1925.

NEW ZEALAND.

ENEMY PROPERTY IN NEW ZEALAND

(FIFTH REPORT ON) BY THE PUBLIC TRUSTEE AS CUSTODIAN OF ENEMY PROPERTY AND CONTROLLER OF THE NEW ZEALAND CLEARING OFFICE.

Presented to both Houses of the General Assembly by Leave.

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REPORT.

To the Hon. the Attorney-General, Wellington.

SIR,—

I have the honour to submit my Fifth Report on Enemy Property in New Zealand, setting forth the work performed during the year ended 31st March, 1925, in connection with the realization of enemy property in New Zealand, and the disposal of claims lodged by or against British nationals resident in New Zealand for settlement in accordance with the Clearing Office procedure laid down in the various Treaties of Peace.

2. Considerable progress has been made during the past year towards the finalization of the matters outstanding in connection with this work, but for various reasons, referred to at length in other portions of the present report, I do not anticipate that the end of the duties entrusted to me arising out of the various Peace Treaties will be reached for at least another twelve months. The stage has, however, been reached when practically no additional claims and no fresh notifications of property subject to the rights of retention and liquidation conferred by the various Peace Treaties are being received, and it only remains to secure the disposal of the outstanding matters.

3. This object is difficult—indeed, impossible—of speedy attainment so far as the enemy property is concerned, on account of the nature of the remaining property and interests involved, and, in the case of the Clearing Office claims, by reason of the fact that the Treaty provisions do not provide any adequate means for securing the final disposal of contested claims. Thus in regard to the outstanding Clearing Office claims by German nationals against British nationals resident in New Zealand, a considerable number of these claims, forming a large portion of the outstanding claims, have been contested by this Office upon very good grounds, and it is considered that in these cases the claims could not be established. In some cases the contests were made as long as four years ago. The German Clearing Office have failed to withdraw these claims or to forward advice of the grounds upon which the claimants maintain the claims in face of the contests. As, however, the cases of the German claimants are not prejudiced by the delays which have occurred, the claims cannot be disregarded, but must be treated as still subsisting.

4. If the New Zealand Clearing Office were to secure the power of rejecting the claims, with the proviso that the claims should become unenforceable if not litigated before the Anglo-German Mixed Arbitral Tribunal within a prescribed period thereafter, the speedier termination of the Clearing Office work, so far at least as concerns the outstanding German claims, could be anticipated. I refer in another portion of this report to certain proposals under dicussion which, if ultimately adopted, are expected to secure the attainment of this object.

5. It is only fair to admit that during the past year the German Clearing Office has shown a growing tendency to deal expeditiously with communications despatched from this Office. The result of this is reflected in the large reduction which has been made during the past year in the number and value of the outstanding Clearing Office claims.

6. In many cases the New Zealand persons against whom claims in respect of pre-war transactions have been made through the Clearing Office procedure do not, or will not, fully recognize their responsibility in regard to the claims. It has often been difficult for this Office to obtain replies from such persons in regard to claims and communications received from the German Clearing Office, and when the replies are ultimately obtained they are not infrequently of an unsatisfactory nature. It is to be remembered that the onus of contesting a Clearing Office claim rests solely upon the person against whom the claim is made, the Clearing Office acting solely as a channel of communication and settlement. Moreover, persons claimed against should realize that the claimants have the right of taking their claims before the Mixed Arbitral Tribunal for adjudication, and that they will probably adopt this course if the contests made by the alleged debtors are incomplete or indefinite. Accordingly, even if the alleged debtor considers the claim quite groundless he must nevertheless ensure that an adequate contest is lodged, otherwise he may find himself called upon to defend a case before the Tribunal at his own expense, while the trouble and expense of defending the claim might easily have been avoided by his taking proper steps to contest the claim in the first instance. This Office has always gone to great trouble to assist alleged debtors with any information in its possession regarding the various provisions of the Peace Treaties, their operation, or their interpretation by the various Mixed Arbitral Tribunals, but it is obvious that it cannot go beyond that and assume the responsibility of framing the actual contest. This is solely a matter for the alleged debtor and his legal adviser, if he chooses to consult one.

7. I again have pleasure in reporting that the discharge of these special duties has been marked by a total absence of well-founded complaints, and that, on the other hand, it has been the subject of a number of letters of appreciation.

8. As in my previous reports the subject-matter of this report has been arranged under the following three headings :—

I. Realization and disposal of enemy property in New Zealand.

II. Settlement of claims by or against British nationals resident in New Zealand.

III. Miscellaneous.

PART I.—REALIZATION AND DISPOSAL OF ENEMY PROPERTY IN NEW ZEALAND.

Amount credited to the German Liquidation Account by the New Zealand Clearing Office.

9. In section 16 of my previous report I explained the procedure by which the German Clearing Office was supplied with schedules setting out particulars of the property retained and liquidated by the New Zealand Government under the power conferred by Article 297 (*b*) of the Treaty of Versailles. These schedules pass through the High Commissioner for New Zealand in London, who on occasions makes deletions in cases where subsequent to the despatch of the schedules from the New Zealand Clearing Office he receives applications from the property-owners concerned for the release of their property upon grounds of their possessing non-enemy nationality, or for a compassionate release under the provisions of the special report of Lord Blanesburgh's Committee, or for other sufficient reasons.

10. The total amount credited to the German Liquidation Account up to the 31st March, 1925, in respect of German property rights and interests in the Dominion was £185,187 9s. 8d. Six credits, totalling £608 12s. 8d., have, with the concurrence of the German authorities, been withdrawn from the Liquidation Account.

11. Reference is made elsewhere in this report to the position regarding the property subject to the charge created by Article 297 of the Treaty of Versailles, which I have so far been unable to convert into money. In addition to the amounts set out above, I hold the sum of approximately £80,000, the bulk of which will probably be credited ultimately to the German Liquidation Account, such action being deferred for the present for various reasons. In certain cases the funds are the subject of outstanding claims under the provisions of Article 296 of the Treaty, which claims have been contested upon technical grounds that the amounts involved require to be credited under the provisions of Article 297. In other cases the persons entitled have made application for the compassionate release of their property, and a final decision upon their applications has not been reached. In one case to which I referred in my previous report the sum of £17,300 is the subject of proceedings in the Supreme Court to determine whether the amount may rightfully be retained.

12. In addition to the cash amounts held on behalf of German nationals which, for the reasons stated, have not yet been credited to the German Liquidation Account, there are various classes of property the liquidation of which cannot be completed at present. The following table gives brief particulars of the cash amounts held but not yet credited to the Liquidation Account, and the property not yet liquidated :—

Cash.	£	s.	d.
(1.) Amounts held subject to claims for compassionate releases	26,918	16	9
(2.) Amounts held subject to settlement of claims under Article 296	11,633	17	1
(3.) Amount held subject to determination of contingencies	24,038	8	11
(4.) Amount held subject to Court action	17,307	18	11
(5.) Amount held awaiting transfer to German Liquidation Account	58	1	8
	£79,957	3	4

Property (the values shown are approximate only).

	£	s.	d.
(1.) Interests in estates consisting of assets not realized or not yet realizable—*e.g.*, unpaid purchase-money, mortgages not yet matured, &c.	20,650	0	0
(2.) Property held subject to the determination of contingencies	3,746	0	0
(3.) Property presenting inherent difficulties of realization, such as interests of German remaindermen, &c.	12,500	0	0
	£36,896	0	0

N.B.—In the above figures no deductions have been made on account of prior life interests.

13. Through the agency of the High Commissioner close contact has been maintained with the English Custodian of Enemy Property upon the subject of the realization of the interests of German remaindermen, but it is learned that so far he has not yet found it practicable to effect any general realization of such interests. It will be necessary in the near future to decide what action is to be taken in regard to property of this nature.

Custody of German Property in the United Kingdom.

14. The High Commissioner for New Zealand in London has forwarded a copy of a Board of Trade announcement dated 31st December, 1924, advising that as the stage had then been reached when the work remaining to be carried out by the Public Trustee in connection with German property in the United Kingdom could with advantage and economy be consolidated with the work of the Clearing Office for Enemy Debts, the administrative work would accordingly be transferred from the Public Trustee to the Clearing Office as from the 1st January, 1925. All communications relating to German property in the United Kingdom should therefore be addressed in future to "The Administrator of German Property, Cornwall House, Stamford Street, London S.E. 1."

Amounts credited to the Austrian Liquidation Account.

15. The total amount credited up to the 31st March, 1925, to the Austrian Liquidation Account under the provisions of Article 249 of the Treaty of St. Germain-en-Laye was £918 0s. 10d. In addition a sum of £489 1s. 10d. is held which will be credited to this account upon receipt of additional information from the High Commissioner.

16. It is possible that there will be further credits to the above fund arising out of instructions issued by the New Zealand Government to the High Commissioner to collect from the London offices of companies incorporated in New Zealand amounts owing by them in respect of pre-war transactions with Austrian nationals. Recently the English Administrator of Austrian Property made application for payment of these amounts upon the ground that they were subject to the charge in England and not in New Zealand. In submitting the Administrator's claim for consideration the High Commissioner stated that he had ascertained from the Australian High Commissioner's Office in London that similar amounts collected by that office in the United Kingdom were credited to Austria by the Australian authorities and not the English Administrator. The position was carefully considered by the Legal Adviser to this Office, who advised that the matter turned upon the question of the local situation of these debts. After referring to the decisions of the English Courts in two cases, Rex *v.* Lovett (1912, A.C. 212) and the New York Life Insurance Company *v.* The Public Trustee (1924, 2 Ch.D. 101), he expressed the opinion that if the debts were incurred in New Zealand and could have been sued for in this country only, the London branches being merely agents for payment, the debts would be subject to the New Zealand charge and not to the English charge. If, on the other hand, the debts were incurred by the London branches they would then be subject to the English charge. The High Commissioner was therefore instructed to examine closely the transactions which gave rise to the debts in question, in order to determine in accordance with the Legal Adviser's opinion the respective rights of the English Administrator of Austrian Property and the Dominion Custodian of Enemy Property. His further report on the subject is not yet to hand.

17. As previously stated in my reports, a Clearing Office system in regard to pre-war debts such as that which operates between Germany and New Zealand was not established with Austria, as the number and value of the claims to be dealt with did not warrant the trouble and expense which would necessarily be involved. One of the main advantages derived by New Zealand creditors from the Clearing Office system is of course the valorization of the amount of the claims at the pre-war rate of exchange, and the prompt payment out of the Clearing Office funds of the claims immediately their correctness is established. It is understood that many of the New Zealand creditors of Austrian concerns who, by reason of the non-adoption of the Clearing Office system with Austria, were instructed to collect their claims direct from the debtors, have been unsuccessful in their endeavours to obtain payment of their claims, and their London representatives have approached the High Commissioner for New Zealand for relief out of the funds held by the New Zealand Government in respect of the liquidation of Austrian property in New Zealand. The necessary authority to subject the proceeds of the liquidation of Austrian property to payment of debts owing by Austrian nationals to British nationals resident in New Zealand is contained in paragraph 4 of the Annex to Section IV of Part X of the Treaty of St. Germain-en-Laye. Submission of the matter for the Government's decision is being deferred pending the receipt from the High Commissioner of further information as to the claims affected, and also until it is known, after finalization of the position regarding the Austrian claims collected by the High Commissioner in London, what amount is available for application in the direction indicated.

RELEASE OF PROPERTY OF EX-ENEMY ALIENS IN NECESSITOUS CIRCUMSTANCES.

18. In section 25 and the following sections of my previous report I set out at length extracts from the Special Report of the Committee under the chairmanship of the Right Hon. Lord Blanesburgh, G.B.E., appointed by the Board of Trade to advise, within the limits laid down by His Majesty's Government, upon applications for the release of the property of ex-enemy aliens in necessitous circumstances. In the matter of releases the New Zealand Government has conformed with the practice of the British authorities. For the purpose of easy reference the limits adopted on the recommendations of the Committee within which releases are granted in the United Kingdom are set out fully below:—

(*a.*) On its appointment in October, 1920, the Committee was authorized to recommend the release—(1) to ex-enemy nationals resident in the United Kingdom, of property to the value of £1,000; and (2) to ex-enemy nationals formerly resident in the United Kingdom but then resident elsewhere, property to the value of £200. On the 27th June, 1922, this limit of £200 was increased to £500 in respect of German nationals only.

In addition to property the Committee was authorized to recommend the release of income up to a reasonable amount.

(*b.*) On the 16th August, 1921, the Committee was authorized to recommend the release to the owner, in order that he might resume business, of the proceeds of a business wound up under the Trading with the Enemy Acts up to a sum of £5,000 (or, in the case of two or more partners, up to £5,000 each) where the owner was before the war and had since been permitted to remain resident in the United Kingdom and where the Committee considered that it was desirable in the nationa interest.

(*c.*) The additional recommendations made in the Special Report of Lord Blanesburgh's Committee, dated 24th December, 1923, which were subsequently adopted by the Board of Trade, were as follows:—

I. (*a.*) In the case of applicants who are of British birth or born abroad of a British father and are permanently resident in this country—unrestricted power of recommendation.

(*b.*) In the case of British subjects who have become German nationals by marriage subsequent to Peace Day—19th July, 1919—unrestricted power of recommendation.

(*c.*) In the case of other British subjects who have become German only by marriage but are not permanently resident in this country—unrestricted power of recommendation as to income: power of recommendation restricted to £5,000 as to capital.

II. In the case of applicants resident in Great Britain before the war and permitted at its close either to remain or return, and whose permanent residence has since been there—unrestricted power of recommendation where the advisory body is satisfied that the case would be suitable for naturalization if the statutory period of disqualification had expired.

III. In the case of an applicant who, although a German national in Germany, is in the United Kingdom a British subject,—

(*a.*) Where resident in British territory—unrestricted power of recommendation.

(*b.*) Where resident elsewhere and where British nationality is due to the fact that his or her father at birth was British—unrestricted power of recommendation.

(*c.*) In any case where it is established to the satisfaction of the advisory body that his or her sympathies and interests have always been predominantly British—unrestricted power of recommendation.

(*d.*) In any other case, power to make a recommendation as if he or she had been a German national resident here before the war—namely, if necessitous, capital up to £500, and income to a reasonable amount.

IV. (*a.*) In the case of a person whose sole nationality is British and who has succeeded to charged property under the will of a German national made before the 10th January, 1920, or by reason of the intestacy of such a national—unrestricted power of recommendation.

(*b.*) Where the property charged devolves under the will of a British testator or one resident in this country, or is comprised in a settlement made by a British settlor or by a settlor so resident—a power of recommendation as if the applicant had been resident here before the war.

(*c.*) Where the property charged represents earnings or savings from earnings made by the applicant in this country, then if the applicant satisfies the advisory body that he or she is in necessitous circumstances—power of recommendation restricted to £1,000.

The Committee qualified their recommendations as set out above in the following words:—

(1.) There should be no general releases. We are satisfied that, if there were, property would be released which ought properly to be retained.

(2.) Every application for exemption should be dealt with on its merits. There should be one advisory body only, and to it all such applications should be referred. It is most desirable that applications for exemption should all be dealt with in accordance with the same principles.

(3.) The amounts stated are in every case maxima; they are in any particular case reducible to any extent.

(4.) The further releases here detailed, which are not expressed in terms of our existing powers, may, except where otherwise stated, be recommended whether or not the circumstances of the applicant are necessitous. But it should be a bar to any recommendation that the applicant during the war has voluntarily participated in any act hostile to the Allies.

(5.) Recommendations for release can only extend to property rights and interests still unrealized, or, if realized, still unapplied, and not credited through. We are advised that it would be productive of great confusion if this rule were not adopted.

(6.) Life interests and reversionary interests should always be more readily released than any other form of property. The reason is that such property can rarely be realized on other than disadvantageous terms where the life is not available for medical examination.

As regards New Zealand only it is to be stated that the property of ex-enemy aliens resident in New Zealand prior to the war who were permitted to remain here has not at any time been subjected to the powers of retention and liquidation conferred by the Peace Treaties.

19. A considerable number of applications for release in terms of the above recommendations have been received and dealt with during the past year. It is pleasing to record that Lord Blanesburgh's Committee voluntarily offered to advise, in regard to applications for the compassionate release of property under the control of the Dominion Custodian which might be submitted to it, what principles would be applied and what concessions granted had the cases arisen within the jurisdiction of the Committee. As difficulty has been experienced in several cases in applying the above recommendations to individual cases, and in addition as it is eminently desirable that there should be some degree of uniformity between the practice of the British and Dominion Governments, advantage has been taken of the Committee's offer to submit several applications for the favour of its advice. I have elsewhere expressed my appreciation of the great assistance which has been freely tendered by the Committee.

A statement of the property released by the New Zealand Government by way of compassionate releases and also upon other sufficient grounds appears in paragraph 24 of this report.

20. An interesting point arose in regard to an application for the release of enemy property within the jurisdiction of the Dominion Custodian, as to whether any release ought to be granted where the person whose property was liquidated during the war in pursuance of the War Regulations was a lady of British nationality by birth who had acquired German nationality by marriage. She had died in Germany during the war, leaving property of considerable value in New Zealand, and she was survived by her husband and three children, all of whom were of German nationality and resident in Germany. Had the lady concerned been alive she would have been competent to make an application for the release of her property under section 1 (*c*) of the recommendations of Lord Blanesburgh's Committee as reprinted above. The case was submitted to Lord Blanesburgh's Committee, who tendered the following advice:—

Had Mrs. —— been alive she would have been eligible for consideration under paragraph 21 (1) by virtue of her British birth, but according to the information furnished in your letter it would appear that the case of her husband and three children could only have been considered had these persons themselves resided in the British Empire for some period prior to the outbreak of war.

Although the British-born wife of a German national is eligible for consideration in respect of property in her own right under paragraph 21 (1) of the Special Report, I would point out that in the event of her being deceased before or after having had the whole or part of her property released as the result of an application to the Committee the cases of the German beneficiaries under her will could only be entertained provided that these beneficiaries had themselves resided in the British Empire for some period prior to the outbreak of war. If, however, after marriage she resided and died in this country, and left a will in British form in which the German beneficiaries in question were specifically referred to, their cases would fall for consideration under paragraph 21 (IV) (*b*) of the Special Report of the Committee. The fact that the deceased woman was of British birth would not confer on her beneficiaries any rights above those accorded to ordinary German nationals in applying to the Committee, but, of course, their descent would be a fact to be taken into consideration by the Committee in making a recommendation.

Finally, I would add that in the case of a German national dying subsequent to the 10th January, 1920, His Majesty's Government have been advised that releases to beneficiaries cannot be made, as the original owner's title to the property became vested in the Custodian on the date when the Treaty of Peace came into force. The matter is at present being considered with a view to a practicable solution of this legal difficulty being evolved.

21. *Amendment of British Treaty of Peace Order, 1919.*—With regard to the last paragraph of the above-quoted communication from Lord Blanesburgh's Committee, an Order bearing date 8th December, 1924, amended the British Treaty of Peace Order, 1919, in so far as the release of enemy property is concerned. The proviso to Article 1 (xvi) of that Order, which creates a charge over German property rights and interests in terms of Article 297 of the Treaty of Versailles, has now been amended to read as follows:—

"Provided that any particular property right or interest may at any time be released by the Custodian, acting under the general direction of the Board of Trade, from the charge so created; and where the property right or interest belonged to a person who has died since the charge attached, the Custodian acting as aforesaid may release it or any part thereof or any interest therein so as to make the release operate in favour of the persons who would have been entitled as beneficiaries under the will or on the intestacy of the deceased person, as the case may be, if the property right or interest had not been subject to the charge, or in favour of any of those persons to the exclusion of any one or more of them, on such terms (if any) as he may think proper with respect to the payment of debts and funeral and testamentary expenses and the discharge of any other obligations."

Similar amendments were also made by the same Order to the Treaty of Peace Orders relating to Austria, Hungary, and Bulgaria.

Aliens repatriated from New Zealand.

22. *Repatriated German Subjects.*—The Foreign Office has now agreed to the payment direct of amounts held on account of German subjects repatriated from New Zealand, and the High Commissioner is proceeding with the release of the individual amounts, which have been in his hands for the past six years, upon completion of the necessary formalities.

23. *Repatriated Dalmatians.*—The High Commissioner has now almost completed the release of the amounts held by him on behalf of the Dalmatians repatriated from New Zealand, who are entitled to the release of their property upon production of satisfactory evidence that they have acquired the nationality of the Kingdom of the Serbs, Croats, and Slovenes. According to his latest advice the High Commissioner held the sum of £577 8s. 2d. in respect of such persons, the amount being held pending replies to applications made to the Serb-Croat-Slovene Legation at London for evidence of identity or for information regarding the next-of-kin of deceased Dalmatians.

AMOUNTS RELEASED FROM THE PROVISIONS OF THE WAR REGULATIONS AND THE TREATY OF PEACE ORDER, 1920.

24. The following statement shows the amounts which have been released from the provisions of the War Regulations and the Treaty of Peace Order, 1920, on the undermentioned grounds, for payment to the persons beneficially entitled thereto, or to their authorized agents. These figures comprise only the amounts which have actually been refunded by the Custodian, and do not include the value of the properties in regard to which the power to retain and liquidate has not been exercised (*e.g.*, assets belonging to internees or other ex-enemy nationals who have been permitted to remain in the Dominion, certain property belonging to British-born wives of German nationals, &c.). Payments made in respect of claims established by New Zealand nationals have not been included in this statement:—

	£	s.	d.
(1.) Amounts belonging to persons or firms who have submitted satisfactory documentary evidence that they possessed prior to the outbreak of war British, Allied, or neutral nationality	15,036	7	4
During the war all persons resident in enemy territory, or enemy occupied territory, irrespective of their nationality, were regarded as enemies for the purpose of the War Regulations, and consequently all amounts payable to them during the war were required to be paid to the Custodian of Enemy Property. On the conclusion of peace the necessary steps were taken to release the amounts belonging to British, Allied, and neutral subjects.			
(2.) Amounts belonging to persons of former enemy nationality who have acquired the nationality of an Allied or Associated Power under one of the principal Treaties of Peace	3,413	8	11
These persons are entitled to the release of their property in accordance with the express terms of the various Treaties of Peace.			
(3.) Amounts belonging to British-born subjects who lost their British nationality on marriage, and who, subsequent to the coming into force of the Treaty of Peace, have been renaturalized as British subjects ..	29,342	19	1
These moneys have been released in accordance with the policy of the Imperial authorities in connection with similar cases in the United Kingdom.			
(4.) Amounts belonging to British-born wives of German nationals ..	1,846	5	2
(5.) Proceeds of investments representing savings from earnings made in New Zealand by German nationals who were not at the outbreak of the war permanently resident in the Dominion and who are now in necessitous circumstances	3,028	3	9
(6.) Compassionate releases upon grounds other than (3), (4), and (5) above	697	7	10
(7.) Moneys belonging to aliens who were interned during the war, and/or who were repatriated from New Zealand at their own request or otherwise	40,254	15	5
(8.) Moneys belonging to the German Church Trust at Christchurch, released in pursuance of an Order in Council dated 23rd April, 1923, made under section 54 of the Reserves and other Lands Disposal and Public Bodies Empowering Act, 1922	971	15	2
(9.) Amounts transferred for disposal by the Commonwealth Clearing Office, the liquidator of the English Branch of an enemy company, or in accordance with the Ex-enemy Absentee Property (Samoa) Order, 1923	1,171	1	0
(10.) Amounts transferred to Consolidated Fund:—			
(*a.*) Proceeds of realty acquired by a German subject which was forfeited and declared by the Supreme Court to be vested in the Public Trustee in trust for His Majesty the King under section 5 of the War Legislation Act, 1917 .. .. .. (£ s. d.: 520 4 5)			
(*b.*) Sundry amounts where the legal or beneficial owners could not be traced .. .. (£ s. d.: 1,741 19 1)			
	2,262	3	6
(11.) Miscellaneous releases	628	11	11
	£98,652	19	1

STATEMENT OF AMOUNTS HELD UNDER THE WAR REGULATIONS AND THE TREATY OF PEACE ORDER, 1920.

25. The balances held in pursuance of the War Regulations and the Treaty of Peace Order, 1920, as at the 31st March, 1925, have been summarized under the following headings :—

	£ s. d.	£ s. d.
Credit Balances :—		
(1.) Net proceeds of German property retained and liquidated in New Zealand and credited to Germany in accordance with Article 297 of the Treaty of Versailles (see paras. 9–10, *supra*)	184,578 17 0	
(2.) Sundry credit balances awaiting transfer to the German Liquidation Account, or rele se, *vide* paras. 11–12 *supra*	79,957 3 4	
(3.) Net proceeds of Austrian property retained and liquidated in New Zealand and credited to Austria, in accordance with Article 249 of the Treaty of St. Germain-en-Laye	918 0 10	
(4.) Credit balances awaiting transfer to the Austrian Liquidation Account	489 1 10	
(5.) Sundry amounts held pending production of satisfactory evidence of non-enemy ownership	41 12 0	
It is probable that these amounts will be released at an early date.		
(6.) Amounts held awaiting admission under Article 296 of the Treaty of Versailles	389 16 5	
These amounts will be included in the next admission-sheets forwarded to the German Clearing Office.		
(7.) Sundry sums the disposal of which cannot at present be definitely determined	725 5 1	
Inquiries to ascertain further particulars in regard to each case have been instituted.		
(8.) Accommodation interest charged by the Custodian of Enemy Property against debtors who were granted extensions of time for payment of amounts payable to the Custodian in pursuance of the War Regulations	498 15 5	
(9.) Difference between sundry credit and debit balances in accounts relative to transactions under Article 296 of the Treaty of Versailles	3,231 14 6	
		270,830 6 5
Debit Balances :—		
(10.) Advertising, printing, stationery, sundry expenses ..	3,716 1 11	
(11.) Commission charged by the Controller on amounts collected from New Zealand debtors and credited in full to the German Clearing Office in accordance with the provisions of the Treaty of Versailles	472 5 9	
(12.) Bad Debts Account, being claims established by German nationals against New Zealand nationals or firms and credited to the German Clearing Office in accordance with the provisions of the Treaty, but which amounts cannot be recovered owing to the insolvency or disappearance of the debtors	739 17 5	
(13.) Sundry debit balances representing claims admitted to the German Clearing Office in certain cases where the debtors have been unable to make immediate settlement of the amounts due but are paying by instalments	276 4 3	
The collection of these balances is receiving careful attention in order to prevent or minimize any loss to New Zealand funds.		
(14.) (*a.*) Claims paid in respect of the proceeds of British property liquidated in Germany .. .. £ s. d. 17,625 11 1		
(*b.*) Payments on account of compensation awarded by the Anglo-German Mixed Arbitral Tribunal in respect of British property liquidated in Germany 1,675 2 3		
	19,300 13 4	
		24,505 2 8
Balance, being net amount held by Public Trustee in his capacity as Custodian of Enemy Property and Controller of the New Zealand Clearing Office and held in the Common Fund of the Public Trust Office		£246,325 3 9

PART II.—SETTLEMENT OF CLAIMS BY OR AGAINST BRITISH NATIONALS RESIDENT IN NEW ZEALAND.

26. As previously explained in my reports, the Clearing Office procedure is limited in general to the settlement of pre-war debts between British nationals resident in New Zealand and German nationals resident in Germany, and no similar procedure is available to New Zealand creditors of nationals of the other ex-enemy Powers. Such persons are entitled to collect their claims direct from their debtors. The provisions relating to the Clearing Office between New Zealand and Germany will be found in Article 296 of the Treaty of Versailles and the Annex thereto, and the following Orders in Council :—

Order.	Reference in *New Zealand Gazette*.
Treaty of Peace Order, 1920	*Gazette* Extraordinary No. 57, 7th June, 1920.
Treaty of Peace Amendment Order, 1922	*Gazette* No. 46, 15th June, 1922.
Treaty of Peace Amendment Order (No. 2), 1922 ..	*Gazette* No. 73, 12th October, 1922.
Treaty of Peace Amendment Order, 1923	*Gazette* No. 74, 18th October, 1923.
Treaty of Peace Amendment Order, 1924	*Gazette* No. 4, 24th January, 1924.

London Agent of the New Zealand Clearing Office.

27. The High Commissioner has continued to act, as in previous years, as the London representative of the New Zealand Clearing Office, and I again have pleasure in acknowledging the entirely satisfactory manner in which the duties falling to the High Commissioner and his staff have been performed. If the services of the High Commissioner were not available the work of this Office would be rendered much more difficult. I further desire to express again my thanks for the assistance which has always been rendered freely by the Controller of the Central Clearing Office, and the British Custodian of Enemy Property and also to Lord Blanesburgh's Committee. The wider experience which these officials derive from the much greater number of matters dealt with enables them to impart, as they willingly do, invaluable advice upon those matters of exceptional difficulty arising within the jurisdiction of this Office which are submitted to them for advice.

Total of Claims received for Settlement through the New Zealand Clearing Office.

28. The following table shows the total amount of the claims by or against German nationals or the German Government received for settlement through the New Zealand Clearing Office to the 31st March, 1924, and 31st March, 1925, respectively. The total of the additional claims received since the last report is given in the third column :—

——	31st March, 1924.	31st March, 1925.	Increase.
Claims under Article 296 of the Treaty of Versailles :—	£	£	£
(*a.*) By New Zealand nationals against German nationals ..	49,249	53,034	3,785
(*b.*) By German nationals against New Zealand nationals ..	208,337	210,177	1,840
Claims under Articl 297 of the Treaty of Versailles :—			
(*c.*) By New Zealand nationals	52,725	52,732	7
Totals	£310,311	£315,943	£5,632

Progress regarding the Disposal of Claims.

29. The following table indicates the progress which has been made in connection with the disposal of claims lodged through the New Zealand Clearing Office as at the 31st March, 1925 :—

(a.) *Claims by New Zealand Nationals against German Nationals under Article 296 of the Treaty of Versailles.*

	£ s. d.	£ s. d.
171 claims lodged in New Zealand and forwarded to the German Clearing Office through the Central Clearing Office, London	34,665 15 5	
45 claims lodged with the London representative of the New Zealand Clearing Office	18,368 8 3	
		53,034 3 8
Claims withdrawn in whole or in part by the New Zealand Clearing Office in response to contests received from the German Clearing Office and in accordance with the instructions of the claimants ..	19,279 12 7	
Claims admitted by the German Clearing Office in whole or in part ..	22,654 3 2	
		41,933 15 9
Balance, being claims still under action as follows : Eighteen lodged in New Zealand and four claims lodged in London		£11,100 7 11

In addition to the sum of £22,654 3s. 2d. admitted and credited by the German Clearing Office as shown above, interest thereon amounting to £5,592 19s. 2d. has also been credited by that Office. The amount admitted, less a deduction of 2½ per cent., being Clearing Office commission thereon, has been paid by this Office to the New Zealand claimants.

Since the last report claims totalling £3,291 4s. 7d., together with Treaty interest thereon, amounting to £76 15s. 9d., have been admitted by the German Clearing Office, and claims totalling £1,733 4s. 10d. have been withdrawn by the New Zealand Clearing Office. The total amount of claims disposed of during the year under this heading is therefore £5,024 9s. 5d.

(b.) *Claims by German Nationals against New Zealand Nationals under Article 296 of the Treaty of Versailles.*

	£ s. d.	£ s. d.
1,466 claims received from the German Clearing Office through the Central Clearing Office		210,177 1 10
Claims retransferred to the Central Clearing Office as not applicable to New Zealand	1,241 12 8	
Claims withdrawn in whole or in part by the German Clearing Office in response to letters of contest forwarded by this Office on behalf of the alleged New Zealand debtors	158,051 10 11	
Claims admitted in whole or in part by New Zealand firms and credited to the German Clearing Office	29,412 10 11	
		188,705 14 6
Balance, being 324 claims still under action		£21,471 7 4

In addition to the sum of £29,412 10s. 11d. admitted and credited to the German Clearing Office as shown above, Treaty interest amounting to £10,199 14s. has also been admitted.

Since the last report liability in regard to claims amounting to £1,324 2s. 8d. exclusive of interest has been established by the German claimants or acknowledged by New Zealand debtors. The necessary credit schedules have been duly forwarded to the German Clearing Office in respect of these claims.

In response to letters of contest lodged by this Office on behalf of the alleged New Zealand debtors the German Clearing Office has withdrawn claims amounting to £65,020 3s. 8d. during the period. In addition claims totalling £28 2s. 10d. have been retransferred to the Central Clearing Office as not applicable to New Zealand.

The total amount of claims under this heading disposed of during the year is therefore £66,372 9s. 2d.

(c.) *Claims by New Zealand Nationals against Germany under Article 297 of the Treaty of Versailles.*

	£ s. d.	£ s. d.
13 claims forwarded to the German Clearing Office through the Central Clearing Office		52,731 17 3
Claims acknowledged in part by the German Clearing Office or established before the Anglo-German Mixed Arbitral Tribunal and credited to the New Zealand Clearing Office	17,625 11 1	
Compensation awarded by the Anglo-German Mixed Arbitral Tribunal either by consent of the parties or in course of formal judgment	2,189 16 4	
Claims withdrawn in part on acceptance of German offers of compensation or in accordance with judgment of the Mixed Arbitral Tribunal	29,738 3 3	
		49,553 10 8
Balance, being six claims under action		£3,178 6 7

The sum of £17,625 11s. 1d. admitted by the German Clearing Office as shown above includes an admission of £16,209 13s. 7d. awarded by the Anglo-German Mixed Arbitral Tribunal in regard to a claim by two New Zealand beneficiaries in an estate in Germany which was sold by the German authorities during the war.

Claims under this heading amounting to £641 2s. 9d. have been disposed of either by admission or by withdrawal during the year.

As under the terms of the Treaty payment of compensation awarded against the German Government is postponed in favour of claims in respect of debts and proceeds of liquidations payment in full of compensation has not been made up to the present except in the case of awards of £50 and under. Claimants who have been awarded sums exceeding £50 receive that amount on account, and a dividend of 15s. in the pound on the balance of their awards, a further dividend of 7s. 6d. in the pound having been declared since the date of my previous report.

Causes of Delay in the Clearing Procedure.

30. In the introductory portion of this report I referred briefly to one cause of delay in the finalization of Clearing Office claims—viz., the absence of any Treaty provision which would secure the final disposal of contested claims within a limited period. The following extract from the last report of the Controller of the Central Clearing Office clearly sets out the position :—

The two principal causes which operate to prolong the life of the Clearing Office are (1) the unavoidable delay in obtaining awards from the Mixed Arbitral Tribunal owing to the congested state of its list, and (2) the fact that the Treaty contains no specific provision for finally disposing of contested claims under Article 296, as the Clearing Office has no power to require a creditor whose claim has been contested to refer it for adjudication to the Mixed Arbitral Tribunal. The Clearing Office was very concerned to find a remedy for these two evils. To obviate the delay in obtaining awards of the Tribunal it was suggested that additional divisions should be appointed, but apart from the expense which such appointments would entail there are obvious objections to the indefinite multiplication of divisions, which would lead inevitably to confusion and a possible conflict of jurisprudence. The existing procedure of the Tribunal is doubtless essential for the proper presentment of complicated cases involving difficult questions of law and fact, but it would seem to be inappropriate for the determination of the more simple issues which are raised in a large proportion of the cases awaiting trial. In these circumstances, a scheme was prepared by the Clearing Office for the appointment of an additional division, with summary jurisdiction and with power to dispense with an oral hearing, and to determine the case upon the written evidence. It was an essential feature of this scheme that the British and German members of this new division should be properly qualified officers of the respective Clearing Offices, who would be fully acquainted with the nature of the claims to be adjudicated upon and with the decisions of the various tribunals which were applicable to them. The outline of this scheme was submitted to the principal trade associations, and was unanimously approved by them.

As regards the second cause of delay, the remedy appeared to be obvious, and in June, 1921, I approached the Controller of the German Clearing Office with a proposal that after the lapse of a certain fixed period from the date when a claim was notified the debtor Clearing Office should have the right finally to reject it, and unless, within a certain further period to be agreed upon, the creditor or the creditor Clearing Office referred the claim so rejected to the Mixed Arbitral Tribunal, it should be excluded from the clearing procedure. It was an essential part of this proposal that, if it were agreed to in principle, a joint application should be made to the Tribunal by the Government agents to give effect to it by an appropriate rule. This proposal did not meet with the approval of the German Controller, and although renewed from time to time it was not accepted. It resulted that a vast number of claims remained "in the air," and the conclusion of the clearing procedure was thereby indefinitely postponed.

In June last an invitation was sent to the German Government to send delegates to London for a general discussion as to the appropriate measures to be adopted to expedite the clearing procedure. This invitation was accepted, and the discussions took place at the Clearing Office and extended over several days, and in the result an agreement was come to which it is confidently expected will attain the desired object of hastening matters towards a conclusion.

A copy of the agreement referred to is annexed to this report (Appendix XI), from which it will be seen that the proposals of the Clearing Office for the appointment of a Third Division of the Tribunal, with summary jurisdiction, and for the final rejection of contested claims, are agreed to. The Tribunal will be asked to make rules to give effect to this agreement. The agreement also contains a provision that interest shall run on awards for compensation upon the conditions specified therein. This concession will be found beneficial to British claimants.

31. The agreement referred to in the above extract contained a clause providing that it should not apply in the first instance to the British dominions or to India, but nevertheless it should, at the request of His Majesty's Government, made within a prescribed period, be made to apply to any of the said dominions which had adopted Section III (Clearing Office provisions) of the Treaty of Versailles or to India, either in the same form and upon the same terms or with such modifications as might be agreed upon.

The provisions of the agreement were carefully considered, and upon my recommendation, made in view of certain consequences of the adoption of the agreement, it was decided not to adhere to it, but the High Commissioner was instructed to arrange with His Majesty's Government for the submission to the German Government of a modification of the agreement upon lines acceptable to the New Zealand Government. So far the result of this submission has not been reported by the High Commissioner.

Final Date for Acceptance of Claims under Article 296 of the Treaty of Versailles.

32. In paragraph 43 and following paragraphs of my last report I stated that the 1st May, 1924, had been fixed as the last date upon which notification of a claim must actually reach the debtor Clearing Office in order to come within the provisions of Article 296 of the Treaty of Versailles. As a consequence of this provision there has been an almost complete cessation of claims from the German Clearing Office. A few claims are still coming to hand in cases where the claim was listed in the first instance to the British or some colonial Clearing Office and it was found upon examination that the claim was properly within the scope of the New Zealand Clearing Office. Provided that such claims were notified to the Central Clearing Office prior to the 1st May, 1924, they must be regarded as within time. It will be seen from a comparison of the figures in regard to German claims appearing elsewhere in this report that the additional claims received for settlement during the past year totalled £3,785.

Residence of Claimants: Reciprocal Agreements under Article 296 (*f*) of the Treaty of Versailles.

33. The following extract from the last report of the Controller of the Central Clearing Office sets out the position as to certain agreements entered into in terms of paragraph (*f*) of Article 296 of the Treaty of Versailles :—

In order that a creditor may be in a position to prefer a claim under Article 296 of the Treaty he must possess, *inter alia*, the qualification of residence within the territory of the contracting Power of which he is a national. Paragraph (*f*) of this article provides, however, that the Allied and Associated Powers who have adopted the clearing procedure may agree to apply its provisions to their respective nationals established in their territory, so far as regards matters between their nationals and German nationals. To give effect to this provision agreements were concluded between His Majesty's Government and the Governments of France, Belgium, and Siam, adopting each other's nationals resident within their respective territories. These agreements enable British creditors resident in France, Belgium, and Siam to put their claims through the Clearing Offices of those countries and secure for them the benefits of the clearing procedure from which, owing to the absence of the necessary British residential qualification, they would have been otherwise excluded.

CLAIMS IN TERMS OF PARAGRAPH 4 OF THE ANNEX TO ARTICLE 297 OF THE TREATY OF VERSAILLES.

34. By paragraph 4 of the Annex to Article 297 of the Treaty of Versailles the proceeds of the liquidation of German property in the Dominion are chargeable in the first place with the payment of the following classes of claims :—

(*a.*) Amounts due in respect of claims by British nationals resident in New Zealand with regard to their property rights and interests, including companies and associations in which they are interested, in German territory.

(*b.*) Debts owing to New Zealand nationals by German nationals—*i.e.*, claims established in accordance with the Clearing Office system set up in terms of Article 296 of the Treaty.

(*c.*) Claims growing out of acts committed by the German Government or by any German authorities after the 31st July, 1914, and before the British Empire entered into the war—viz., before the 4th August, 1914.

It is further provided that the proceeds may be charged in the second place with payment of the amounts due in respect of claims by British nationals with regard to their property rights and interests in the territory of other enemy powers in so far as those claims are otherwise unsatisfied.

35. The following are extracts from a memorandum prepared by the Central Clearing Office setting out the position regarding claims under the heading (*c*) above :—

Clause 4 of the Annex to Section IV, Part X, of the Treaty of Versailles provides for claims for compensation in respect of acts committed by the German Government, or by any German authority, since the 31st July, 1914, and before Great Britain entered into the war on the 4th August, 1914, and states that such claims may be assessed by a specially appointed Arbitrator.

The majority of claimants referred to above were serving on ships which were prevented from leaving German ports before the actual outbreak of war between Germany and Great Britain, which took place at 11 p.m. on the 4th August, 1914, and it would therefore be open to them to prefer claims under clause 4 of the Annex if the detention of the vessels (and consequently of the claimants themselves) can be shown to be due to acts committed by the German authorities between the dates mentioned.

In this connection Mr. Grey (the Controller of the Central Clearing Office) submitted a test case under clause 4 to the Arbitrator who was appointed to assess such claims for compensation and who sits in London.

The case was in respect of a claim by the master of a British ship which was prevented from leaving Hamburg between the 31st July and the 4th August, 1914, and the Arbitrator decided that the German Government was responsible for the detention of the ship, and therefore also of the claimant. In assessing compensation he stated, however, that in his opinion the only injury which could be regarded as coming within the terms of the clause in question was that directly caused by the acts committed by the German authorities between the 31st July and the 4th August, and that in the case before him such direct injury was the loss which the claimant suffered through being deprived of the higher rate of wages and special grants he would have earned if he had been able to return to England and had served with his steamship company during the war.

The Arbitrator further considered that ulterior damage suffered in Germany arising out of measures taken after the declaration of war, and directed against the claimant as an enemy, could not be regarded as coming within the terms of clause 4, but that any damage which might normally come within the reparation clauses of the Treaty, such as loss of health due to internment, or any damage normally falling under Article 297 of the Treaty—for example, loss of property in Germany—should be dealt with separately under the appropriate parts of the Treaty.

If a person having a claim under clause 4 has also suffered loss in respect of personal effects which were subjected to exceptional war measures after the 4th August, 1914—*e.g.*, a sailor's kit which was taken from him when he was interned—he may include the claim in respect of the personal effects with the claim under clause 4 instead of lodging a separate claim under Article 297. This is permitted by a special direction of the Mixed Arbitral Tribunal, but it is subject to the condition that the claim regarding the personal effects in question shall have been included in the claim under clause 4, and that such claims are included in a special list which should be lodged with the Tribunal by a specified date. The date fixed in the case of claims arising in the United Kingdom is the 31st December, 1924. If an extension of this prescribed period is required in respect of claims arising in British territory outside the United Kingdom, and particulars thereof are furnished to this Department at an early date, application will be made to the Tribunal for an extension of time in connection therewith.

As the result of this test case representations were made to the German authorities by this Department with a view to obtaining, if possible, a settlement in such cases by agreement, but as, up to the present, there has been no disposition on the part of Germany to admit claims of this nature, further test cases have been referred to the Arbitrator, and more are in preparation. The object is to obtain a decision in connection with each ship, as if it is once laid down that a ship was detained in Germany before the actual outbreak of war owing to acts of German authorities, it follows that all the men who were serving on that particular ship were also thereby prevented from leaving Germany.

In cases where the German authorities have definitely refused to admit liability the claimants, if they wish to pursue their claims, must submit their cases to the Arbitrator for decision, and it is open to them to do this in accordance with the procedure arranged with the Arbitrator.

Most claimants, however, prefer to await the decisions of the Arbitrator in the test cases before taking steps on their own behalf, as it is necessary, in order to succeed before the Arbitrator, for very detailed evidence to be furnished with a view to showing definitely that the ship was detained by acts of the German authorities and not merely through causes for which the German Government cannot be held responsible. Meanwhile it is advisable that any claimants whose cases appear to come within clause 4 of the Annex should register their claims in order that they may be placed before the German authorities and may be dealt with rapidly as soon as any particular test case is decided.

Claims under clause 4 may arise under other circumstances than the detention of vessels. It is, however, doubtful how far ordinary cases where persons were unable to leave Germany before the outbreak of war by train owing merely to railways being fully occupied with mobilization would succeed under that clause, as the Arbitrator's decisions have so far been unfavourable in such cases.

TIME-LIMITS PRESCRIBED FOR FILING MEMORIALS OF CLAIMS UNDER ARTICLE 297 OF THE TREATY OF VERSAILLES.

36. In the following section of the report is set out in detail the position regarding the time-limits imposed upon persons who have lodged claims under the provisions of Article 297 of the Treaty of Versailles for the submission of formal statements (memorials) of their claims to the Anglo-German Mixed Arbitral Tribunal.

37. The Rules of Procedure of the Tribunal, which were published in *New Zealand Gazette* Extraordinary No. 13, of the 10th February, 1921, at page 455, provided as follows:—

"1. The time within which claims are to be submitted to the Tribunal shall be as follows:—

"(*b.*) Claims under Article 297: Within twelve months of the date of the publication of these rules in the place at which such claimant is residing or within six months from the date on which the claimant learnt that damage or injury had been inflicted on his property rights or interests, or within six months from the date on which the claimant learnt that restitution under section (*f*) of the said article had been made or refused, whichever period is the longer."

38. Subsequent to the formulation of these Rules of Procedure the Tribunal announced that extensions of time would be given as a matter of course in all cases where negotiations for settlement were pending, provided that application to that effect was made in writing to the Tribunal's Secretariat by either of the Government Agents enclosing the written consent of the claimants and the respondents. At a later date advice was received from the Central Clearing Office that the Tribunal had agreed to consider the application of that office *en bloc* for a large number of claims, for an extension of time in view of the fact that endeavours to negotiate settlement of those claims were being made with the German authorities. The Central Clearing Office had decided to fix the 1st October, 1921, as the last day on which such claims should be lodged with that office, and immediately thereafter to forward a list of all claims received to the Tribunal within the time referred to in the Rules of Procedure of the Tribunal. This was done.

39. In regard to claims under Article 297 which arose out of claims originally put forward through the Clearing Office procedure under Article 296, the Tribunal stated in March, 1922, that no time-limit would "for the present" be imposed within which such claimants could approach the Tribunal. No notification has subsequently been received that a time-limit has been imposed.

40. At a later date the Central Clearing Office notified the High Commissioner that upon representations made by that department to the Anglo-German Mixed Arbitral Tribunal for an extension of time for lodging Article 297 claims, the Tribunal had fixed the 31st December, 1923, as the final date for such claims to be sent in to local Clearing Offices, and that after that date no further extensions would be granted for the registration of such claims.

41. Finally, in August of last year, a communication was received from the High Commissioner enclosing a letter, dated 30th June last, from the Secretary to the Central Clearing Office, in which it was stated that at the request of the Tribunal that office had furnished it with a list which included all claims under Article 297 lodged with local Clearing Offices within twelve months of the date of the original publication in the respective localities of the Rules of Procedure, and those in respect of which extensions of time were granted *en bloc* in connection with the list supplied by the Central Clearing Office and referred to above. It was stated the Tribunal had indicated that the claimants shown in this list would enjoy a general extension of time, and that it had further notified that in the event of any claim on the list being rejected by the German authorities the claimant must be given notice that should he wish to proceed with it he must present his claim to the Tribunal by a certain date, which in each case must be not later than eight months from the date when the notice of rejection was forwarded from the Central Clearing Office. This was the first intimation received that any time-limit was imposed upon claimants whose claims had been rejected, and it was necessary to instruct the High Commissioner to apply for extensions of time in several cases where the claims had already been rejected. Suitable extensions of time were subsequently arranged in each case.

42. In the Central Clearing Office's letter referred to above it was further stated that the Tribunal had undertaken to accept from the Central Clearing Office, not later than the 30th September, 1924, a supplementary list of claims which had been registered in local Clearing Offices within twelve months after the date of the respective local publication of the Tribunal's Rules of Procedure, or which had not been included on the list previously referred to, but which had been registered in local Clearing Offices before the 31st December, 1923, and to regard as within time the claims detailed therein upon the claimant referring to his claim in the list and giving satisfactory grounds why it was not registered in the local Clearing Office within twelve months after the date of the publication of the Rules. The Tribunal had stated very definitely that no application for an extension of time or for special leave to present a claim out of time would be entertained from overseas claimants whose claims were not included in the supplementary list.

It was not necessary to take any steps to secure the inclusion of New Zealand claims on this list, as no claims of the classes in question had been notified to the local Clearing Office.

Right of Alien Enemy interned in New Zealand during the War to take Legal Action for the Recovery of a Debt.

43. An interesting point arose in connection with a claim received from the German Clearing Office for settlement in accordance with the provisions of Article 296 of the Treaty, where it became necessary to consider whether an alien enemy interned in New Zealand during the war could, while so interned, have taken action to recover a debt owing to him by a British subject resident in New Zealand. The German Clearing Office maintained that the execution of the contract of loan in the particular claim was interrupted, as during the period of the creditor's internment he was unable to recover the debt in the New Zealand Courts.

The matter was considered by the Legal Adviser to the New Zealand Clearing Office, who advised that the German contention was incorrect, and drew attention to the Proclamation issued by the New Zealand Government on the 19th August, 1914, which provided, *inter alia*, that all subjects of Germany and Austria-Hungary peaceably resident in New Zealand were entitled to sue and plead in the New Zealand Courts. The right to sue for the debt could not therefore be said to have been suspended.

In the case of Schaffenius *v.* Goldberg (1916, 1 K.B. 284) it was decided that in England an internee was entitled to sue in an English Court, and that case applies equally to this Dominion.

Moreover, the creditor had, in terms of the War Regulations dated 24th July, 1916, the right at any time thereafter to appoint the Public Trustee custodian of his property, and the Public Trustee would then have been empowered to sue for the debt.

The claim from the German Clearing Office was therefore contested upon these grounds.

British Empire Account with Germany under Article 296 of the Treaty of Versailles.

44. The position regarding payment of the amounts owing by Germany in respect of its Clearing Office obligations has changed radically since my last report. Under the provisions of Article 296 of the Treaty of Versailles the balance between the British Empire and Germany resulting from the clearing transactions was to be struck monthly. Any balance in favour of the British Empire was to be paid over by Germany in cash. On the other hand, any balance in favour of Germany was not payable in cash, but was simply carried forward to the next account. If upon completion of the Clearing Office procedure the balance was in favour of Germany payment would have been withheld until Germany had made full payment of all amounts owing by it under the Treaty.

45. Since September, 1922, Germany has been in default in payment of the balance under Article 296 owing by her to the British Empire except for some inconsiderable payments. The following extract from the last report of the Controller of the Central Clearing Office details the further steps taken by him to secure payment of the outstanding balance in favour of the British Empire, and the recent developments in this respect :—

Monthly Accounts.—The system of accounting between the Allied and German Clearing Offices has been fully explained in my previous reports. Owing to the failure by Germany towards the end of 1922 to meet her engagements to the Allied Clearing Offices, and the impossibility of securing acceptance by the interested parties of an agreement that had been negotiated by the Allied Controllers with Germany for securing payment of future cash instalments, the Allied Clearing Offices were compelled to have recourse to the proceeds of the liquidation of German property for payment of the debt claims under Article 296. In January last, as the result of further discussions, the German authorities agreed to resume payment of monthly cash instalments to the Allied Clearing Offices, upon a modified scale and for a limited period within which they undertook to submit definitive proposals for a general settlement. In April last the first committee of experts appointed by the Reparation Commission submitted their report, in which they recommended that all the obligations of the German Government should be met by the payment of an inclusive annual sum which should cover all Treaty charges, including the monthly balances payable to the Clearing Offices. This recommendation was accepted by the Allied Governments, and, inasmuch as a separate agreement for payment by the German Government of the monthly balances would have been in conflict with such recommendation, the further discussions with a view to the conclusion of a definitive agreement on the subject were not proceeded with. It is right, however, to state that the German Government punctually discharged its obligation to the Allied Clearing Offices for payment of the modified instalments referred to above.

46. It is desirable at this point to recall attention to the fact that under the provisions of paragraph 4 of the Annex to Article 297 of the Treaty of Versailles it is competent for an Allied or Associated Power to charge the proceeds of the liquidation of German property rights and interests within its dominions with payment of the debts established in accordance with the Clearing Office procedure. This has in fact been done both in the United Kingdom and in this Dominion for the purpose of providing funds for the payment of admitted claims, and the funds available in the Dominion for the purpose are more than sufficient to meet any possible charge of this nature. The only possible method now of obtaining payment of the Clearing Office credit balance in the Article 296 Account would be through the medium of the Reparations Commission, and it is unlikely that an application to the Commission for liquidation of the balance would meet with success while sufficient funds were available from the proceeds of German property retained and liquidated. It is therefore improbable that payment of the Clearing Office balance in favour of New Zealand will ever be secured from the German Clearing Office. The likelihood of obtaining payment from the Central Clearing Office is referred to in another portion of this report (*vide* paragraph 48).

47. In view of the above developments, a clause was inserted in the agreement entered into by His Majesty's Government and Germany (referred to in paragraphs 30, 31 of this report) providing for the amalgamation of the accounts between Great Britain and Germany under Articles 296 (Clearing Office Account) and 297 (Liquidation of German Property Account) of the Treaty of Versailles, and it will only be the ultimate debit balance owing by Germany upon the combined account which will be claimable by His Majesty's Government through the Reparations Commission.

A consequence of this necessity for amalgamating the accounts is that the Central Clearing Office has discontinued the British Empire Account, and has rendered separate accounts as between the various local Clearing Offices and Germany. No further figures in this respect will appear in these reports.

New Zealand Account with the Central Clearing Office, London.

48. In paragraphs 48 and 50 of my previous reports I described in detail the system of accounts in existence between the New Zealand Clearing Office and the Central Clearing Office, and stated in regard to the balance shown on this account in favour of New Zealand that payment would not be made by the Central Clearing Office until payment of the Clearing Office balance was resumed by Germany. It will be seen from the preceding section of this report that the possibility of a resumption of payments by Germany has now disappeared. Consideration is now being given to the question of

obtaining payment of the balance from the Central Clearing Office, having regard to the large cash payments made by the New Zealand Clearing Office to that office. The matter is at present under discussion with the Central Clearing Office, and finality has not yet been reached.

The statement contained in the appendix to my last report showing the transactions in the New Zealand Clearing Office Account with the Central Clearing Office has been brought up to date. An explanation of the accounts and the manner in which they are set out will be found in paragraph 50 of that report. The account runs up to the 31st December last only. The later figures have not yet been forwarded by the High Commissioner. It will be noted that the balance then standing to the credit of the New Zealand Clearing Office was £4,862 11s. 6d.

Decisions of Mixed Arbitral Tribunals.

49. Further publications of the *Recueil des Décisions des Tribunaux Arbitraux Mixtes* have been obtained and forwarded by the High Commissioner for New Zealand in London. These reports are indispensable for the purpose of advising New Zealand claimants or debtors of decisions bearing on their particular claims. Some idea of the number of cases reported may be gathered from the fact that the publications now in my possession cover over four thousand pages.

50. The last report of the Controller of the Central Clearing Office contains a summary by the Legal Adviser to that office of the decisions of the Tribunals announced since his previous report. I have reprinted hereunder the précis of those cases which are of particular interest to the New Zealand Clearing Office. The reference to the volumes of the *Recueil des Décisions des Tribunaux Arbitraux Mixtes* in which the particular cases appear have been inserted by me. Where no reference to this publication is given the issue containing the report of the particular case has not yet reached me.

(1.) *Article 296 of the Treaty of Versailles—Correct Claimant is Person with Legal Title.*

One of the questions as to which little assistance can be derived from the wording of the Treaty is as to whether, in order that a claim may be made effective, it is sufficient to show that the claimant is the person who, under the ordinary law of his country, is clothed with the legal title to make the claim, or whether regard must be had to the persons entitled to the beneficial interest in any moneys resulting from an award. This question has come before the Tribunal in more than one case, and certain principles may be regarded as having been laid down.

In the case of Executors of William Klingenstein *v.* Maier (No. 946), (*Recueil*, iv, p. 6) the claimants were the executors of a naturalized British subject who died on the 27th February, 1916, having left a will which was duly proved by the claimants, under which several persons of German and American nationality, as well as of British nationality, were entitled to substantial benefits. The claim was under Article 296, for the sum of £3,657 4s., being the sterling equivalent of M.75,000, outstanding on a loan made by the testator to the debtor, together with interest thereon. The debtor did not dispute the amount of the debt, but contended that the claim could only succeed as to a part thereof corresponding to the proportion of the testator's estate to which the beneficiaries of British nationality might be found to be entitled, and objection was also taken to the fact that the will had not been proved in Germany, the country of the debtor. The Tribunal (Second Division), however, held that, according to the law of England, the right of the testator to receive payment devolved on the claimants, and it was they who were entitled to enforce payment of the debt when the Treaty came into operation. Moreover, by virtue of the comity of nations, the claimants were *prima facie* entitled to recognition in any country in which it might be necessary for them to sue in order to recover assets to which the testator was entitled, subject to their compliance with any formalities prescribed by the *lex fori*. The Tribunal in that case constituted the *lex fori*, and its rules of procedure did not require compliance with any formality beyond the proof which had been given of the title vested in the claimants by virtue of the probate granted by the High Court of Justice in England.

Upon the question as to the beneficial interest, the Tribunal did not consider it its duty to inquire in any particular case as to the ultimate destination of funds which a British or German national might seek to recover before it. It merely had to determine whether, within the meaning of Article 296, a debt was due from one party to the other. It was for the forum of the creditor's own country to determine, wherever necessary, what rights, if any, others might have against him in respect of the sum which he recovered. Such a duty, indeed, the Tribunal was not in a position satisfactorily to discharge, especially where, as in the case of a claim by executors, the attempt to do so might involve a task akin to that of the administration of the testator's estate.

The Tribunal accordingly decided that there was a debt within the meaning of Article 296 for the amount claimed due from the debtor to the executors of the will of William Klingenstein, and directed a corresponding credit to be made by the German Clearing Office.

A similar principle, in so far as regards claims under Article 296, is to be extracted from the decision in the matter of F. G. Eckstein and Another *v.* Deutsche Bank (No. 1769), (*Recueil*, iii, p. 758), being a case taken up by the British Clearing Office. The creditors were British trustees of a pre-war settlement under which they were to pay part of the income to a German national resident in Germany, and accumulate the balance, which was to be paid to the children of the German national on their attaining the age of twenty-one.

The securities representing the funds were held by the Deutsche Bank at Berlin, against whom the claim was made, and the latter bank had, in accordance with pre-war directions, been collecting the annual dividends and paying them into an account in the name of the creditors, subject to a deduction in respect of the annuity to the German national which the bank had continued to pay during the war. The balance accumulated during the war to the creditors' account at the bank amounted on the 10th January, 1920, to the mark equivalent at the Treaty rate of exchange of the sum of £1,360 9s. 6d.

The German Clearing Office contested the claim on the ground that the trustees could only claim on behalf of the German national and his children who were the real creditors. The Tribunal considered that this was not an answer to the creditors' claim, for it was to them alone to whom the funds in the hands of the Deutsche Bank became due and payable during the war. All that the German nationals had was a right, a chose-in-action, against the creditors. They distinguished the claim from one for compensation under Article 297, such as in the case of F. Lederer (deceased) *v.* German Government, referred to below, on the ground that the case before them came under Section III, Part X, of the Treaty, which prescribed that debts due on the 10th January, 1920, by a German national to a British national were to be settled by way of the Clearing Offices. They accordingly decided that there was due from the debtors to the creditors the sum of £1,360 9s. 6d., and directed a credit accordingly.

(2.) *Article 297 of the Treaty of Versailles—Correct Claimant defined—Decisions regarding Article 296 distinguished.*

Whilst the principle as to claims by executors and trustees under Article 296 appears to have been settled by these two decisions, the Tribunal (First Division) has made an important distinction in claims for compensation under Article 297 (*e*) and proceeds of liquidation credited under Article 297 (*h*) (1).

In the case of Executors of F. Lederer (deceased) *v.* German Government (No. 439), (*Recueil*, iii, p. 762) the executors of a British national claimed the sum of £4,010 18s. 2d., together with interest which had been owing to

the testator before and during the war by his German bankers. The testator, however, who survived the ratification of the Treaty, having put forward his claim under Article 296, received a contest disputing the claim on the ground that the money had been paid to the Treuhander and that the debtors had therefore discharged their debts. Accordingly, he notified a claim under Article 297 (*e*) for compensation, but before he had received any payment in respect thereof he died on the 26th February, 1921. Under his will it appeared that amongst the persons beneficially entitled to the residuary estate were included his sister and her children, who were German nationals. The German Government contended that in so far as concerned such German beneficiaries the claim could not succeed. The Tribunal, in contradistinction to the principles in their above-mentioned decision in Eckstein *v.* Deutsche Bank, were of opinion that the beneficiaries, though under English law they were not entitled to claim in lieu of the executor or beside him, were nevertheless the persons on whom devolved the substance of the property rights and interests of which the deceased had disposed by his will, and who were, as such, contemplated by Article 297 (*e*). The benefit of that article was expressly limited to nationals of the Allied and Associated Powers. The Tribunal, though they recognized the capacity of the executor to claim, did not consider themselves as empowered by the Treaty to go in their award further than was necessary to ensure the compensation due to the English beneficiaries. They therefore declared that their award was not to exceed the sum necessary—considering all the assets of which the executors could dispose—for the discharge of their task, in order to enable them to carry out such task completely, save with regard to what was provided by the will in favour of the German national or her children.

In view of the fact that the decision had been pronounced exclusively on the provisions of Article 297 (*e*), although in the course of the case an argument had been submitted by the British Government Agent as to the application of Article 297 (*h*) (1), upon an application by that Agent further written arguments were by direction of the Tribunal submitted by both Agents, and it was contended by the British Agent that under Article 297 (*h*) the obligation to credit proceeds of liquidation and the cash assets of enemies to the Power of which the owner was a national through the Clearing Offices established under Section III, Part X, matured on the day upon which the Treaty came into force, and that there was thus conferred upon the Government whose national the owner was an indefeasible right as on the 10th January, 1920, to receive the proceeds of liquidation, or the cash assets referred to. Anything affecting the individual which happened after the 10th January, 1920, was a matter which concerned the claimant's Government and no one else.

In the course of a lengthy judgment in which they referred to the provisions contained in (*e*), (*f*), (*g*), and (*h*) of Article 297, the Tribunal expressed their opinion that the provisions of paragraph (*h*) were merely machinery for providing that the proceeds of liquidation and cash assets were to be handed over to the owner, and they held in substance that, notwithstanding the express provisions of (*h*), the right to a credit of proceeds of liquidation, as well as the right to compensation, was a right personal to the individual and merely ancillary to the personal right of compensation; in other words, the intention would seem to be to determine how the national who had suffered damage was to be satisfied where restitution in specie had not taken place.

The clause following the paragraph numbered 4 in Article 296 was merely machinery under which the proceeds of liquidation were to be accounted for through the Clearing Offices. On the contrary assumption, and if the proceeds of liquidation were to be credited to the British Clearing Office, the amount so credited, less any appropriate charges, would in the present case have to be handed over to the executors to be applied according to the provisions of the will, under which part of the funds would go to benefit German nationals. This result the Tribunal (First Division) held to be inconsistent with the meaning of the Treaty. They accordingly stated that it was for the British executors to ascertain how far the assets of the testator, other than those taken by the German Government, were sufficient to pay the debts and other expenses, and how far such assets would go towards satisfying the legacies and benefits under the will other than those due to German nationals.

The last-mentioned decision has undoubtedly caused considerable surprise in the legal profession, and is difficult to reconcile with the principles on which Courts of justice in this country are in the habit of acting. Mr. Lederer, the testator, had a clear undisputed right against the German Government on the date of ratification of the Treaty, and the fact that he did not receive prior to his death the payment due to him was merely due to the delay on the part of the German Clearing Office in effecting the credit which under the Treaty they were bound to make without delay: but for this he would have received the amount of his claim and have been entitled to dispose of it as he thought fit, whether to German nationals or otherwise. It is therefore not easy to understand why the mere delay in getting a good claim recognized, whether arising from default on the part of the German Clearing Office or the difficulty in getting the case heard at an early date by the Tribunal, should affect the amount to which the claimant, or his legal personal representatives, may be entitled, and British nationals who have claims under Article 297 (*e*) pending before the Tribunal will be well advised to see that in any testamentary disposition made by them sums to the benefit of which they are entitled are left solely to British nationals, otherwise the right to an award may disappear if the principles in the case of the executors of Lederer are followed in other decisions.

(3.) *Decisions regarding Life Insurance Policies.*

In more than one case which has come before the Tribunal the rights and liabilities under contracts of life insurance have been discussed, and attempts have been made to contend that the provisions as to insurance contained in the Annex to Section V, Part X, of the Treaty were intended to be read independently of the other clauses, so that sums due to ex-enemy nationals under the provisions of that Annex are payable direct, and were not intended to be regarded as debts through the Clearing Office under Article 296.

It may be mentioned that a similar contention had been put forward before the High Court in this country by an American insurance company which had a branch in London, and claimed that any sums which had become due during the war to German nationals were not subject to the charge. The Court of Appeal, however, decisively rejected this contention, and held that the sums in question were subject to the charge. See New York Life Insurance Co. Ltd. *v.* Public Trustee (1924, 2 Ch. 101).

A similar argument was put forward to the Tribunal by the Austrian Government Agent in the case of Max Byng *v.* Anker Gesellschaft fur Lebens, &c. (No. 1923/A36), to the effect that the debt which had fallen due was payable direct, and was outside the provisions of Section III, Part X, of the Treaty of St. Germain, but this contention was rejected by the Tribunal.

In the case of F. W. Ficke *v.* Scottish Widows' Fund (No. 1914) it was argued by the insurance company that, having regard to the provisions of the policy and the ordinary practice, no sum could become due under the policy upon which interest could be claimed until the death of the insured had been strictly proved to the company with all usual formalities. The Tribunal, however, without giving reasons for their judgment, their attention having been directed to the second sentence of paragraph 11 of the Annex, providing that any sum becoming due upon a contract deemed not to have been dissolved under the preceding provisions shall be recoverable after the war with the addition of 5 per cent. interest per annum from the date of its becoming due up to the date of payment, refused to uphold the debtors' contention that, as the claim had not been strictly proved in accordance with the policy during the war, the due date was postponed until after the ratification of the Treaty. It was accordingly held by the Anglo-German Tribunal (Second Division) that the debtors were liable under Article 296 for the sum due under the policy, with interest at 5 per cent. from the date of the death of the assured. In that case, however, the circumstances were such that the insurance company might have been regarded as having waived the necessity of strict proof of the debt during the war.

The third clause of paragraph 11 of this Annex, which in certain circumstances gives the assured or his representatives the right within twelve months of the coming into force of the Treaty to claim from the insurer the surrender

value of the policy at the date of its lapse or avoidance, has come before the Tribunal for consideration in two cases, Ehrhardt *v.* Pensionskasse, &c. (No. 768), and Lewis *v.* Germania, &c. (No. 523). In each of those cases the creditor had elected to take the surrender value, and claimed under Article 296 that the amount due in respect thereof should be valorized, but the Tribunal held that in neither case did the claim constitute a debt to be settled under Article 296, in view of the fact that the obligation on the part of the insurance company to pay the surrender value did not accrue until it was asked for after the coming into force of the Treaty. It would not, apparently, follow that a similar decision would be given in a case where a surrender value became due under a policy prior to the ratification of the Treaty.

(4.) *Decisions regarding Nationality—Articles 296 and 297 of the Treaty of Versailles.*

The Tribunal has had to consider in more than one case what is the material date for possessing nationality necessary for basing a claim under Article 296. It has already held (compare Kohn and Goldschmidt *v.* Arnold Oppenheimer (No. 214), (*Recueil*, ii, p. 211) that the only material date for residence under the same article is the 10th January, 1920, the date of the ratification of the Treaty.

In the case of Rehder *v.* Landgesellschaft Wannsee (No. 1543), (*Recueil*, iv, p. 201) the creditor, a British subject, claimed a debt not in his own name, but as executor of the will of a German national who died on the 13th March, 1917, in America. The Tribunal (First Division) held that the test of nationality was to apply not only at the date of 10th January, 1920, but that it was to apply also (*a*) for pre-war debts at the date of the outbreak of war between the two respective Powers, (*b*) for debts which became payable during the war at the date when they became thus payable, and accordingly decided that the debt was not one to be settled through the Clearing Office under the provisions of Article 296.

The decision was followed in the case of Abraham *v.* Weiss (No. 1419), in which case a British creditor claimed a debt under Article 296 (2) against a debtor who, although he had become a German national in the year 1919, was an Austrian national at the outbreak of war and at the time when the alleged debt became payable during the war. The Tribunal were of opinion that, reserving the special provisions of Article 296 (*f*), which in this case were not applicable, the words in Article 296 (2) did not mean any opposing Power, but the opposing Power within whose territory the respective party resided. In that case the opposing Power was Germany, where the debtor resided, and the Tribunal, following their former decision in Rehder, held that the debt in question did not fall within the provisions of Article 296.

It should, however, be mentioned that a similar question arose for the decision of the Tribunal (Second Division) in the cases of Huth *v.* Niepenberg (No. 1087) and Levi *v.* Heim (No. 2030). The point had been already somewhat exhaustively argued in the former case prior to the decision in the Rehder case, and judgment has been reserved in both cases. The matter, therefore, cannot be regarded as yet concluded.

Another highly important question as to nationality came before the Tribunal in the case of the National Bank of Egypt *v.* German Government and Bank fur Handel und Industrie (No. 631), (*Recueil*, iv, p. 233). The creditor was a company incorporated in Egypt, with its registered office at Cairo, and the claim was against a German national, and alternatively against the German Government. Part III of the Treaty has not been adopted in the case of Egypt, and accordingly the claim was not made through the British Clearing Office, but valorization of the debt and interest was claimed against the bank upon the ground that on the proper construction of the Treaty, and in particular of paragraph 14 of the Annex to Section IV, Part X, similar rights in that respect are provided for even though Part III is not adopted. The claim was contested on the ground that the claimant was not a British national under the Treaty, and that the Tribunal had no jurisdiction.

A similar question had already been decided in favour of the claimant by the Anglo-Austrian Tribunal in a claim against the Anglo-Austrian Bank. The Anglo-German Tribunal held that in the present case Article 296 of the Treaty applies to subjects of protectorates, who are to be regarded as nationals of the protecting Power. The only reason that Article 296 does not apply to Egyptians is because Section III of the Treaty was not adopted with reference to that country, but, upon the true construction of the Treaty, Egyptians must be considered as British nationals for the purpose of carrying out Section III, Part X, and the same applies to Section IV, Part X, especially in view of the distinct provisions in the second part of paragraph 14 of the Annex. In the opinion of the Tribunal, the termination of the protectorate, which took place in 1922, could not have the effect of depriving Egyptians of the benefit of the provisions of Article 297 (*e*) if their claims lay under that article.

(5.) *Article 296 (2) of the Treaty of Versailles—Suspension of Execution of Contract on account of the Declaration of War.*

The Tribunal has had several cases before it of claims by British companies arising under Article 296 (2) in which the creditors had branches in Germany, and the defence has accordingly been raised that, in view of the fact that under the regulations in force in Germany there was nothing to prevent the German debtor from paying his debt to the branch, there was no suspension of the execution of the contract on account of the declaration of war.

In the case of the Anglo-South American Bank *v.* Mengers & Co. (No. 970), (*Recueil*, iii, p. 220) the German debtors had entrusted bills of exchange drawn on firms in South America to the Hamburg branch of the creditors for collection, and against these the creditors had made certain advances. Shortly after the outbreak of war the branch was placed under official supervision by the German Government. The control of the head office ceased, but the branch continued to be managed by a German national, who acted without instructions from England. The creditors eventually, in October, 1919, under license, gave the manager instructions to liquidate the business, subject to certain limitations. On the 10th January, 1920, there remained due from the debtors M.169,419, as to M.90,057 of which the creditors made a claim through the British Clearing Office, which was in due course admitted and paid.

The remaining M.79,361, claimed in the present case, only subsequently came to the knowledge of the creditors. It appeared that on various dates between February and April, 1920, the manager of the business, without the consent or knowledge of the creditors, was paid or credited by the debtors with M.81,549, and during the same period he debited the debtors with M.2,185. The creditors contended that these payments by the debtors were void as being in contravention of the opening words of Article 296 and paragraph 3 of the Annex to Section III, Part X. The Tribunal, however, decided that there was no debt from the debtors to the creditors, on the ground that the Hamburg branch remained throughout the war on the trade register, and continued to do business though subject to supervision. Further, that under British legislation the Hamburg branch was regarded as an enemy during the war, and therefore, on the standpoint of English law, payments from the debtors to the branch were not unlawful. In the opinion of the Tribunal it could not be said that the execution of the contracts or transactions was suspended wholly or in part on account of the declaration of war, and, this being the case, debts which arose out of them were not caught by the provisions of Article 296.

It is not altogether easy to reconcile this decision with other decisions based on the principle that under Clearing Office procedure the debts due to and by a branch are to be regarded as due to and by the head office, which is the real creditor, and with the fact that the German manager, owing to the dissolution of the agency contract between him and the creditors, could not be regarded as properly representing them, his transactions having been admittedly out of their control.

In the case of the Standard Bank of South Africa Ltd. *v.* Rascher & Co. (No. 931), (*Recueil*, iv, p. 265) the Tribunal in somewhat similar circumstances held that the partial execution of transactions or contracts between the creditor bank, which had a branch in Hamburg, and the debtors was suspended.

Under the decrees of the German Federal Council of 10th and 12th August, 1914, and subsequent decrees extending them, a moratorium of nine months from the beginning of the war had been given to German debtors, but at the expiration of that period there was no legal suspension of payments generally applicable in Germany except for the special relief under paragraphs 2 to 4 of the decree of the 30th September, 1914, prohibiting payments to England, as modified by a decree of the 22nd December, 1914, the combined effect of which was to maintain in favour of a debtor the relief from the obligation to pay or accept bills of exchange issued in foreign countries, notwithstanding that the bill was drawn in favour of a German branch of the bank or had been presented by such branch for acceptance. In the case in question the branch had written to the debtors referring to the acceptance, which was the subject-matter of the claim, and the debtors had stated they were not in a position to redeem it.

The Tribunal, having regard to the correspondence which passed and the decrees of the 30th September and 22nd December, 1914, held that the amount of the bill constituted a debt which became payable during the war, and arose out of a transaction or contract of which the partial execution was suspended. They therefore awarded interest at the rate of 6 per cent., the amount fixed by the decrees of the 10th and 12th August, 1914, on moratorium bills, as from the expiration of nine months after the original due date.

In Standard Bank of South Africa Ltd. and Krause & Co. (No. 1197), where the claim was in respect of a letter of credit issued before the war by the debtors, under which two payments had been made prior to the beginning of the war by branches of the creditor bank in South Africa, the Tribunal found that there was a debt due under Article 296 (1), and that no question of suspension of the contract arose, for the payments by the South African branches gave rise to pre-war debts falling within Article 296 (1).

In Anglo-South American Bank Ltd. *v.* Bruno Teichmann Nachfolger (No. 1147), the Hamburg branch of the creditor bank had before the war forwarded for collection to the bank's agents in Brazil a bill drawn by the debtors on a Brazilian company and received by the branch as security for an advance. The bill was not presented to the drawees when it became due, nor was it paid by them. The Tribunal came to the conclusion that a suspension of the execution of the contract could apply in this case only if after the declaration of war between Brazil and Germany there existed a legal prohibition in Brazil against sending letters or other documents to Germany. If such existed, the branch was prevented from receiving back the bill dishonoured, and without the bill they would be unable to exercise their right of recourse against the debtors. They therefore adjourned the case for further information as to Brazilian law on the subject.

In Standard Bank of South Africa Ltd. *v.* Hecht & Co., Berlin (No. 1199), a question arose whether the German debtors, who had negotiated before the war with the creditor's branch in Hamburg certain bills of exchange drawn on Australia, were liable under the contract between them where the bills had been presented to the drawees for acceptance during the war and had been dishonoured by non-acceptance. The Tribunal gave it as their opinion that the creditors were entitled to succeed under Article 296 (2), for whatever the position between the Hamburg branch and the debtors might have been during the war the execution of the transactions involved intercourse with Australian banks, and between these and the Hamburg branch such intercourse became legally impossible as a consequence of the declaration of war.

As to certain further bills which had not been presented to the drawees before the coming into force of the Treaty, a somewhat different question arose, and the British Government Agent contended that by virtue of paragraph 6 of the Annex to Section V, Part X, of the Treaty the debt, being represented by bills of exchange, must be settled through the Clearing Offices. With regard to these bills the Tribunal called for further information as to the manner in which bills presented by virtue of the provisions of Article 301, which prolongs the time for presentation of negotiable instruments, have been dealt with between the different Clearing Offices; and no decision on that part of the case has yet been given.

In Pacific Phosphate Co. Ltd. and Anglo-Continentale, &c., Guano Werke (No. 1305) the question again arose as to whether a balance claimed as due from the debtors in respect of certain consignments purchased by them fell within Article 296 (2), the German Government Agent submitting that there was no suspension of payment in view of the fact that the creditors could at any time during the war have been paid by the branch office of the debtors in London. This branch office had been subjected during the war to British emergency war legislation, and an order had been made vesting the London branch in the Public Trustee as Custodian of Enemy Property. The Tribunal accordingly adjourned their decision pending an explanation of what had passed between the creditors and the Custodian, and further submissions to be made as to the right of a British creditor who, under such circumstances, had not been paid out of the funds in the hands of the Custodian, to claim payment from him.

In Konig Bros. *v.* Blunck (No. 1945) a German national resident in Poland, who carried on a business which had been there registered, was liable to put the British creditors in funds to meet a bill which they had accepted for him. The bill had not become due at the date of the outbreak of war, and the debtor's liability therefore accrued during the war. The debtor was interned in Russia until August, 1915, when the Germans occupied Warsaw. He subsequently died in Germany, and the present claim was made against one of his heirs resident in Germany on the 10th January, 1920. It was contested on the ground that the debtor's business was registered in Poland and was a Polish legal entity, and also on the ground that the execution of the contract was not postponed, and that one of the several heirs in Germany could not be personally liable until the estate had been divided, and that prior thereto the creditors only had a right to take the estate in satisfaction of debts. The Tribunal (Second Division) held that there was a debt under Article 296 for the full amount of the bill with interest.

Partial Suspension of Execution of Contract.

The question as to whether a contract was partially suspended within the meaning of Article 296 was also considered by the Tribunal (Second Division) in the case of Le Rossignol *v.* Deutsche Bank (No. 1310), (*Recueil*, iv, p. 10). The creditor at the outbreak of war had an account with the debtor bank, which collected dividends on his securities. He was in Germany until December, 1918, when he returned to England, and was permitted to draw on the account. The claim for the balance of the credit at the date of the Treaty was contested on the ground that the contract was not suspended by the declaration of war.

The Tribunal held that, the relation of banker and customer having subsisted at the outbreak of war, the balance at 10th January, 1920, could be claimed under clause 2 of Article 296, and that, having regard to the legal position of the parties in England and Germany respectively, the claimant had been unable to obtain payment between December, 1918, and the date of the Treaty coming into force. The execution of the contract was therefore held to have been suspended within the meaning of clause 2 of Article 296.

(6.) *Residence of Debtors and Creditors for the Purposes of Article 296 of the Treaty of Versailles.*

The meaning of the term "residing," as applied to nationals of one of the Contracting Powers under Article 296, has given rise to considerable interchange of views between the two Clearing Offices, and it has generally been recognized between them that, whilst the word cannot be regarded as equivalent to "domiciled," it cannot be confined to persons who happened on the material date—namely, the 10th January, 1920—to be physically present in one country or the other, but must be interpreted as applying to persons who may reasonably be regarded as having at that period their habitual abode in the country in question, even though they may have been temporarily absent for business or other reasons. The Tribunal has, however, in the case of Otto Cloos *v.* Chota Magpur Co-operative Credit Society (No. 1263), (*Recueil*, iv, p. 13), gone further than this, and held that the German creditor was to be deemed for the purposes of Article 296 as resident in Ulm, Germany, though he did not return there until after the 20th April, 1920, and had not before the war been residing there. The national in question had before the outbreak of war been residing in India, where he was employed, and in December, 1914, he was interned at Ahmeduagar,

where he remained during the war. On the 30th January, 1919, he was embarked for repatriation, but remained interned at Port Said until March, 1920, when he was released and returned to Hamburg on the 20th April, whence he returned to his old home.

The Tribunal stated that residence implies the notion of voluntary residence, and in their opinion it was not the ntention of the Treaty to exclude persons who had not been repatriated, because, through circumstances over which they had no control, they had not returned or taken up their residence in German territory. They further considered that past residence could have no application, for, in such a case as the present, the German national was excluded from a continuance of residence in the place in which he had been before the outbreak of war. They therefore considered that in the case of people detained, other than criminals, the place in which they took up their residence on release was to be considered their place of residence for the purposes of Article 296.

Whilst it is obvious that residence ought to be regarded as voluntary residence, it is not easy to see how a person can be regarded as residing in a place on a particular date, irrespective of his previous residence, merely because he had the intention to go there as soon as possible, and actually went there some four months subsequently.

(7.) *Debts owing by or to Partnerships consisting of Persons of Different Nationalities.*

The Tribunal has again affirmed the principle long since laid down in the case of Wydra & Soehne *v.* Hyman (No. 16) and Hardt *v.* Stern (No. 524) and other cases to the effect that in dealing with a partnership firm regard must be had to the residence and nationality of the individual partners.

In the case of Kolp Coleman & Co. *v.* Plaut & Co. (No. 1733) a claim was made by British nationals against the holders of drafts drawn on and accepted by the debtors at Berlin. The creditors contended that the debtors were a German firm, registered as such and resident in Germany; but the claim was disputed by the German Clearing Office on the ground (*inter alia*) that one of the partners was not of German but of Argentine nationality, and that neither of the partners was resident in Germany on the coming into force of the Treaty. In face of evidence, not rebutted by the creditors, that one partner was in the Commercial Register at Buenos Aires mentioned as being of Argentine nationality, and that the other partner had left Germany in the year 1919, the Tribunal decided that the claim did not fall within the scope of the clearing procedure.

(8.) *Stock Exchange Transactions.*

With reference to the case of Stamm & Co. *v.* Froehlich & Liebmann (No. 385), referred to in last year's report, there have been a certain number of cases concerning Stock Exchange transactions, in the course of which the Tribunal has again considered the question as to whether shares purchased for German nationals prior to the war, but not taken up until a later period, became their property so as to become subject to the charge, or whether they remained the property of the persons who had bought them.

In Seligmann, Weinberger & Pearson *v.* Dreher & Uhry (No. 758), (*Recueil*, iii, p. 749) the claimants were stockbrokers, who at the outbreak of war were carrying over securities for the German debtors. During the war some of the securities were contangoed with jobbers. The remainder were "taken in"—*i.e.*, the claimants took up the securities and at each fortnightly account date purported to enter into another contract with their clients to sell to them for the making up price of that day an equal amount of the same description of stock on the next account day. Some of the transactions were closed and the debtors were credited with the prices realized. The remaining securities were held until after the 10th January, 1920, and the claimants claimed a debt with contango charges up to January, 1920, without giving credit for the value of the securities, which were claimed by the Custodian under the charge.

The Tribunal held that, both in the case of the securities carried over by a jobber and those taken in during the war, the right of the client consisted only in a right to claim completion of the contract, and that right ceased when the contract was dissolved in August, 1914. The securities did not therefore become the property of the client and could not be subject to the charge. The broker's claim is only to be indemnified for the liability he had assumed on his client's behalf, and the claimants were therefore directed to deliver an amended account on that basis.

In Crews & Co. *v.* Hermann Vortisch Oertle (No. 679), (*Recueil*, iv, p. 69) the Tribunal considered a further question—*i.e.*, whether, having regard to the provisions of Article 299 and the dissolution of contracts provided for thereunder, the taking up after the 4th August, 1914, of stocks by a British broker on the Stock Exchange, who had been acting on behalf of a German client prior to the war, created a German property right or interest in the shares so taken up.

In that case the claimants were carrying over two blocks of shares for the debtors at the outbreak of war. The shares were taken up by the claimants, who borrowed from their bankers the necessary funds. One block of Goerz shares were sold at favourable prices amounting to more than the purchase price; the other block of Rand Mine shares were not sold during the war. The Tribunal confirmed its decision in the above-mentioned case of Seligmann, Weinberger, & Pearson *v.* Dreher & Uhry as to securities carried over until the 10th January, 1920, and held that the position must be ascertained as if the Rand Mine shares had been sold on the last account day prior to the 10th January, 1920. In the Tribunal's opinion the creditors were not entitled to recover commission charges in respect of dealings after the date when the shares were taken up. The claimants were therefore entitled to recover from the debtor—(1) the amount of the purchase price of the Goerz shares, together with commission and any justified disbursements up to the date when the shares were taken up; after that date the interest paid by them up to the date of the sale; after the date of the sale, interest at the rate of 5 per cent. per annum on any balance remaining due; (2) in respect of the Rand Mine shares, the amount of the purchase price, together with commission and any justified disbursements up to the date when the securities were taken up, and thereafter interest paid by them up to the last account day prior to the 10th January, 1920, less the value of the shares at the average Stock Exchange price for that day, and the amount of interest on the balance from that date at the rate of 5 per cent. per annum; (3) disbursements not included in the above, necessarily made by the claimants in connection with the matter.

In the case of J. Stamm & Co. *v.* Emil Heckscher & Co. (No. 976), (*Recueil*, iii, p. 532) the creditors in May, 1914, agreed to sell to the debtors 500 shares in a company, and immediately afterwards entered into a contract with third persons whereby they contracted to take up the shares necessary to fulfil their contract with the debtors. The creditors took up the 500 shares on the special settlement at the 30th October, 1919, but by that time the shares had greatly depreciated in value and were stated to have become worthless. The creditors claimed from the debtors, as a pecuniary obligation, the loss which they suffered by having purchased the shares, and it was on their behalf contended that the obligation incurred by them to the third parties in connection with the business in question brought their claim within the words of the exception in Article 299 (*a*) of the Treaty, which provides that any contract concluded between enemies shall be regarded as having been dissolved as from the time when any two of the parties became enemies, except in respect of any debt or other pecuniary obligation arising out of any act done or money paid thereunder. The Tribunal, however, were unable to accept the creditors' contention, and held that they took up the shares to place themselves in a position to perform their contract with the debtors, but the purchase was not entered into *under* the contract between the creditors and the debtors. The payment for the shares was not therefore made in pursuance of the contract between those parties, and there was no pecuniary obligation arising out of any act done or money paid under the contract within the meaning of Article 299.

It should be noted that in this case the creditors were not acting as brokers or agents for the debtors, as in the case of Cuthbertson, Hood, & Co. *v.* Calmann (No. 766), referred to in last year's report, and the claim was not therefore one by an agent for reimbursement.

In the case of Hodding, King, & Co. *v.* Bruno, Becker, & Co. (No. 474) the creditors were stockbrokers and claimed two sums: (*a*) £482 7s. 1d., with interest on part thereof from 10th January, 1920; (*b*) £813 3s. 1d., with interest at 1½ per cent. above bank rate on part thereof from 10th January, 1920.

As to (*a*), the creditors had in May and July, 1914, bought 100 shares for the debtors, and had continued these from account to account, the bargain remaining unclosed throughout the war. The creditors' claim was made up in respect of (1) purchase price, commission, and contract stamp; (2) contango charges; (3) 5 per cent. interest on the average balance, which they stated to be owing from the debtors; credit being given for (1) remittances, (2) dividends, (3) the average price of the shares on the last account day prior to the 10th January, 1920.

As to (*b*), in 1912 and 1913 the creditors had purchased fifty shares on behalf of the debtor. The shares were taken up, and the debtors paid one-half of the purchase price and borrowed the remainder from the creditors. The shares remaining in the hands of the creditors were subject to the charge of the British Government. The creditors claimed that the sum advanced on loan was, by agreement, to carry interest at 1½ per cent. above bank rate; but this was contested by the German Clearing Office, who also contended that such a variable rate of interest is not within the exceptions to the rate provided for by paragraph 22 of the Annex to Section III, Part X, of the Treaty.

As to (*a*), the case was adjourned for further evidence to be produced as to the manner in which the 100 shares referred to were dealt with by the creditors. As to (*b*), the Tribunal were of opinion, following their decision in Schwerdt *v.* Frankfurter Bank (No. 847), (*Recueil*, iv, p. 970), that the rate of interest, though variable, fell within the provisions of paragraph 22 of the Annex to Section III, Part X, of the Treaty. In respect of (*b*), therefore, they awarded the creditors the sum claimed by them, together with interest at 1½ per cent. above bank rate on part thereof from January, 1920, until crediting.

(9.) *British Accepting Houses—Cold Storage Bills.*

The liability of German firms to indemnify British accepting houses against the full amount for which the latter became liable in respect of so-called "cold storage" bills, and which was in principle already decided in the cases of F. Huth & Co. *v.* Fahr & Setzer (No. 6), (*Recueil*, i, p. 286) and Fruhling & Goschen *v.* Breyer (No. 53), (*Recueil*, i, p. 860), to which reference was made in my report for the year 1922, has come again before the Tribunal on subsidiary points. In F. Huth & Co. *v.* Beyer (No. 805), (*Recueil*, iv, p. 2) a special defence on the facts of the case was relied on by the German debtor—namely, that certain bales of wool which were his property were held on behalf of the creditors as collateral security by another German company, and that after the outbreak of war these bales were requisitioned by the German Government, and subsequently released on payment of a sum of money which was eventually transferred to the Treuhander. The debtor therefore claimed to be released from his liability to the extent of the sum so transferred, while the creditors contended that, the bales being merely collateral security, they were under no obligation to resort to them for the satisfaction of the debt, and that in fact they had never done so.

The Tribunal found as a fact that when the wool was taken over by the debtor, who purchased it from the German Government, he paid the sum in question to the other German company on behalf of the military authority, and that subsequently, in August, 1917, that sum came into the hands of the Treuhander. They accordingly found that at the time the debtor paid the amount in question he was not freed from his debt to the creditors, and they did not consider that the subsequent events affected his position as regards the latter firm. The debtor was therefore under a liability to indemnify the creditors for the full amount claimed.

On the other hand, in a claim which came before the Second Division—F. Huth & Co. *v.* Goeters (No. 2128)—in which the German debtor had under German law been compelled to pay what he alleged to be owing by him in respect of "cold storage" bills to the compulsory administrator of F. Huth & Co. in Germany, it was held that such payment did not completely discharge the debtor from his liability to indemnify the creditors from liabilities incurred by them in respect of the bills of exchange. The Tribunal found that the effect of these payments made in pursuance of the exceptional war legislation of Germany had in law as between the parties the same effect as if they had been made to F. Huth & Co. at the date when they were so made to the administrator in Germany, and that such payment accordingly *pro tanto* discharged the debtor from his obligation to indemnify the creditors against liabilities incurred by them in respect of the bills.

In the case of Goschens & Cunliffe *v.* Hinrichsen & Co. (No. 846) the "cold storage" bills for which the creditors had become liable shortly after the outbreak of war were drawn against certain shipments, including one of 183 drums of bean-oil on board the s.s. "Silesia," which on the outbreak of war was at Batavia and there remained interned. In November, 1914, a proposal was made by the debtors to the creditors that an Antwerp firm should take up the bills for the bean-oil, but this was never carried out, as the vessel never reached Rotterdam—a term which was required by the Antwerp firm. The debtors contested the obligation to indemnify on the ground that the creditors did not act with reasonable care and prudence, and that they ought not to have agreed to the addition of the term that the ship was to arrive in Rotterdam, the goods being stated to have been shipped on a c.i.f. contract under which the Antwerp firm were compelled to find the necessary funds irrespective of the position of the ship.

The Tribunal decided that the creditors had acted reasonably, and that, on the basis of the principles enunciated in F. Huth & Co. *v.* Fahr and Setzer and Fruhling and Goschen *v.* Breyer, they were entitled to be indemnified.

(10.) *Contracts relating to the Sale of Goods—Dissolution of Contracts under Article 299 of the Treaty of Versailles.*

In claims relating to sale of goods the question frequently arises whether, having regard to paragraph 2 of the Annex to Section V, Part X, excepting from dissolution under Article 299 certain classes of contracts, including contracts having for their object the transfer of real or personal property where the property had passed or the object had been delivered before the parties became enemies, the goods the subject of the claim had passed under the contract so as to enable the vendor to claim the price as a pecuniary obligation, or whether they remained the property of the vendor, thus possibly giving rise to other claims.

This question was considered by the Tribunal in the cases of Antony Gibbs & Sons *v.* Gumprecht & Co. and Others and the German Government (No. 120) and Gumprecht & Co. *v.* Antony Gibbs & Sons (No. 1586), (*Recueil*, iii, p. 779), which were heard jointly.

In the first of the two cases the British claimants had agreed to sell goods c. and f. Hamburg, to be shipped per steamer of the Kosmos Line. The goods were shipped, but on the outbreak of war the shipping documents were still in the claimants' possession. The goods had reached Hamburg, and the German Government required them for munitions. They obtained an order of the Commander of the Army Corps at Altona, directing the Kosmos Line to deliver to the respondents. The Tribunal held that the property in the goods had not passed, as the respondents had not received the shipping documents. Permission was given to join the German Government as respondents, and the Tribunal decided that the order of the military authorities constituted an exceptional war measure and entitled the claimants to compensation.

In the second case the British respondents agreed to purchase nitrate of soda c.i.f., the amount of the invoice to be due ninety days after the arrival of the bill of lading. The shipping documents were tendered to the British respondents during the war by the German claimants' agents in this country, but were not taken up. The vessel containing the goods was captured by a British destroyer, and the goods were condemned as prize. The Tribunal held that the property in the goods could only be transferred by the handing-over of the bills of lading, and that it had not therefore passed when the contract was dissolved. For the same reason there had been no delivery of the cargo to the buyers before the contract was dissolved. The German claimants alternatively contended that if the property had not passed, at any rate, according to the contract, the risk had passed and become the risk of the buyers, and that therefore any loss was to be borne by the respondents. As to this point the Tribunal were of opinion that any instructions given by the claimants to their agents as to the tendering of the shipping documents could not amount to an act done under the contract within the meaning of Article 299 (*a*). The contract was completely dissolved on the outbreak of war, and any term, express or implied, as to the passing of the risk had gone therewith before the goods were captured.

In the case of Strong & Co. *v.* Gebruder Muller (No. 1184) the British claimants sold goods on terms c.i.f. Hamburg, documents against acceptance. The goods were shipped and freight was paid, but the bills of exchange were not tendered until after the declaration of war. The bills were not accepted, and the claimants sold the goods and claimed the difference between the proceeds of sale and the value of the goods and freight paid. The invoice had stated that the goods were shipped on purchasers' account and risk.

The Tribunal (Second Division) held that they were not satisfied that the property in the goods had passed to the purchaser, or that the goods had been delivered before the parties became enemies. The contract was therefore dissolved under Article 299, and no claim could be made for any pecuniary obligation.

The question as to liability for goods consigned but not received was again raised in the case of Andreas Koch A.-G. *v.* Little (No. 1625), in which a claim was made against a British national for goods consigned to the debtor on the 5th May, 1914. The debtor denied having received the goods, but did not appear at the hearing. The Tribunal, however, were prepared to assume that the goods were not delivered, but were satisfied that they had been duly consigned on the 5th May, and that the goods had been lost prior to the 4th August. They therefore held that it was not necessary to decide in that case whether English or German law applied. The case had been argued by both Government agents on the footing that the contract was governed by German law, and the Tribunal had therefore dealt with it on that footing. The creditors were therefore held entitled to succeed, under German law, which saddles the purchaser with the risk upon the property being consigned, for the loss was held to have taken place prior to the 4th August. If English law applied the result would be the same, for under English law delivery under the terms of the contract, as proved to have existed in that case, would have been effected by the seller at his factory, and the property would have passed there to the debtor.

(11.) *Effect of Declaration of War upon Relationship between Principal and Agent.*

The principles which have already been acted on by more than one Tribunal in such cases as Maridort & Behrens (page 581 of Vol. I of the *Recueil*) and Schuster, Son, & Co. *v.* Deutsche Bank (No. 409), (*Recueil*, i, p. 518) were again applied by the Tribunal (Second Division) in the case of Wenner *v.* Engelhardt (No. 1168), (*Recueil*, iii, p. 760). The German debtor was acting as agent in Germany to the British creditor at the time when the war broke out, and in this capacity had custody of a quantity of cotton goods belonging to the creditor. Part of this stock was sold by the debtor, and the proceeds were paid by him into a German bank.

The Tribunal found as a fact that in selling the goods the agent intended to do what he believed to be best in the interests of the creditor in the new situation which had arisen, and in their view it followed juridically that, the contractual relation of principal and agent having been dissolved, the position of *negotiorum gestor* was thereafter assumed by the debtor, and the ordinary rights and liabilities incident to such relationship thenceforth came into operation. The Tribunal accordingly decided that there was a debt within the meaning of Article 296 due for the balance of account owing by the heirs of the debtor who had died during the war.

(12.) *Effect of Declaration of War upon Banker's Authority.*

A question somewhat similar to that decided in Schuster, Son, & Co. *v.* Deutsche Bank (see last year's report) arose for decision in Berliner Bank Institut *v.* Koop (No. 2065). A Berlin bank had an account for a British national, and held securities and collected dividends before the war. He instructed them to subscribe for German shares on his behalf, and remitted to them the first instalment. In October, 1913, a further instalment became payable, and was paid by the bank out of his account. It was disputed at the hearing whether there had been specific instructions for that payment, or whether it had been made by the bank in regular course. In 1919 the last instalment fell due and the bank paid it out of the account.

The payment made during the war was repudiated by the British national on the ground that the bank had no authority, but the Tribunal held that the shares belonged to the British national, who would as owner of the shares in any case have been liable to pay through the Clearing Office the call on the shares, and that the bank by paying the amount had released him from this liability and were therefore entitled to be reimbursed. The claim for reimbursement arose out of the pre-war relations under which the bank had undertaken to hold the shares and look after the interest of the creditor. In the Tribunal's opinion the bank acted reasonably and properly in paying the final instalment on his behalf. Although the contract, unknown to the debtors when they made the payment, must be deemed to have been dissolved in consequence of Article 299, there remained, under paragraph 674 of the German Civil Code, the obligation of the principal to repay to his agent expenses properly incurred. The bank was therefore entitled to set off such claim to reimbursement against the creditor's claim against them.

On the other hand, a bank is not, in the view of the Tribunal, entitled without any authority from the customer to apply money coming into his account from redeemed bonds by reinvestment in other bonds. In Lautaro Nitrate Co. Ltd. *v.* L. Behrens & Sohne (No. 608), (*Recueil*, iv, p. 37) the debtor bank held on the creditor's behalf Vienna Treasury bonds which became redeemable in May, 1916. In April, 1916, the Vienna authority made an offer to exchange the bonds for new bonds carrying higher interest, redeemable in May, 1921. The bank considered the offer advantageous, and, being unable to communicate with the creditors, they accepted it.

The Tribunal held that, although the bank never actually received and reinvested the proceeds of the original bonds, the transaction was legally a payment and reinvestment. They considered the question whether in normal circumstances a banker who, being unable to take his clients' order, decides to reinvest proceeds of securities which have become repayable, can legally bind his client thereby; and they held that the client would not be bound when the banker had no previous authority to reinvest money which came into the hands of the banker. An award was therefore given in favour of the creditors for the amount of the redeemable value of the original bonds.

(13.) *Definition of Term "German National" for the Purposes of Article 296 of the Treaty of Versailles.*

The Tribunal has in two cases—Duncan *v.* Duncan's Leinen Industrie A.G. (No. 1012), (*Recueil*, iii, p. 770), and Alfred Herbert Ltd. *v.* Alfred Herbert G.m.b.H. (No. 67), (*Recueil*, iv, p. 193)—followed their former decision in Chamberlain & Hookham Ltd. *v.* Solar Zahlerwerke (No. 36), (*Recueil*, i, p. 722), and that in James Dawson & Son Ltd. *v.* Balkanische & Handels Industrie A.G. (No. 748), and made awards to the creditor arising out of debts owing by the debtor on the footing that a company incorporated under German law and having its seat in Germany is to be considered as a German national for the purpose of Article 296. In the first of the above two cases the creditors owned a relatively large interest in the debtor company, and in the second case the creditor company owned the whole of the capital of the debtor company.

In General Electric Co. Ltd. *v.* Deutsche Gasgluhlicht A.G. (No. 1556), (*Recueil*, iv, p. 193), the debtors were shareholders in and controlled a British company, and for private reasons caused declaration of dividends to be delayed. Moneys of the British company were from time to time advanced to the debtors to be retained by them until a dividend should be declared, and were by arrangement placed in the hands of German bankers at the disposal of the debtors, who obtained payment from the bank during the war. The claim was by an assignee of the British company. The debtors contended that the original creditors were a subsidiary company of the debtors, and that the disposal of the money was exclusively the right of the debtors in whom was the beneficial ownership of the money.

The Tribunal held that, although the debtors had the control of the British company, which was the original creditor, they had no other rights than that of shareholders, and they could not appropriate funds of the company otherwise than by getting the company to declare dividends. As the company had not declared dividends during the war, the amount they received was only an advance, and was repayable under Article 296.

(14.) *Treaty Interest on Debt within scope of Article 296 of the Treaty of Versailles—Debt paid by Cheque—Not presented.*

There have been a number of cases in which debtors have refused to pay interest upon the amount of a debt in respect of which a cheque was forwarded to the creditor shortly before the outbreak of war, but was never presented in consequence of hostilities. One of these cases—Skelton *v.* Stahlwerke-Verband A.G. (No. 1652)—came before the Tribunal (Second Division) for decision. A British national had, towards the end of July, 1914, forwarded a cheque to a German creditor in payment of the balance due by him. The cheque was received by the creditor after the outbreak of war. The debtor refused to pay interest, and a joint decision was given against him by the Clearing Offices. The debtor appealed from the joint decision under paragraph 20 of the Annex to Section III, Part X, and the Rules of the Tribunal.

The Tribunal held that it could not find as a fact that the creditor ever accepted the cheque as payment, either conditional or otherwise, for the debt, and that there was accordingly a debt within Article 296 on which interest was payable in accordance with the Treaty.

(15.) *Liability of German Shipowner for Debts incurred by Captain of Ship.*

The interesting question as to the liability of a German shipowner for debts properly incurred by the captain in connection with a ship in a British port came before the Tribunal in Rhymney Iron Co. Ltd. *v.* F. A. Vinnen & Co. (No. 908), (*Recueil*, iii, p. 785). The claim was by a British company for the amount due for trimming the cargo on a German ship whilst in a British port on the instructions of the captain. The ship was subsequently condemned as prize.

The Tribunal were invited to assume, for the purposes of that particular case, that the law of the flag—namely, German law—applied, and they accordingly decided that under German law, except on the happenings of events specified in Articles 771 (4) and (5), 773, 774, and 775 of the German Commercial Code, which were not present in this case, the ship and freight alone are chargeable in respect of transactions entered into by the master within the scope of his authority. Although claims are directed against the shipowner as a matter of procedure, he is not personally liable. Any liability which may come into existence is terminated by the loss of the ship, and in the present case the liability of the shipowners to pay for the trimming of the cargo came to an end on the condemnation of the ship in prize.

(16.) *Government Guarantee of Debts established through Clearing Procedure—Article 296 (b) of Treaty of Versailles.*

The Treaty provides, under Article 296 (*b*) and paragraph IV of the Annex to Section III, Part X, that amongst other cases in which the high contracting parties are not to be responsible for the payment of enemy debts is included the case in which the debtor was at the outbreak of war in a state of bankruptcy or failure, but in such case the procedure specified by the Annex is to apply to payment of dividends. These provisions have given rise to considerable discussion between the Clearing Offices as to whether the right to valorization where the amount of the dividend was stated in marks is a right distinct and independent from the Government guarantee. This point was decided by the Tribunal in the case of Reader *v.* Boehme (No. 880), (*Recueil*, iv, p. 48).

The German national had become bankrupt in 1899, and dividends were declared during and after the war. The trustee in bankruptcy paid the dividends into Court under Article 372 of the German Civil Code, whereby a debtor can release himself in respect of a creditor who cannot be found, by payment into the Amtsgericht. The Tribunal found that under German law such a deposit only releases a debtor when the debtor also waives any further right to the sum deposited. In the present case the trustee in bankruptcy had not done this during the war, and, although he made a declaration after the Treaty waiving his right to the sum deposited, the amount was withdrawn by the claimant's former agent. The Tribunal held that these proceedings after the date of the Treaty could have no valid effect, and that the debtor in his capacity of trustee was liable to pay the dividends declared during the war through the Clearing Office.

The Tribunal also held that the Government guarantee is separate and distinct from the provisions as to valorization, and that therefore, although such guarantee did not apply, dividends declared during the war must be credited through the Clearing Office at pre-war rate of exchange with interest, but that dividends declared after the 10th January, 1920, are not within Article 296, and are not to be credited through the Clearing Offices.

In R. Atwood Beaver & Co. *v.* Kreitz (No. 1484), (*Recueil*, iv, p. 65), a further point was decided by the Tribunal on the subject of bankruptcy law in Germany. A British claim against a German debtor, under Article 296, was contested on the ground that bankruptcy proceedings were commenced in October, 1914, and a compulsory arrangement with creditors of the debtor was entered into in October, 1919. Under German law this compulsory arrangement is binding on all creditors, and it was therefore contended that the only debt outstanding at the 10th January, 1920, was for the 5-per-cent. composition.

The Tribunal held that Article 296 (*b*) and paragraph IV of the Annex make it clear that, subject to the express exceptions cited in paragraph IV, the Treaty intended to provide for recovery of any sum within the scope of Article 296 which was the subject-matter of a contractual *vinculum juris*, irrespective of the juridical position of one of the parties thereto with regard to the legal liability under the insolvency laws of his own country, and that in such circumstances a debt within the meaning of Article 296 may exist, although it was not owing on the 10th January, 1920, from a fully capable and responsible debtor.

(17.) *Bank Current Accoun—Claim under Article 296 of the Treaty of Versailles—Rate of Interest.*

The question as to the rate of interest which, having regard to paragraph 22 of the Annex to Section III, Part X, of the Treaty, ought to be paid in respect of a current account came before the Tribunal in Schwerdt *v.* Frankfurter Bank (No. 847), (*Recueil*, iv, p. 90). A British creditor had a current account with a German bank before the war, to which the bank credited dividends collected. The bank allowed the usual current account interest at rates varying from 2½ per cent. to 4½ per cent. The creditor contended that the pre-war contract was cancelled and that he was entitled to 5 per cent. Treaty interest, or to a rate of 4 per cent., which was a fair rate and one which German banks were in the habit of paying to the Treuhander. The debtors contended that during the war German banks paid on current accounts the uniform rate of 1½ per cent. which had been fixed at a meeting of bankers,

The Tribunal held that, although the Treuhander usually collected 4 per cent. from banks, this did not entitle the creditor to claim that rate, and that the pre-war custom or contract by which interest was payable on the creditor's account at the usual bank rates would be continued under paragraph 22 of the Annex, so that the creditor was entitled not to any fixed pre-war rate, but to whatever rate was payable during the war, which on such accounts was, as above stated, the rate of 1½ per cent.

(18.) *Debt under British Judgment—Period of Prescription.*

The right to claim for a debt under a British judgment, and the extent to which such right may be affected by the period of prescription, came before the Tribunal in Le Marchant *v.* Baron D'Orville von Lowenclou (No. 1251), (*Recueil*, iv, p. 17). The British claimant had agreed to sell shares to the German debtor in the year 1906, and upon default in payment having been made obtained a judgment in the British Courts in the year 1908 for the debt and costs. The debtor appeared in the action but did not deliver a defence. The costs had not been taxed, and as to that item the claimant did not press his claim. The debt was contested on the ground of prescription.

The Tribunal held that under German law the period of prescription is thirty years, except for a trader, for whom the period is two years if the debt arises out of a contract for sale and purchase. The debtor had submitted

to the jurisdiction of the British Court, and according to English law the judgment created a new debt in which the old debt merged. Even admitting that in Germany execution could not be issued on the British judgment, a new debt sprang from the judgment, and the obligation therefore arose not out of the sale but out of the judgment. Judgments under British law carry interest at 4 per cent., and the amount of the judgment with interest at 4 per cent. from the date thereof was awarded.

(19.) *Unliquidated Damages—Not claimable under Article 296 of the Treaty of Versailles, but allowable as a Set-off.*

The Tribunal have already held that a claim for unliquidated damages cannot be regarded as coming under Article 296. In the case of Empire Transport Co. Ltd. *v.* Blumenfeld (No. 839), (*Recueil*, iv, p. 205), the British creditors claimed freight from the debtors who contested the debt, claiming a set-off for damages caused to the cargo owing to unseaworthiness of the vessel. The Tribunal accordingly had to consider whether such damages could be set off in a claim under Article 296. In their judgment they referred to the fact that, under Clearing Office procedure where there are cross-claims which are both debts, the one is deducted from the other and the balance only credited, and that the British Clearing Office has always contended that damages which are only a matter of arithmetical calculation constitute a debt under Article 296. They accordingly held that whilst claims for unliquidated damages cannot be presented through the Clearing Office as debts, nevertheless, if a claim for damages arises out of the same transaction as that under which a debt is claimed, and its ascertainment is merely a matter of calculation, it can be set off in diminution or extinction of the debt. In the present case the quantity of cargo damaged had been investigated at the time by persons appointed under German law, and the damage could therefore be directly calculated from the market price, which would be readily ascertainable. The validity of the claim for damages would form the subject of investigation by the Tribunal.

(20.) *Claims under Article 297 of the Treaty of Versailles—Seizure by German Authorities of Goods in Occupied Territory.*

Turning more particularly to the cases decided under Article 297, and the question of claims against the German Government for seizure of goods in occupied territory which was discussed in Tesdorpf & Co. *v.* German Government (No. 489), (*Recueil*, iii, p. 22), to which allusion was made in last year's report, a claim was made—Ralli Bros. *v.* German Government (No. 485), (*Recueil*, iv, p. 41)—by a British firm in respect of the seizure by the German military authorities of cotton and other property which was at the outbreak of war stored at Antwerp. As a result of the seizure the cotton was sent to Bremen, and the taking-over values of these goods were assessed on various dates in 1916 by the German Imperial Indemnity Commission.

The claimants asked for compensation under Article 297 (*e*) for damage sustained by them by reason of the removal into Germany and the subsequent disposal of the goods, and in the alternative claimed under Article 297 (*h*) the value of the cotton as assessed.

The claim was based on two distinct contentions: (1) That the seizure of the goods in Belgium, being contrary to international law, was to be disregarded, that the cotton was still the claimants' property when carried off to Germany, and was whilst in German territory subjected to exceptional war measures causing them damage for which they were entitled to compensation under Article 297 (*e*); (2) that by taking the said measures under German law or under the very orders given for the seizure, the German authorities assumed the obligation to pay the value of the goods which were seized, and that therefore there had been in Germany a sum due to the claimants in the nature of a cash asset to be considered and dealt with in accordance with Article 297 (*h*).

The Tribunal which, in the Tesdorpf case, had found that the requisition of coffee was substantially in pursuance of Rule 52 of the Hague Convention of October, 1907, notwithstanding that there had been a certain misuse of the goods, in the present case were unable to accept the view put forward by the German Government that the seizure of the cotton was within the limits of Rule 52, and were therefore of opinion that such requisitions were not in accordance with the Hague Convention.

Notwithstanding this, the Tribunal were unable to overlook the fact that the goods, though contrary to international law, had whilst in Belgium been requisitioned by the German authorities for the purpose of immediate appropriation, and that the later dealings with them in German territory were rather the use by the German State of the goods previously taken from their legitimate owner. However unjustified that seizure may have been, it appeared hardly possible for the Tribunal to apply the principles of private law concerning illegal dealings by private persons with the private property of others to the acts of a belligerent State in the use or misuse of its military power in occupied territory.

Following upon this, and after an examination of the words used in Part VIII and Part X of the Treaty respectively, the Tribunal came to the conclusion that Article 297 (*e*) appeared to rely on the distinction made in the doctrine of international law between such measures as a State was taking within its own territory by virtue of its territorial sovereignty and those measures taken and carried out by its authorities in the enemy country invaded and occupied by its armies. Requisitions in invaded enemy territory belong to the second category. It therefore appeared that, if the framers of the Treaty meant to appreciate such requisitions not at the date when and the place where they were carried out, but according to the later use which Germany may have made in German territory of the goods requisitioned in occupied territory, they would have given expression to this distinction, the more so because requisitions within and beyond the limits of Article 52 of The Hague Convention were during the war carried to unprecedented lengths by the German armies. This view was strengthened, in the opinion of the Tribunal, by the special reference to occupied territory in the provisions of Section IV, Part X, other than Article 297 (*e*), and was also supported by the wording of Annex 1, paragraph 9, to Section 1 of Part VIII, according to which compensation under Article 232 included damage in respect of all property which had been carried off, seized, &c. by the acts of Germany or her allies.

In the opinion of the Tribunal the framers of the Treaty had therefore placed under Article 232, and not under Article 297 (*e*), the compensation stipulated for goods seized in occupied territory. The Tribunal mentioned that the same view had been taken by French, American, and other commentaries, but they did not refer to the fact that an important decision to the contrary effect had been given by the Franco-German Mixed Arbitral Tribunal in the case of La Czenstochovienne *v.* German Government, reported at page 926 of the third volume of the *Recueil*.

As to the argument which had been adduced as to the crediting of the proceeds of sale of the goods under Article 297 (*h*), for the reasons already given the Tribunal were of opinion that no claim under that article could arise, and they further added that paragraph (*h*) of that article was directly connected with (*b*) and (*e*), and its purpose was to determine the way in which the provisions of (*b*) and (*e*) were to be carried out with regard to proceeds of sale or to cash assets of enemies. It followed that (*h*) could only be applicable in the field and within the limits of (*b*) or (*e*), and since neither of these two provisions could apply in the case before them the claim could not succeed.

The Tribunal followed their decision in Ralli Bros. in Bombay Co. Ltd. *v.* German Government (No. 1249), Dymes & Co. Ltd. *v.* German Government (No. 1001), Wenner Ltd. *v.* German Government (No. 852), and in other cases.

In the case of H. Ford *v.* German Government (No. 352), (*Recueil*, iv, p. 279), the cases of Tesdorpf and Ralli Bros. were distinguished on the following grounds: The claimants were a British company who owned certain parcels of wheat lying at the outbreak of war in the port of Antwerp. At a subsequent date the wheat was transhipped into lighters which proceeded into German territory, and a sale was effected by a German company called the Getreide Commission Aktiengesellschaft. This company, which had been founded prior to the war for dealing in cereals, in October, 1915, addressed to the claimants' agents at Antwerp a letter crediting the claimants with M.104,359·72 in respect of this wheat. The claimants claimed compensation in respect of the wheat which it was alleged had been

seized at Antwerp. Alternatively they claimed the proceeds of the sale of the wheat whether in the hands of the German company above mentioned or the Treuhander, or such person as the proceeds of sale were paid or credited to.

The German Government based its opposition to this claim on the Tesdorpf and Ralli Bros. cases, contending that what occurred in Belgium amounted to a forcible seizure or requisition, but the claimants relied only on an alleged forced sale out of which arose a debt due to them from the German company, and claimed compensation based on the fact that the amount of the debt had been placed to their credit by the Getreide Commission, and that, but for the fact that there were then in force the German decrees forbidding the export of money or securities to the United Kingdom, they would have received the money. They disclaimed compensation based on the seizure at Antwerp.

The Tribunal rejected the contention of the German Government, accepting the view that the dealings with the grain were carried out on the footing of a civil transaction in which the claimants were treated as vendors, and the Getreide Commission as their agents. The proceeds of the sale, less commission, were treated as a debt due to the claimants by the Getreide Commission. They accordingly decided that they had jurisdiction to deal with the claim, and came to the conclusion that the only legal obstacle to the settlement of the debt was the fact that the decree of 30th September, 1914, prohibiting payment to Great Britain was then in force. This decree was abrogated as from 11th January, 1920, and, in the opinion of the tribunal, The respondents were entitled to receive compensation for any depreciation suffered by their property as from the date after the 11th January, 1920, when they were able to collect the money. This date the Tribunal fixed at 20th January, 1920. They accordingly awarded the claimants compensation under Article 297 (*e*) based on depreciation of the mark, together with compensation for loss of use at the rate of 5 per cent. per annum.

In Antony Gibbs & Son *v.* German Government (No. 120), (*Recueil*, iv, p. 229), and Venesta Ltd. *v.* German Government (No. 852) attempts were made to show that the cases came within the principle of the last-cited case of Ford, and to distinguish Ralli Bros., but such attempts proved unsuccessful.

(21.) *Reversionary Rights of British Beneficiaries under German Settlement.*

The question of the rights of British beneficiaries having reversionary rights under a settlement of a German whose property was liquidated under exceptional war measures came before the Tribunal in Dewhurst *v.* German Government (No. 447), (*Recueil*, iv, p. 1). A German testator had left property to certain British nationals subject to the life interest of a German national. During the war the estate was liquidated, and the proceeds were paid to the Treuhander. The Tribunal held that the capacity and nationality of the trustees, who were German, did not prevent the British beneficiaries from claiming under Article 297 (*h*), although they had not the free disposal of the estate, but that the value of the German life tenant's interest would have to be deducted from the proceeds of liquidation, and the valuation was accordingly directed on the basis of the age of the life tenant at the date of sale.

At a further hearing of the case the respondents contended that Article 297 (*h*) does not apply to cash assets subject to encumbrances of successive interests or to an administration under a trust. The Tribunal, however, held that the British beneficiaries were entitled as a consequence of the liquidation to receive the proceeds, and that it was for the British authority distributing to see that the trusts of the will were given effect to.

(22.) *Claims under Article 297 of the Treaty of Versailles—Extent of Interference by German Treuhander with Assets claimed.*

Much difficulty has been experienced by British nationals, to whom debts were owing in Germany at the outbreak of war, in ascertaining against whom their true remedy lies in cases where there has been an interference with the debt or a portion thereof by the German Treuhander. The latter was in the habit of giving notice to the debtor that he took under his administration the claim of the British national in question, but while in some cases the debt was actually credited to and placed in the name of the Treuhander, in other cases it was stated to have been notified to the Treuhander for so-called statistical purposes.

In the case of W. Fletcher & Sons *v.* German Government (No. 609), (*Recueil*, iii, p. 755), the debtor in Germany, who was, however, a Czechoslovak national, notified a debt of £4,382 8s. 4d. to the Treuhander in 1917. On the 9th January, 1918, the Treuhander gave notice to the debtor that he took under his administration the claim of the British claimant for the sum in question, and that he debited the debtor accordingly. The latter was therefore debited with interest and called upon to pay the amount of the past interest, though not the capital. This, together with further interest from time to time, was paid over by the debtor, and the amount thereof was credited to the claimants under Article 297, the principal sum remaining uncollected.

The British national claimed compensation for the damage inflicted on his property arising from the exceptional war measures—viz., the decrees prohibiting payment during the war to a British national, the decrees setting up the office of Treuhander, and the notice of 9th January, 1918, from the Treuhander taking the claim under his administration, which the claimants contended deprived them of their rights against the debtor. The Tribunal, however, held that this letter did not extinguish the claimants' rights against the debtor, for its effect came to an end on the coming into force of the Treaty, the Treuhander's action amounting to no more than an incompleted liquidation. The claimants would be entitled to compensation if they had suffered damage by reason of the decrees forbidding exportation of money, or by reason of the Treuhander's measure. The Tribunal could not, however, express an opinion as to this until the claimants had exhausted their remedies against their original debtor, and they accordingly stayed the proceedings with liberty to reinstate, in order to give the claimants an opportunity of so doing.

In the case of Posselt *v.* German Government (No. 493) the British claimant was entitled to a share in four houses in Germany. Under her instructions the rents received were credited to her by a German bank, where she had an account before the war.

The Treuhander in 1918 took the bank balance under his administration and informed the bank as follows: "I therefore debit you with the said amount at the value of to-day, and at the same time credit the above-mentioned person accordingly."

The Treuhander did not collect interest, because the interest was used under the claimant's instructions for payment of life-insurance premiums.

It was contended on behalf of the claimant that this was a complete liquidation; but the Tribunal held that the case was similar to that of Fletcher *v.* German Government above mentioned, and that the moneys in question were not moneys which had come into the hands of the Treuhander, and so in accordance with the previous decision in Saunders *v.* German Government (No. 158), (*Recueil*, ii, p. 698), could not be treated as cash assets. The claimant was, however, held entitled to compensation under Article 297 (*e*) if she could prove that she had suffered damage by the action of the Treuhander or the decrees prohibiting payments to British nationals.

In the case of Westendarp & Granville *v.* German Government (No. 426), (*Recueil*, iv, p. 239), the claimants were entitled to a share on the death of a life tenant of an estate in Germany. The Treuhander informed the German executor that he intended to take the share under his administration. Nothing further was done in the matter, and in February, 1922, the executor asked permission to pay the claimants. The Treuhander replied that the estate had never been taken into his administration. Other beneficiaries had received payment in 1916.

The Tribunal held that, the executor having allocated the securities for the claimants' share and realized them, distribution would have been made to the claimants in 1916 but for the German decree of the 30th September, 1914, prohibiting payments to England. The claimants were therefore entitled to compensation for depreciation of the mark up to the date on which the funds might have come into the claimants' hands consequent upon the decree having been abrogated. This abrogation took place as from the 11th January, 1920, and, as the Treuhander had never taken the property into his administration, it was not necessary for the executor to await his release, and payment could have been effected by the 15th March, 1920. The depreciation was therefore to be fixed as at that date.

(23.) *Compensation for Depreciation of Securities detained in Germany.*

The Tribunal considered further the question of compensation for depreciation of securities detained in Germany in Green *v.* German Government (No. 534), (*Recueil*, iii, p. 522). The claimant had before the war forwarded securities to Germany for the purpose of business operations which he intended to commence. He sought to prove that he would have sold these securities during the war if he could have done so, and in support of this his stockbroker gave evidence that he would have advised his client to sell for reasons which he stated. Furthermore, the claimant borrowed from his bank a large overdraft during the war at a high rate of interest. He had also sold certain securities which he had in England.

The Tribunal stated that the evidence necessarily varied in each case, that they were impressed by the fact that the securities had been deposited in Germany for the purpose which the war rendered impossible, and that, as most of the securities were non-German, it was probable that the claimant would have withdrawn them to England if he could. In order to recover compensation, however, he must show that he would have sold them. The broker's evidence was merely to the effect that if the claimant had consulted him he would have advised a sale. In the case, however, of certain American bonds which British holders were encouraged by the Government to sell during the war and certain Copenhagen bonds which were taken over by the British Government, the Tribunal was satisfied that the claimant would have sold if he could, and awarded him compensation in respect of these.

(24.) *Compensation on account of the Prohibition against the Export of Money from Germany.*

With regard to the prohibition against the export of money from Germany, the Tribunal awarded compensation in the case of Bornefeld *v.* German Government (No. 494), (*Recueil*, iv, p. 55), in the following circumstances.

Under the will of a German, who died before the war, three British legatees were to become entitled on attaining the age of twenty-eight, and two of them attained this age during the war. The trustees in Germany handed war-bonds and a savings-bank book to the Treuhander in respect of the legatees' interest. The Tribunal held that the war-bonds did not represent ready money and were not repayable on demand, and that they were not therefore cash assets, but that the amount standing at the savings-bank should be dealt with as under Article 297 (*h*), as it was ready money at the disposal of the Treuhander as holder of the book. The legatees who attained the age of twenty-eight during the war were, in the view of the Tribunal, entitled to compensation, as they were satisfied by a recent letter that the executors would have paid the oldest of the legatees if not prevented by the German decree, and there was no reason to suppose that the executors would have acted otherwise when the second legatee became entitled to her share.

In the case of Saville *v.* German Government (No. 691), a British national who owned a business in Germany and was interned at the commencement of the war, caused the business to be sold through a relation, who paid the proceeds into a German bank, part of the money not being so paid in until October and December, 1919. The British national claimed compensation for the depreciation of the sterling value of the sum in question through having been prevented by the German decrees of 30th September, 1914, and 7th October, 1915, from remitting it to England. The German Government contended that the position with regard to the German decrees was not the same after the Armistice as it had been prior thereto, and that if the claimant had taken the proper steps he might have removed the money to England on his return in February, 1919.

The Tribunal, without assuming that the difficulties were the same as they had been prior to the Armistice in respect of the amount first paid, held that the claimant was entitled to compensation on the footing that he might have received the money on 20th January, 1920. With regard to the sums paid in late in 1919, it did not appear to the Tribunal that the claimant even knew before the abrogation of the German decrees that these moneys were at his disposal, and no compensation was accordingly awarded as to these.

In the case of Ratcliffe *v.* German Government (No. 520) the British claimants, who at the outbreak of war changed their residence from Lodz to Switzerland, held money at the Dresdner branch of the Deutsche Bank, and from time to time drew on this account from Switzerland, and their cheques were honoured up to 20th November, 1916. After that date it was alleged by the claimants that the Deutsche Bank informed them that, in consequence of the German war legislation, the bank was no longer in a position to meet the claimants' cheques. The money was not subjected to exceptional war measures, but was notified to the Treuhander and registered for statistical purposes. The deposit was restored to the claimants in July, 1921, their claim not coming under Article 296 owing to the fact that they were not resident in this country at the material date.

On the 14th October, 1916, one of the claimants endeavoured to cash a cheque through a Zurich bank, and was informed with regard to another account of his at Lodz, in Poland, then in the occupation of the German Army, that it would be cashed only on production of evidence as to nationality. He subsequently, on the 20th November, 1916, succeeded in getting one cheque cashed, though subsequent attempts were fruitless.

The Tribunal held on these facts that the decree against exportation prevented the claimants from getting their money as from the 30th November, 1916, and awarded compensation for depreciation in value on that footing.

(25.) *Rate of Conversion of Interest and Dividends from Dollar Securities in Germany belonging to British Nationals—Conflicting Decisions.*

In the case of Coit *v.* German Government (No. 959), (*Recueil*, iv, p. 282), the interesting point arose for decision as to the rate at which the German Government ought to credit sums received by the Treuhander from German banks representing interest and dividends from dollar securities belonging to British nationals, converted into marks at the date of such interest and dividends becoming due. It was contended on behalf of the German Government that, if the mark value so received was credited in sterling at the pre-war rate, the British national would, owing to the depreciation which had taken place in the value of the mark, receive the benefit of double conversion in currency, and that all he was entitled to was the value of the dollar security computed in sterling at the pre-war rate. The decisions of the Franco-German Tribunal in Barbarin *v.* Deutsche Bank (*Recueil*, iii, p. 376) and Office Francais *v.* Office Allemand (iii, p. 923) were relied upon as authorities for that proposition. The Tribunal held that, notwithstanding that these cash assets had been received by the Treuhander in mark currency from which they had been converted, they should only be accounted for on the basis of their sterling value when converted from dollars to sterling at the pre-war rate.

A precisely similar point came before the Tribunal (Second Division) for decision in the case of William Jaffe *v.* German Government (No. 1710), in which the German Government, in crediting the value of dollar coupons received in marks by the Treuhander, had deducted a sum of 428 marks which they claimed represented the unjustified value of the property on foreign bonds. In that case the Tribunal held that the claimant was entitled to a credit in respect of the actual marks received by the Treuhander converted into sterling at the pre-war rate, and refused to accept the argument of the German Government agent which was received with approval in the above-mentioned case of Coit. In face of these two conflicting decisions it is not easy to advise claimants as to their precise rights in the matter.

(26.) *Loss of Personal Belongings consequent upon Internment—Compensation not awarded.*

The question of the right of a British national, who consequent on his internment had lost his personal belongings, to claim against the German Government for compensation under Article 297 (*e*) was considered by the Tribunal in the case of Shutte *v.* German Government (No. 2069). The claimant was captured in 1916 and interned at Ruhleben. His exchange was proposed but subsequently cancelled, and in the course of a compulsory journey back to Ruhleben the articles for which compensation was claimed were lost through no fault of the claimant.

It was contended on his behalf that on his internment his personal effects must be taken to have been subjected to exceptional war measures, and that in consequence they were covered by paragraph 6 of the Annex to Section IV, Part X, under which Germany is responsible for the conservation of property of Allied nationals which has been subjected to exceptional war measures. The Tribunal held that the claim was not covered by the above paragraph and refused the claim for compensation, relying on former decisions that internment is not an exceptional war measure within the meaning of Article 297 (*e*).

This decision is contrary to decisions of the Franco-German Tribunal, such as De Luck *v.* Etat Allemand (*Recueil* iii, p. 634) and Wernle *v.* Etat Allemand (*Recueil*, iii, p. 932), in which, whilst declaring themselves incompetent to grant compensation for expenses or damage to health incurred through internment, they held that Article 297 (*e*) of the Annex applies to damage to Allied property rights or interests, though such damage arose through measures taken against the owner, and awarded compensation in respect of such damages.

(27.) *Anglo-Austrian Mixed Arbitral Tribunal—Claim for Interest on Proceeds of Liquidation not allowed.*

A question of considerable importance was considered and decided *in re* M. Thorsch & Sohne between the Austrian Clearing Office and the British Clearing Office (1924 A/2). Messrs. M. Thorsch & Sohne, Austrian nationals, at the time of the outbreak of war owned and held certain shares in an English company. In pursuance of war legislation in Great Britain these shares were sold during the war. On the 31st May, 1922, the Austrian Clearing Office were credited by the British Clearing Office with the net proceeds of the sale of the shares in accordance with Article 249 (*h*) of the Treaty of St. Germain-en-Laye. In the pleadings put forward on behalf of the Austrian Clearing Office it was contended by that office that they were entitled to a further credit in respect of interest on the sum in question at the rate of 5 per cent. per annum from the date of the sale of the shares until the 31st May, 1922, which contention was based upon the combined effect of paragraph 22 of the Annex to Article 248 and paragraph 14 of the Annex to Section IV of Part X. It was further contended that in any event it was not permissible for the British authorities to retain and use for their purposes the fruits of the proceeds of liquidation over which they had exercised control since May, 1917, and it was said that any earnings of the fund constituted "*quidquid ex re nasci et renasci solet*"—*i.e.*, an accessorium of the principal, to which the adage "*accessorium sequitur principale*" was to be applied—and on this footing an account was asked for showing the profits earned by the British Government in respect of the proceeds of liquidation.

At the hearing the case was argued mainly upon the question of interest on the proceeds of liquidation being provided for under the Treaty, and reliance was placed on a decision in Compagnie Continentale du Pegamoid *v.* Preussische Staatsbank et Etat Allemand (*Recueil*, iii, p. 561), before the German-Belgian Mixed Arbitral Tribunal. The Tribunal held that nothing was due from the British Clearing Office to the Austrian Clearing Office by way of interest or otherwise in respect of the proceeds of liquidation in question.

It would appear, therefore, that this decision is a clear authority for the proposition that, so far as Austrian nationals are concerned, it was not the intention of the framers of the Treaty that either interest on or the fruits or profits of proceeds of liquidation should be accounted for under the provisions of Article 249 (*h*) (1), and that no such claim can be maintained.

Amendment of War Regulations dated 22nd February, 1916.

51. By paragraph 4 of the War Regulations dated 22nd February, 1916, which are continued in force by virtue of the War Regulations Continuance Act, 1920, an executor or administrator of an estate of a deceased person was forbidden, unless he obtained the consent of the Hon. the Attorney-General, from distributing or paying any part of the assets to any beneficiary or creditor who was an alien enemy. The definition of "alien enemy" was such that it included persons who had at any time been subjects of the ex-enemy States.

If such a beneficiary first became entitled to the share of the estate subsequently to the date of the coming into force of the Treaty of Peace with the country of which he is or was a subject there is no justification or necessity for imposing any restriction on his right to payment. I therefore made the suggestion that as the regulations were issued merely as a means of preventing the distribution to alien enemies of property which the Government was entitled to take possession of and retain under the various war measures, it was desirable to amend the regulations in such manner as to exclude from their operation estates where the deceased had died subsequently to the coming into force of the Treaty of Peace with the State of which the beneficiary had been or was a subject.

As the Hon. the Attorney-General approved of this suggestion an amending order was drafted, and it duly received approval, and was gazetted in *New Zealand Gazette* No. 63, of the 2nd October, 1924, at page 2251. In terms of this amendment it is no longer necessary to seek the Hon. the Attorney-General's consent before payment to an "alien enemy" beneficiary of an estate where such beneficiary's interest arose after the date of the coming into force of the Treaty of Peace with the State of which such beneficiary is or was formerly a subject.

52. A somewhat similar position arose in regard to clause 2 of the above regulations, which provided that without the consent of the Hon. the Attorney-General no person should make application to the Supreme Court for probate or letters of administration of any person who at his death was an "alien enemy," and I made the further recommendation that the clause should be amended so as not to impose any restriction on the right of any person to apply for administration of the estate of a deceased "alien enemy" who had died subsequently to the coming into force of the Treaty of Peace with the State of which he had been a subject.

The amending order giving effect to my recommendation was gazetted in *New Zealand Gazette* No. 79, of the 27th November, 1924, at page 2830.

53. A further suggestion was made that the Hon. the Attorney-General might think fit to suggest to the Judges of the Supreme Court the desirability of having the rule of Court (Rule 531BB), issued to ensure compliance with the above regulation, amended in the same manner. The amending rule was gazetted in *New Zealand Gazette* No. 77, of the 20th November, 1924, at page 2790.

PART III.—MISCELLANEOUS.

Settlement of Mortgages in Germany.

54. In my last report I made reference to a Press cablegram stating that a German Court had decided that a mortgagee was not obliged to accept paper marks in payment of a mortgage loan contracted in gold marks, and I stated that as a result of inquiries made it had been ascertained that an appeal was pending against this decision. I have since received advice that the repayment of German mortgage loans is now governed by a German statute passed on the 14th February, 1924, providing for the appreciation in Germany of claims involving the payment of a fixed sum of money expressed in German currency where the amount concerned has lost value owing to the depreciation of the German currency. The statute is expressed to cover "capital investments" which is defined to include mortgages with or without time limits, liens secured over land, registered ships and railways, savings-bank balances, debentures (in certain cases), and claims under life-insurance policies.

For the purpose of assessing the amount of appreciation in particular cases, the "gold mark values" of the claims are assessed upon the following lines. For claims acquired by the creditor or his representatives before the 1st January, 1918, the face value is taken. For claims acquired later the basis of assessment varies according to the date of the loan or other claim, and is to be determined by converting the face value into gold marks on the basis of the quotation for the day in question of the Berlin Exchange for payments in New York. For the period during which dollars were not quoted on the Berlin Exchange the German Government is to determine the rate to be adopted. Provision is made that if the amount actually advanced was less than the face value the lesser amount is to be the basis of the calculation.

When the gold-mark value of the claim has been determined upon this basis the claim is appreciated to 15 per cent. of this value. In terms of the statute payment of the appreciated amount is not demandable prior to the 31st December, 1932.

The procedure detailed above is not intended to exclude private agreements between the parties concerned.

For the purpose of determining disputes upon matters arising out of the statutes provision is made for the setting-up of an Appreciation Board, whose decisions upon matters of fact must be regarded as final.

Archives of the German and the Austrian Consulates in New Zealand.

55. The archives of the above Consulates, which were handed to the Public Trustee for safe custody during the war, are still held pending the receipt of directions regarding their disposal from the Governments concerned.

Claims against Russia.

56. The total of the claims against the Russian Government, or persons, firms, and companies resident in Russia, registered with the New Zealand Clearing Office, or with the High Commissioner for New Zealand in London as representative of the New Zealand Clearing Office, is now £15,234 18s. 6d. The position regarding claims of this description is set out in the following extract from the Fourth Report of the Controller of the Central Clearing Office:—

Russian Claims Department.—A certain number of additional claims have been registered with this Department during the past year, but the total figures of claims given in my last annual report remain substantially unaltered. The work of classifying claims has been continued during the year, and information has been supplied for the purposes of the Anglo-Soviet Conference. The future work of this Department depends upon the treaty recently signed as a result of this Conference.

The treaty referred to above was not ratified by Parliament, and there have been no later developments regarding the claims. The matter is at present solely one of registration.

German Property in Samoa.

57. Since my last report considerable progress has been made by the Samoan authorities in the direction of the disposal of the German plantations which have been retained by the New Zealand Government in exercise of the power conferred by Articles 121 and 297 (*b*) of the Treaty of Versailles. Approximately four-fifths in number, though not in value, of these estates have been disposed of, chiefly by lease; and, as the values to be placed upon these properties can now be readily assessed liquidation schedules for transmission to the German Government for the purpose of enabling it to compensate its nationals in terms of Article 297 (*i*) of the Treaty are in course of preparation, and should be completed in the near future.

The remaining plantations, comprising the larger and more valuable properties, have been advertised for lease to private planters, tenders being returnable up to the 30th April, 1925. In regard to those estates for which satisfactory tenders are received and accepted the values to be returned upon the relative liquidation schedules will be assessed upon the basis of the rentals so obtained. In those cases where suitable tenders are not obtained it is proposed to assess their values, taking into consideration all relevant factors, including, of course, any tenders received but not accepted. It is therefore anticipated that all the liquidation schedules in regard to Samoa will be completed in the near future.

58. The New Zealand Government has continued to apply the proceeds received from Crown Estates in payment, so far as required, of the services necessitated in compliance with the mandate obligations. This is a very substantial and generous concession.

59. At the request of the Samoan Administration, the Colonial Office was approached for a statement of the policy adopted by the Imperial authorities in respect of German property situated in former German territories and mandated to Great Britain, having particular regard to the debts and claims which were considered to be chargeable against the proceeds of such property. In regard to Samoa, a considerable number of claims had been notified to the Administration against repatriated German nationals who were not possessed of any property in Samoa or whose property there was insufficient to meet all their liabilities. It was desired to know whether it would be permissible for the New Zealand Government, if they thought fit to do so, to discharge these liabilities out of the general proceeds of the liquidation of German property in Samoa. The statement by the Colonial Office was to the following effect:—

(1.) The proceeds of the liquidation of any individual German estate in the mandated territory are in the first instance utilized to pay debts which can be properly charged to that estate so far as the assets suffice. No distinction is drawn between creditors on the ground of nationality provided they are not nationals of an ex-enemy state.

(2.) After all the claims described under (1) have been paid from the proceeds of the liquidation of the individual estate, any balance remaining is paid into the general funds known as the "German Liquidation Account." This fund is, in accordance with paragraph 4 of the Annex to Article 297 of the Treaty of Versailles, utilized to pay—

(*a.*) "Debts" due by any German nationals who were resident in Germany on the 10th January, 1920 (including companies incorporated and having their head offices in Germany) to British nationals resident on the same date in the mandated territory (including natives of the territory). The "debts" here referred to are "enemy debts" as defined in Article 296 of the Treaty—*i.e.*, generally speaking, pre-war debts.

(*b.*) Amounts found due to British nationals in the territory in respect of claims under Article 297 (*e*) of the Treaty of Versailles.

(3.) In cases not falling under (1) or (2) above it is not the practice to pay any debts out of the proceeds of the liquidation of German property in the territory, and creditors will be advised to endeavour to obtain payment from their debtors direct. Similarly, as regards the cases referred to under (1), if the assets of the individual estate prove insufficient to pay the debts of the estate in full it is not the practice to pay the balance from the general liquidation funds unless the creditor is a British national resident in the Territory and the debts fall within the definition of "enemy debts," in which event they would be payable out of the funds in accordance with the arrangement described under 2 (*a*) above.

Comparative Statistics of the Allied Clearing Offices.

60. Following the practice adopted in connection with my previous reports, I have reprinted in the appendix to this report the comparative tables compiled by the Controller of the Central Clearing Office and published in his Fourth Annual Report, setting out the result of the operations of the Belgian, French, Italian, Siamese, Greek, and British Clearing Offices as at the 31st March, 1924. A perusal of these tables will furnish an indication of the progress made in clearing the indebtedness between the Allies and Germany.

Conclusion.

61. The salient features of the duties entrusted to the Public Trustee under the War Regulations and the Treaty of Peace Orders, and the developments in regard to that work during the past year, are set forth fully in the foregoing report. It will be seen that the work involved is considerable, and that the problems it presents are often of an unusual and difficult nature.

I have, &c.,

J. W. Macdonald,

Public Trustee, as Custodian of Enemy Property and Controller of the New Zealand Clearing Office.

Wellington, 8th August, 1925.

APPENDIX.

I. The New Zealand Clearing Office Account with the Central Clearing Office.

Monthly Balances under Article 296 of the Treaty of Versailles.

(The amounts from October, 1920, to March, 1924, were printed on pages 25–26 of the Fourth Report on Enemy Property in New Zealand—H.-25, 1924.)

Month.	Claims and Treaty Interest thereon admitted by: New Zealand Clearing Office.	Claims and Treaty Interest thereon admitted by: Germany, through Central Clearing Office.	*Dr.* or *Cr.*	Balance.	Exchange on Balances: In favour of New Zealand Clearing Office.	Exchange on Balances: In favour of Central Clearing Office.	Commission on German Admissions payable to Central Clearing Office.	Monthly Balances payable by: New Zealand Clearing Office.	Monthly Balances payable by: Central Clearing Office.	Interest on Balances: In favour of New Zealand Clearing Office.	Interest on Balances: In favour of Central Clearing Office.	Cash Payments by: New Zealand Clearing Office.	Cash Payments by: Central Clearing Office.	Net Balances each Month in favour of: New Zealand Clearing Office.	Net Balances each Month in favour of: Central Clearing Office.
(1.)	(2.)	(3.)	(4.)	(5.)	(6.)	(7.)	(8.)	(9.)	(10.)	(11.)	(12.)	(13.)	(14.)	(15.)	(16.)
1924.	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Totals carried forward	37,696 19 0	24,879 2 0	..	..	716 9 10	49 4 8	195 2 10	27,446 13 7	15,100 18 11	1,728 18 6	1,659 9 3	22,598 10 8	6,924 12 10	3,397 12 5	..
Adjustment—															
March ..	..	..	..	..	3 15 0	..	..	..	3 15 0	..	..	..	..	3,401 7 5	..
April ..	199 8 11	14 14 11	*Dr.*	184 14 0	0 9 3	..	..	184 4 9	..	13 6 9	..	..	31 13 7	3,198 15 10	..
May ..	209 9 1	4 9 3	..	204 19 10	0 10 3	..	..	204 9 7	..	13 0 4	..	..	59 1 4	2,948 5 3	..
June ..	52 5 8	..	..	52 5 8	0 2 7	..	..	52 3 1	..	11 15 1	..	..	65 6 8	2,842 10 7	..
July ..	1,143 1 4	957 16 2	..	185 5 2	0 9 3	..	..	184 15 11	..	11 18 6	..	..	..	2,669 13 2	..
August ..	209 19 1	..	..	209 19 1	0 10 6	..	..	209 8 7	..	11 2 10	..	..	..	2,471 7 5	..
September ..	..	..	..	..	..	..	..	..	..	9 18 6	..	1 10 11	..	2,482 16 10	..
October ..	101 1 10	2,391 0 0	*Cr.*	2,289 18 2	40 1 6	..	..	..	2,329 19 8	10 5 2	..	..	..	4,823 1 8	..
November ..	..	..	..	..	..	..	..	..	..	19 6 9	..	..	..	4,842 8 5	..
December ..	..	..	..	..	..	..	..	..	..	20 3 1	..	..	..	4,862 11 6	..
Totals ..	39,612 4 11	28,247 2 4	..	..	762 8 2	49 4 8	195 2 10	28,281 15 6	17,434 13 7	1,849 15 6	1,659 9 3	22,600 1 7	7,080 14 5	..	..

II. Position in regard to Claims in respect of Enemy Debts, under Article 296 of the Treaty of Versailles, owing to Allied Creditors by German Debtors.

As at 31st March, 1924.

Allied Country.	Claims notified to the German Clearing Office to 31st March, 1924: Number of Claims.	Claims notified to the German Clearing Office to 31st March, 1924: Principal Amount.	Of the Claims notified. Admitted by the German Clearing Office: Number.	Principal Amount of Claims.	Interest thereon.	Total Amount admitted.	Contested by the German Clearing Office and withdrawn by the Creditors, or disallowed by the Mixed Arbitral Tribunal. Principal Amount only.	Still under Consideration by the German Clearing Office, practically all having been contested. Principal Amount only.	Note.—The amounts in these two columns include Treaty interest to date of admission. Cash received from the German Clearing Office.	Cash paid to Allied Creditors.
Belgium ..	21,580	Francs 467,478,594	12,437	Francs 97,905,377	Francs 8,062,994	Francs 105,968,371	Francs 16,562,924	Francs 353,010,293	Francs 133,928,892	Francs 96,600,488
Great Britain ..	93,438	£65,720,801	67,267	£38,304,921	£8,070,537	£46,375,458	£15,007,600	£12,408,280	£23,650,872	*£46,375,458
France—										
Paris Office ..	123,901	Francs 1,219,348,128	101,072	Francs 703,725,814	Francs 84,677,500	Francs 788,403,314	Francs 185,727,609	Francs 329,894,705	Francs 375,169,073	Francs 604,903,776
Strasburg Office	169,766	Francs 3,024,469,140	109,625	Francs 475,866,800	Francs 40,350,337	Francs 516,217,137	Francs 1,300,655,505	Francs 1,247,946,835	Francs 256,436,612	Francs 306,895,612
Greece	516	Dr. 138,801,767	226	Dr. 26,179,742	Dr. 1,742,453	Dr. 27,922,195	Dr. 471,566	Dr. 112,150,459	Dr. 678,192	Dr. 3,497,647
Italy	6,659	Lire 63,897,017	3,042	Lire 17,100,592	Lire 4,275,148	Lire 21,375,740	Lire 6,784,640	Lire 40,011,785	Lire ..	Lire 17,973,286
Siam	24	Ticals 1,121,324	8	Ticals 265,658	Ticals 5,665	Ticals 271,323	Ticals 23,315	Ticals 832,351	Ticals 188,163	Ticals 202,517

* The £46,375,458 includes credits in favour of the Dominions and Colonies which have been passed to them for settlement.

III. Position in regard to Claims in respect of Enemy Debts, under Article 296 of the Treaty of Versailles, owing to German Creditors by Allied Debtors.

Allied Country.	Claims notified to Allied Clearing Office to 31st March, 1924.		Of the Claims notified.					
			Admitted to German Clearing Office.				Contested and withdrawn by the German Clearing Office or disallowed by the Mixed Arbitral Tribunal.	Still under consideration, practically all having been contested.
	Number of Claims.	Principal Amount.	Number.	Principal Amount of Claims.	Interest thereon.	Total Amount admitted.	Principal Amount only.	Principal Amount only.
Belgium	67,662	Francs 165,710,632	17,785	Francs 18,660,949	Francs 2,048,188	Francs 20,709,137	Francs 19,801,816	Francs 127,247,867
Great Britain ..	263,250	£60,364,749	139,605	£14,557,224	£4,290,922	£18,848,146	£30,321,333	£15,486,192
France—								
Paris Office ..	166,321	Francs 624,676,854	146,446	Francs 220,595,546	Francs 51,235,730	Francs 271,831,276	Francs 72,974,695	Francs 331,106,613
Strasburg Office ..	147,236	Francs 403,895,661	128,779	Francs 67,206,832	Francs 2,338,553	Francs 69,545,385	Francs 29,999,060	Francs 306,689,769
Greece	6,868	Dr. 117,962,995	3,586	Dr. 3,219,666	Dr. 451,174	Dr. 3,670,840	Dr. 1,077,217	Dr. 113,666,112
Italy	113,044	Lire 206,287,823	21,507	Lire 32,432,987	Lire 8,108,247	Lire 40,541,234	Lire 12,986,460	Lire 160,868,376
Siam	473	Ticals 2,752,556	186	Ticals 155,964	Ticals 18,723	Ticals 174,687	Ticals 127,138	Ticals 2,469,454

IV. Position in regard to Claims by Allied Nationals, under Article 297 of the Treaty of Versailles, for Compensation in respect of Damage or Injury inflicted upon their Property Rights and Interests in German Territory by the Application of Exceptional War Measures or Measures of Transfer.

As at 31st March, 1924.

Allied Country.	Allied Claims.							German Property in Allied Territory.	
		In respect of Claims notified, Credits have been given for—				Payments to Allied Claimants.			
	Notified to Germany under Article 297 (*h*) and (*e*).	Proceeds of Liquidation under Article 297 (*h*).	Property restored under Article 297 (*f*).	Compensation awarded by the Mixed Arbitral Tribunal or agreed to by the German Government under Article 297 (*e*).	Total Credits.	Proceeds of Liquidation. Article 297 (*h*).	Compensation. Article 297 (*e*).	Property realized.	Credited to Germany under Article 297 (*h*).
Belgium ..	Francs 132,021,468	Francs 15,701,246	Nil	Francs 684,606	Francs 16,385,852	Francs 14,050,950	Nil	Nil	Nil.
Great Britain ..	£62,924,067	£19,516,914	£114,405	£3,840,063	£23,471,382	£19,462,086*	£1,548,428*	£43,107,124†	£28,656,337
France—									
Paris Office ..	Francs 336,081,436	Francs 172,378,715	Francs 83,363,166	Francs 381,656,000	Francs 637,397,881	Francs 102,103,409	Francs 381,656,000	Francs 1,226,375,753	Francs 266,890,343
Strasburg Office									
Greece	Dr. 5,712,439	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil.
Italy			(Italy had not begun to deal with Article 297 matters on 31st March, 1924.)						
Siam	Ticals 2,249,677	Nil	Ticals 403,928	Nil	Ticals 403,928	Nil	Nil	Ticals 4,626,232	Ticals 18,113

* The figure of £19,462,086 and £1,548,428 include credits in favour of the Dominions and Colonies which have been passed to them for settlement. † The delay in crediting the whole of this sum to Germany is largely owing to the fact that it includes the proceeds of sale of depôt securities which are subject to claims by third parties. It does not include realizations in the Dominions, particulars of which are not available to this Office.

Approximate Cost of Paper.—Preparation, not given; printing (4,475 copies), £72.

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III. Position in regard to Claims in respect of Enemy Debts, under Article 296 of the Treaty of Versailles, owing to German Creditors by Allied Debtors.

Allied Country.	Claims notified to Allied Clearing Office to 31st March, 1924: Number of Claims.	Claims notified to Allied Clearing Office to 31st March, 1924: Principal Amount.	Of the Claims notified. Admitted to German Clearing Office: Number.	Admitted to German Clearing Office: Principal Amount of Claims.	Admitted to German Clearing Office: Interest thereon.	Admitted to German Clearing Office: Total Amount admitted.	Contested and withdrawn by the German Clearing Office or disallowed by the Mixed Arbitral Tribunal: Principal Amount only.	Still under consideration, practically all having been contested: Principal Amount only.
Belgium	[illegible]	Francs [illegible]	[illegible]	Francs [illegible]	Francs 2,[illegible]	Francs [illegible]	Francs [illegible]	Francs 127,247,567
Great Britain ..	[illegible]	£[illegible]	[illegible]	£[illegible]	£4,290,922	£[illegible]	£[illegible]	£15,456,192
France—								
Paris Office ..	[illegible]	Francs [illegible]	[illegible]	Francs [illegible]	Francs 61,[illegible]	Francs [illegible]	Francs 72,074,095	Francs 231,108,613
Strasburg Office ..	[illegible]	Francs [illegible]	[illegible]	Francs [illegible]	Francs 2,[illegible]	Francs [illegible]	Francs 29,999,000	Francs 300,880,769
Greece	[illegible]	Dr. [illegible]	[illegible]	Dr. [illegible]	Dr. [illegible]	Dr. [illegible]	Dr. 1,077,217	Dr. 113,066,112
Italy	[illegible]	Lire [illegible]	[illegible]	Lire [illegible]	Lire 8,109,247	Lire [illegible]	Lire 12,995,460	Lire 100,888,376
Siam	[illegible]	Ticals [illegible]	[illegible]	Ticals [illegible]	Ticals 13,722	Ticals [illegible]	Ticals 127,138	Ticals 2,469,464

IV. Position in regard to Claims by Allied Nationals, under Article 297 of the Treaty of Versailles, for Compensation in respect of Damage or Injury inflicted upon their Property, Rights, and Interests in German Territory by the Application of Exceptional War Measures or Measures of Transfer.

As at 31st March, 1924.

Allied Country.	Allied Claims. Notified to Germany under Article 297 (e) and (f).	In respect of which Credits have been given for— Proceeds of Liquidation under Article 297 (h).	Property [illegible] Article 297 [illegible].	Compensation awarded by the Mixed Arbitral Tribunal or agreed to by the German Government under Article 297 (e).	Total Credits.	Payments to Allied Claimants. [illegible] Article 297 [illegible].	Payments to Allied Claimants. Compensation, Article 297 (e).	German Property in Allied Territory. Property realized.	German Property in Allied Territory. Credited to Germany under Article 297 (h).
Belgium	Francs [illegible]	Francs 15,701,210	[illegible]	Francs 684,000	Francs 16,385,553	Francs [illegible]	Nil	Nil	Nil
Great Britain ..	£[illegible]	£10,516,914	[illegible]	£3,540,063	£28,471,382	£[illegible]*	£1,[illegible]*	£43,107,124†	£28,656,337
France— Paris Office, Strasburg Office	Francs [illegible]	Francs 172,378,715	Francs [illegible]	Francs 381,650,000	Francs 637,397,861	Francs 109,[illegible],400	Francs [illegible]	Francs 1,226,375,753	Francs 266,580,343
Greece	Dr. 5,712,490	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil.
Italy	(Italy has not begun to deal with Article 297 matters on 31st March, 1924.)								
Siam	Ticals [illegible]	Nil	Ticals [illegible]	Nil	Ticals 403,928	Nil	Nil	Ticals 4,626,232	Ticals 18,113

* The figure of £10,492,080 and [illegible] includes credits in favour of the Dominions [illegible] which have been passed to them for settlement. † The delay in crediting the whole of this sum to Germany is largely owing to the fact that it includes the proceeds of sale of depot securities which [illegible] by third parties. It does not include realizations in the Dominions, particulars of which are not available to this Office.

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