

# Calendar No. 5

71ST CONGRESS }  
1st Session }

SENATE

} REPORT  
No. 4

## TO AMEND TRADING WITH THE ENEMY ACT

APRIL 29, 1929.—Ordered to be printed

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

### REPORT

[To accompany S. 60]

The Committee on Finance, to whom was referred the bill (S. 60) to amend subsection (a) of section 26 of the trading with the enemy act, so as to authorize the allocation of the unallocated interest fund in accordance with the records of the Alien Property Custodian, having had the same under consideration, report it back to the Senate without amendment and recommend that the bill do pass.

Following is a letter from the Secretary of the Treasury and a letter from the Alien Property Custodian, explaining the purpose of the bill:

WASHINGTON, April 11, 1929.

HON. REED SMOOT,  
Chairman Senate Finance Committee,  
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: I am advised that the Undersecretary of the Treasury has sent to you a tentative draft amending subsection (a) of section 26 of the trading with the enemy act (amendment inclosed) so as to authorize the allocation of the unallocated interest fund in accordance with the records of the Alien Property Custodian.

It is very important, indeed, in order to comply with the act of March 10, 1928, that this slight change be made in the law and I am in full accord with the views expressed by Undersecretary Mills and should be very glad, indeed, to have this amendment passed as soon as practicable, and I trust that this may be done.

Very truly yours,

HOWARD SUTHERLAND,  
Alien Property Custodian.

TREASURY DEPARTMENT,  
Washington, April 16, 1929.

MY DEAR MR. CHAIRMAN: Section 26 (a) of the trading with the enemy act, which was added by the settlement of war claims act of 1928, provides that the Alien Property Custodian shall allocate the so-called "unallocated interest fund" among the various trusts held by him and that this allocation shall be based upon "the average rate of earnings" determined by the Secretary of the Treasury upon the entire fund.

The Treasury records fix the date upon which interest begins to run as the date upon which the funds were deposited in the Treasury. The records of the Alien Property Custodian naturally give the date upon which the money first came into his hands but not the date of the deposit in the Treasury. The number of days intervening, of course, vary with each trust. The report of the Finance Committee and the amendment agreed to by the Senate and finally enacted indicate clearly that the allocation should be based upon the records of the Alien Property Custodian, and the Treasury and the custodian agree that this is the better policy.

Although the matter seems of rather trivial importance, the practical situation at present is that the allocation and payment of the fund can not be made. The average rate of earnings determined by the Treasury can not be used by the custodian because of the above difference in the period of time that the funds of any particular trust were on deposit, and the Secretary of the Treasury can not certify a rate adjusted to accord with the custodian's records.

Accordingly, I am transmitting herewith a proposed amendment to authorize the allocation in accordance with the records of the Alien Property Custodian. On account of the obvious desirability of distributing the funds promptly, the custodian and I join in recommending the adoption of the amendment as early as possible in the special session about to convene.

I am transmitting a similar letter to the chairman of the Committee on Ways and Means.

Very truly yours,

A. W. MELLON,  
*Secretary of the Treasury.*

HON. REED SMOOT,  
*Chairman Committee on Finance.*

