made to the United States, and that the President of the United States shall have discretionary power to determine any indirect interest of the German Government in any award made by the arbiter.

(4) Similar provisions are proposed as to the interest of the German Government in any private property in the hands or in control of the Alien Property Custodian, and to the extent of such interest, money or property of equal value shall not be returned to the owner, but would be turned over to the United States and credited as payment made by the German Government.

V. The bill provides in its present form for the return of property by order of the President, who is also authorized to pass upon ownership thereto, but does away with the remedy provided for in the present section (9) of the "trading with the enemy act." In cases of conflicting claims to property it has been said that neither the President nor any Government agency could pass upon such claims "with justice and fairness," but that the remedy could be found in the filing of a bill of interpleader with the regular courts. No provision is made, however, as to the period within which such bill is to be filed. And further, in a decision, the courts could not order the return to any party for lack of authority.

Therefore, in cases in which court actions were brought to have conflicting interests decided as well as in all other cases the remedy is missing, which is given in the present section (9) to any party having filed notice of claim for the return of property; i. e., the right of any claimant to institute suit in equity to recover his money or seized property, as the case may be.

←

WASHINGTON, D. C., April 17, 1926.

MR. GARRARD B. WINSTON,
Undersecretary of the Treasury, Department of the Treasury,
Washington, D. C.

DEAR MR. WINSTON: I am informed that a New York lawyer, Mr. Lafferty, protested in the name of two German firms, Stollwerck and Gebrueder Rossie, against the provision of the Mills bill concerning the unallocated interest fund. I cabled immediately to Mr. Hamm, former German Minister of Commerce, and chairman of the German committee, and received the following answer:

Stollwerck und Gebrueder Rossie haben Mellonplan uneingeschraenkt zugestimmt Lafferty geht formell auf Grund damaliger Vollmacht aber eigenmaechtig und ohne Auftrag der Firmen vor Stollwerck hat entsprechend an Vertreter Mertens Buffalo gekabelt und beauftragt mit Lafferty Verbindung zu treten Punkt. Gleichzeitig Kabel von Rossie an Schnitzler in gleichem Sinne ergangen.

HAMM.

[Translation]

Stollwerck and Rossie Bros. agreed unrestrictedly to Mellon plan. Lafferty is proceeding upon previous power of attorney, but on his own account and without authorization by the firms concerned. Stollwerck cabled accordingly to its agent Mr. Mertens, Buffalo, instructing him to get in contact with Lafferty. At the same time Rossie cabled to Schnitzler in the same sense.

HAMM.

As stated in Mr. Hamm's telegram, the firm Rossie Bros. cabled to Mr. Schnitzler, New York, as follows:

Erfahren dass Lafferty in unserem Namen Protesting Brief gegen Mills bill veroeffentlicht weil Zinsen bis 1923 zurueckgehalten werden sollen Haben seinerzeit Zustimmung Mellonplan gegeben Lafferty daher zu derartiger Massnahme nicht autorisiert Mills bill hat unsere vollste Zustimmung.

GEBR. ROSSIE SUECHTELN.

[Translation]

We hear that Lafferty publishes in our name protest against Mills bill because interest up to 1923 shall be retained. Some time ago we have consented to the Mellon plan. Lafferty not authorized to such a step. We are in full agreement with Mills bill.

GEBR. ROSSIE SUECHTELN.

You will kindly see from these cables that Mr. Lafferty's protest was without authorization by said firms.

Very truly yours,

J. W. KIESSELBACH.

APRIL 19, 1926.

DEAR DR. KIESSELBACH: I herewith inclose a half dozen copies of the release of the Treasury to-day on the alien property bill.

Very truly yours

GARRARD B. WINSTON,
Undersecretary of the Treasury.

DR. WILHELM KIESSELBACH,
German Commissioner, Mixed Claims Commission,
Investment Building.

WASHINGTON, D. C., June 1, 1926.

HON. CHARLES S. DEWEY,
Assistant Secretary of the United States Treasury,
Washington, D. C.

SIR: According to press dispatches a new plan for a part payment of American claims against Germany and a part return of German private property is now under consideration. I beg to refer for instance to the United States Daily of June 1, 1926 (p. 3, col. 5). The intention seems to be to pay out to American claimants about \$34,000,000, which sum "would be obtained by taking the twenty-six millions of unallocated interest on German alien property, now held in the United States Treasury, and by placing it with \$8,000,000 already paid by Germany under the Dawes plan."

Dr. Wilhelm Kiesselbach, who is at present on his way to Germany, learned of the new plan by radio messages and has asked me by radio to bring the following to your attention.

When in November last he was requested by Secretary Mellon to procure the consent of the German owners to the use of the "unallocated interest funds," as far as it accrued on German assets, for the payment of awards rendered by the Mixed Claims Commission it was the understanding that this consent was needed in order to facilitate the solution of the entire problem on broad principles. The solution planned at that time by the United States Treasury included the payment of all American claims, the return of all private property excepting said unallocated interest, and an adequate compensation for ships, radio stations and certain patents taken and used by the United States. It is obvious that the plan now under consideration is not such a solution of the entire problem. Doctor Kiesselbach feels therefore obliged in the interest of those people whose consent he procured upon Mr. Mellon's suggestion to make it quite clear that such consent is entirely ineffective in connection with the present plan. It is of course not up to him to judge whether the consent which, it seems, was considered necessary at that time is essential for the purposes to be achieved by the new scheme; his only desire is to let you, and through you, Secretary Mellon, know that the German owners represented by him would consider such a use of this part of their property a clear part confiscation.

I beg to add that I am writing this merely upon the request of Doctor Kiesselbach, who is at present unable to make this com-

munication himself, and not in my official capacity as German agent before the Mixed Claims Commission, United States and Germany.

I have the honor to be, sir, your obedient servant,

KARL VON LEWINSKI.

JUNE 2, 1926.

DEAR DOCTOR: I have your letter of June 1, outlining Dr. Wilhelm Kiesselbach's objection to the use of "unallocated interest funds" for the payment of awards rendered by the Mixed Claims Commission in any plan which did not facilitate the solution of the entire problem on broad principles.

I note from your letter that this expression of Doctor Kiesselbach's opinion was caused by press reports appearing in the United States Daily of June 1, 1926, outlining a bill about to be introduced in the Congress which apparently intends to use the unallocated interest fund for the payment of a certain number of the American claimants, but which defers the settlement of the entire matter to a later date.

I shall bring your letter to the attention of the Secretary upon his return to Washington on Thursday, but believe I am correct in saying that it is still the department's policy only to indorse a bill that makes a settlement of the entire subject on broad principles.

Very truly yours,

C. S. DEWEY,
Assistant Secretary.

DR. KARL VON LEWINSKI,
Mixed Claims Commission, Washington, D. C.

WASHINGTON, D. C., June 7, 1926.

HON. CHARLES S. DEWEY,
Assistant Secretary of the United States Treasury,
Washington, D. C.

DEAR MR. DEWEY: I am transmitting herewith Senate Document No. 99, which contains Secretary Mellon's letter to Doctor Kiesselbach.

I beg to add that Secretary Mellon's letter to the President of the Senate is in so far not quite in accordance with the facts, as it names me as one of the representatives of German owners. I never represented them or any of them, but participated in the various conferences held in the Treasury merely as agent before the Mixed Claims Commission in the same way in which Mr. Bonyngé participated in his capacity as American agent.

I am, my dear Mr. Dewey,

Very sincerely yours,

DR. KARL VON LEWINSKI.

WASHINGTON, D. C., November 15, 1926.

MR. GARRARD B. WINSTON,
Undersecretary of the Treasury,
Washington, D. C.

MY DEAR MR. WINSTON: I learned this morning that the War Claimants Association has suddenly changed its attitude and will be opposed to legislation of any kind which does not keep the securities

for the awards rendered or to be rendered by the Mixed Claims Commission intact until said awards will be paid in full. This means either a clear confiscation of the German property to the amount of the awards and a complete cancellation of the understanding under which the Germans agreed to waive their rights to the allocated interest fund, or postponement of the whole action and especially of the satisfaction of the claimants for an indefinite period.

Under these circumstances I regret very much not to be in a position to discuss a compromise on the basis you mentioned yesterday by referring to the first understanding between the American claimants and myself which was presented to you and Mr. Mellon by me at the beginning of November, 1925.

I therefore would ask you to kindly not come back to this old plan.

I am, my dear Mr. Winston,
Very sincerely yours,

J. W. KIESSELBACH.

WASHINGTON, D. C., November 16, 1926.

HON. GARRARD B. WINSTON,
Undersecretary of the Treasury,
Washington, D. C.

DEAR MR. WINSTON: I understand that some members of the Committee on Ways and Means are of the opinion that German nationals whose property has been seized by the United States were compensated by Germany and that huge sums for this purpose appear in the German budget. I take the liberty of drawing your attention to the annexed memorandum which upon the request of the State Department was delivered to Mr. Castle by the German Embassy on April 20, 1926. It appears from this memorandum that no compensation whatsoever has been paid to such German nationals which is explained by the fact that under the laws of Germany compensation can only be paid in the event of confiscation, it being the common opinion in Germany that so far the German private property seized by the United States has not been confiscated.

I am, my dear Mr. Winston,
Very respectfully yours,

Dr. KARL VON LEWINSKI.

MEMORANDUM

On April 12, 1926, the following questions were submitted to me by Mr. Castle:

(1) I should like to know whether the German Government has taken any assignment from German nationals covering property now in the hands of the Alien Property Custodian.

(2) Does the German budget for 1924-25 contain this provision: Settlement charges, compensation for losses due to sequestration and liquidation of German property in foreign countries, 289,000,000 marks? Does the 1925-26 budget contain a similar provision?

The first question I have already answered in the negative. After communicating with my Government I have merely to confirm my statement.

As regards the second question I have upon inquiry received the following information from my Government:

The German budgets for 1924, 1925, and 1926 contain certain items for the allowance of compensation to German nationals whose property has been confiscated by victorious powers during or in consequence of the war. The table annexed hereto (Exhibit 1) specifies these items and shows the amounts actually granted and paid under them to German nationals. This table shows in particular that the item of 289,000,000 marks contained in the budget for 1924 and mentioned in Mr. Parker Gilbert's report of May 30, 1925, referred principally to losses caused to German nationals through compulsory measures (expatriation and expulsion from territories ceded to allied powers under the Versailles treaty) and to damage to German private property caused by hostilities within the former German colonies. Only 17,400,000 marks out of this item of 289,000,000 marks were granted and paid for damages caused by confiscation of property abroad. The corresponding items in the budgets for 1925 and 1926 are 89,700,000 and 4,141,200 marks, respectively.

The German legislation dealing with the compensation of German nationals for losses sustained by confiscation of private property abroad is set out in detail in Exhibit 2. It appears from this exhibit that the compensation granted by Germany in such cases averages 4.10 per cent of the pre-war value, that in case of confiscation of cash or securities the percentage allowable is only 2 per cent and that in all cases where the loss sustained exceeds 200,000 marks the percentage allowable for damages beyond this figure is only two-tenths of 1 per cent.

German nationals whose property in the United States was taken over by the Alien Property Custodian under the trading with the enemy act have not received any compensation under the laws quoted in the annex and are not entitled thereto for the reason that their property has not been confiscated, but is merely being retained by the United States. If such property were to be confiscated by the United States they would thereby become entitled to the same rates as allowed to Germans whose property was confiscated by the allied powers. As, however, the assets held by the United States consist almost exclusively of cash and securities the percentage to be applied would, with a few exceptions, be 2 per cent of the pre-war value for assets not exceeding 200,000 marks in each particular case and two-tenths of 1 per cent for all amounts exceeding this figure.

It must be noted that the laws set out in the annex do not apply to ships taken by the United States during the war for the reason that the losses sustained by the German shipowners were settled on a different basis. The shipbuilding industry in Germany was a very important one, employing many thousands of mechanics and laborers, and the general welfare was especially involved in this question for the double reason that these workmen were not well adapted to other trades and that the acquisition of ocean-going vessels to enable Germany to undertake once more an export trade—which also involved the import of raw materials for her factories—was necessary if economic life was to be revived and the country enabled to live and

to look forward to the payment of reparation obligations. It was therefore considered advisable instead of including the shipowners in the general compensation scheme to meet their requirements for once and all by the payment of a fixed amount under the condition that the sum as so granted were to be used for immediate reconstruction of at least a small part of the German merchant marine. The amounts allowed under this settlement were at first calculated in such a way as to equal about one-third of the pre-war value of the vessels in question. Due to the depreciation of the German currency, however, the sums paid out to the shipping companies decreased in value before they could be translated into the form of ships actually built to such an extent that they did not cover more than approximately 10 per cent of the peace value of the lost fleet. In view of this obvious inadequacy it was expressly provided that the shipowners could retain for themselves any sums which they might afterwards receive from foreign governments on account of lost tonnage. As far as the ships taken in American ports are concerned the situation to-day is that the former owners have not been compensated for them from any source whatsoever and that in the event the United States make compensation for these losses the amounts awarded would go to the former owners exclusively, the German Government having no charge on or share in the amounts thus paid.

WASHINGTON, D. C., April 20, 1926.

EXHIBIT 1

Table showing appropriations for compensating German nationals for losses caused by confiscation of private property abroad and payments actually made under such appropriations

Year	Amounts appropriated for confiscation damages and other war losses ¹		Amounts paid for confiscation damages		Amounts paid for other war damages	
	Marks	Equivalent in dollars	Marks	Equivalent in dollars	Marks	Equivalent in dollars
1924.....	320,710,000	76,328,980	17,400,000	4,141,200	82,100,000	19,539,800
1925.....	73,000,000	17,374,000	89,700,000	21,348,600	196,500,000	46,767,000
1926.....	50,000,000	11,900,000	4,400,000	1,047,200		

¹ The appropriations do not distinguish between the different classes of war damages.

Up to 1924 there had been paid for confiscation damages altogether 208,700,000 marks (\$48,242,600). The total sum up to now paid for this purpose including the amounts paid up to 1924 and the amounts set out above is 314,200,000 marks (\$74,779,800).

EXHIBIT 2

Article 297(i) of the Versailles treaty provides as follows:

Germany undertakes to compensate her nationals in respect of the sale or retention of their property, rights, or interests in allied or associated States.

The aggregate value of the private property to which this article applies has been estimated at 11,000,000,000 gold marks or 2,618

billion dollars, exclusive, however, of private property retained by the United States.

In order to execute this provision the German Constitutive National enacted a law on August 31, 1919, providing that "appropriate compensation" should be paid to German nationals for seizure, retention, or confiscation of their property, rights, or interests under the treaty of Versailles.

In consequence of the financial difficulties confronting Germany after the war and particularly in view of the reparation problem it was not feasible for a long time to establish definite principles as to the amounts payable under this law. It was merely possible to make certain provisional payments in order to meet the most urgent needs. Up to the time when the German finances collapsed in 1923 these payments had reached the aggregate amount of approximately \$48,000,000.

The paramount purpose of balancing the budget in order to lay the foundation for the stabilization of the German currency at the end of 1923 made it necessary for Germany to cut down her expenditures to the utmost minimum. Under the pressure of that emergency the Reichstag on November 20, 1923, enacted a law fixing the compensation payable for private property, rights, and interests lost on account of seizure and confiscation to two-tenths of 1 per cent of the peace value in general, and to five-tenths of 1 per cent in certain exceptional cases of hardship.

After the budget had been successfully balanced and the currency stabilized the German Government found it possible to yield to the urgent demands of her nationals and to raise the rates of compensation from what was practically nothing to at least some tangible percentage for losses not exceeding the amount of 200,000 marks (or \$47,000), and to take better care of cases where the confiscatory measures applied by the victorious powers had practically ruined the existence of the persons affected thereby. As far as the damage done exceeded the amount of 200,000 marks the above-mentioned rate of two-tenths of 1 per cent remained intact.

Under these new regulations issued by the German Government with the consent of the Reichstag on April 4, 1925, the former owners of confiscated property are entitled to the following rates:

I. INDEMNITY RATES APPLICABLE TO CASH ASSETS AND SECURITIES

The general rate of compensation allowable for loss of cash assets or securities is 2 per cent of the peace value, the absolute maximum payable to any one person for such losses being limited to 16,000 marks.

In the exceptional case that securities formed part of an industrial or commercial enterprise which was confiscated as such the rates described below under II are applicable.

II. INDEMNITY RATES APPLICABLE TO TANGIBLE PROPERTY

The rates allowable for loss of property (real estate, plants, factories) are as follows:

(a) In the event that the peace value of the property confiscated does not exceed 50,000 marks (or \$11,900):

	Per cent
For the first 2,000 marks.....	100
For the next 28,000 marks.....	10
For the further 20,000 marks.....	6

(b) In the event that the peace value of the property confiscated exceeds 50,000 marks but does not exceed 200,000 marks (or \$47,400):

	Per cent
For the first 50,000 marks.....	12
For the next 50,000 marks.....	8
For the further 100,000 marks.....	6

(c) In the event that the peace value of the property confiscated exceeds 200,000 marks: For the first 200,000 marks, 8 per cent.

III. INDEMNITY RATES APPLICABLE TO DEBTS

As to debts owing to German nationals that have been liquidated under the Versailles treaty the compensation rates described above under II apply only in so far as such debts formed part of an industrial or commercial enterprise which was confiscated as such. Otherwise the rate of two-tenths of 1 per cent applies.

The present regulations are to be considered as final. The German nationals affected by the confiscatory measures applied to their property by the allied powers have no hope for a further increase of the indemnification rates beyond the above limits, since any improvement of Germany's capacity to pay will have to yield primarily to an increase of the payments to be made by her under the Dawes plan for her obligations arising out of the war.

