1924.

NEW ZEALAND.

ENEMY PROPERTY IN NEW ZEALAND

(FOURTH 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.

CONTENTS.

REPORT.

To the Hon. the Attorney-General, Wellington.

SIR,—

I have the honour to submit my Fourth Report on Enemy Property in New Zealand, which sets forth the work performed during the year ended 31st March, 1924, 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. In my last report (H.–25, 1923) I expressed the opinion that, in view of the complicated nature of many of the outstanding claims and the long delays which were unfortunately occurring in the receipt of replies from the German Clearing Office, a lengthy period would elapse before the final settlement of all matters would be reached. From the results achieved during a further twelve months I see no reason to expect finality for at least another two or three years. While, as might reasonably have been anticipated, the volume of business to be transacted from day to day has shown a slight tendency to decrease, the problems arising for consideration and decision have proved to be of increasing difficulty.

3. It is pleasing to report that as regards the manner in which these special duties have been discharged there has been an entire absence of serious complaint. It is true that cases have arisen where some measure of hardship undoubtedly exists, but it is inevitable that the operation of such far-reaching provisions as the economic clauses of the Treaties of Peace while conferring immense benefit on the general business community should have the effect of placing some individuals in a less favourable position than if the provisions had not been incorporated in the law of the Dominion.

4. It will be readily realized how necessary it is for great care and skill to be exercised in those cases where losses have been incurred owing to the extraordinary conditions arising from the Great War, and how much difficulty is being experienced in determining whether under the expressed or implied terms of a particular contract the loss properly falls on, say, the German exporter or on the New Zealand consignee. In these and similar cases where the matter is not free from doubt it is the practice of this Office to advise the New Zealand firms concerned to consult their solicitors in regard to the preparation of the letters of contest for transmission through this Office to the German Clearing Office.

5. In order that the interests of New Zealand nationals may be adequately protected this Office has taken considerable trouble to bring to the knowledge of the New Zealand parties all the relative information which this Office may have gained while dealing with similar cases. For the most part this Office merely acts as a channel of communication and settlement, and consequently is unable to accept responsibility for any action which may be taken by the New Zealand national concerned. In accordance with requests originating in this Office the Controller of the Central Clearing Office and the Custodian of Enemy Property for the United Kingdom, who have had an unrivalled experience in all matters relating to enemy property and the clearing-office procedure, have supplied from time to time explanations and opinions which have proved of great value to this Office and to the New Zealand nationals concerned.

6. Letters of appreciation have been received from several firms and persons regarding the assistance received from this Office in the protection or enforcement of their interests. It is extremely satisfactory to record that in the main it has not been necessary to change the general procedure adopted on the establishment of the New Zealand Clearing Office when so many matters were surrounded by doubt and uncertainty. Of course, experience and decisions by the Courts and by the Mixed Arbitral Tribunals have shown that many modifications of the original views are necessary, and, like any other branch of law, there has been a gradual development of guiding principles, together with the inevitable special exceptions.

7. From the preceding table of contents it will be seen that the subject-matter of this report has been arranged under the following three main 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.

In Part I a summary has been given of the action taken in connection with the registration and realization of enemy property in New Zealand in pursuance of the various War Regulations and the final disposal of the proceeds of such property in accordance with the terms of the various Treaties of Peace.

Part II deals with the settlement of claims between British nationals resident in New Zealand and German nationals resident in Germany which have been lodged for settlement through the New Zealand Clearing Office established in pursuance of Article 296 and the Annex thereto of the Treaty of Versailles. The position in regard to claims by and against Austrian, Hungarian, and Bulgarian nationals is also given.

Part III contains those matters of general interest and importance which could not be conveniently dealt with under the first two headings.

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

8. *Collection of Enemy Moneys and Realization of Enemy Property in pursuance of the War Regulations.*—For an outline of the steps taken during the war period in connection with the control and liquidation of enemy property in New Zealand reference should be made to my first report (H.–25, 1921), in which has been described at some length the duties imposed on the Public Trustee by the War Regulations issued under the War Regulations Acts of 1914 and 1916 and the amendments thereto, together with the action taken thereunder.

9. The War Regulations which are still in force are contained in the Second Schedule of the War Regulations Continuance Act, 1920.

10. By virtue of the Treaty of Peace Order, 1920, the moneys held by the Public Trustee in his capacity of Custodian of Enemy Property at the date of the coming into force of the Treaty of Peace with Germany were vested in the Public Trustee in trust for His Majesty. It was further provided by the Order that the amount so held, together with any further sums which might be received in pursuance of the War Regulations, should be dealt with and disposed of in accordance with the provisions of the Treaty.

11. Under paragraph (*b*) of Article 297 of the Treaty the Allied and Associated Powers reserved the right to retain and liquidate all property rights and interests in their territories belonging to German nationals. By paragraph (*i*) of the same article Germany undertook to compensate its nationals in respect of the sale or retention of their property rights or interests in the Allied or Associated States. Similar provisions are contained in the Treaties of Peace with Austria, Hungary, and Bulgaria, but not in the recent Treaty with Turkey. (See para. 29, *infra.*)

12. *Justification of the Retention and Liquidation of Enemy Property.*—During the last two years or more there has been a growing feeling of uneasiness in the minds of a number of people regarding the validity or the desirability of the British Empire utilizing the property of private individuals of enemy nationality for the purpose of providing a fund out of which to make payment of debts and claims established by British nationals in respect of commercial transactions with German nationals resident in Germany or in regard to certain losses sustained in respect of their property in Germany and for the purpose of securing payment on account of reparations due under the Treaty of Peace.

13. The following extract from a special report dated 24th December, 1923 (Cmd. 2046), made by the Committee appointed by the British Board of Trade under the Chairmanship of the Right Hon. Lord Justice Younger, G.B.E. (now the Right Hon. Lord Blanesburgh, G.B.E., a Lord of Appeal in Ordinary), to advise upon applications for the release of property of ex-enemy aliens in necessitous circumstances, will be perused with much interest, as it is an authoritative pronouncement upon this important and difficult question. The previous comments made by this Committee and referred to in the undermentioned paragraph were reprinted in paragraph 8 of my Third Report (H.–25, 1923).

(5.) As we ventured to suggest in our Interim Report presented to Mr. Baldwin in May of last year, our view of these Treaty clauses is that the power which the Allied and Associated Powers thereby reserved to themselves to appropriate the private property of enemy nationals within their respective territories found its justification in the obligation imposed by each Treaty upon the enemy Government to make compensation to its nationals so dispossessed. And the Treaty of Peace Orders, by which the charge authorized by the Treaties is in this country made effective to its fullest extent, proceed, we think, upon the same basis.

(6.) It has, we believe, been suggested that these Treaty of Peace Orders may be regarded in quite another light—as being, irrespective of any question of compensation, a revival of or substitute for the ancient prerogative right of the Sovereign of this Realm to seize the private property of enemies on land.

We cannot ourselves so regard them. The prerogative in question, having been in abeyance for over one hundred years before the war, had for the duration of the war been superseded by statute, while there had in the meantime grown up a well-authenticated principle of international law, recognized, for example, in the Hague Convention to which this country was party, that private property of an enemy subject in hostile territory may not be confiscated. Moreover, that principle had been so well esteemed in our law that so long ago as 1817 it was held by Lord Ellenborough that a title so acquired abroad would not as against the original owner of the property be recognized in an English Court.

(7.) But apart from all this we cannot think that these Orders were intended to run counter to the declarations several times judicially made in the House of Lords even during the war that such confiscation was no part of the law of this country. We find Lord Finlay, for instance, saying in that House in 1918: "It is not the law of this country that the property of enemy subjects is confiscated."

(8.) And a closer examination of their terms makes it clear, at least to us, that the charge imposed by these Orders cannot derive from the old prerogative either as a model or an inspiration. The incidents of the two have hardly anything in common. The charge, for example, places an embargo upon an ex-enemy national's property, not only as security for the obligations of his own Government but for those of that Government's allies, which the prerogative never did. The charge, again, does not attach until peace has been concluded: the prerogative was only exercisable, after office found, *durante bello.* The charge, as now authoritatively construed, extends to the property of persons who are British subjects, which the prerogative never could touch. It extends to the property of ex-enemy nationals living in this country under the King's license and protection, which the prerogative never did. And it extends to the property of persons under the disability of infancy, lunacy, or coverture, which probably the prerogative never reached. And in these variants you will find included classes of ex-enemy nationals whose position you have directed us more particularly to consider.

(9.) Not being able ourselves to find the forerunner of these charges either in the old prerogative right or anywhere else, we are confirmed in our conclusion that the adequate compensation elsewhere bargained for is the real justification for a charge so general, and the question upon which we have to advise is how far in the cases mentioned by you that charge may be recommended for release now that it has become apparent that the stipulated compensation is nowhere forthcoming in full, and, so far as Germany is concerned, is no longer forthcoming at all.

14. Mr. Justice Romer during the course of his judgment in the case of Luxardo *v.* The Public Trustee (Recueil III, at p. 487; W.N. 1923, p. 181) offered the following explanation of the provisions of Article 249 of the Treaty of St. Germain-en-Laye in connection with the retention and liquidation of Austrian property in the United Kingdom:—

I will first consider the effect and object of the provisions of Article 249. Now, under the Treaty of Peace with Austria that country might, and in all probability would, become indebted to this country and its nationals in a considerable sum of money. It had by Article 248 (*b*) agreed to make itself responsible for certain debts due by its nationals resident within its territory to British nationals resident here. By Article 249 (*e*) it made itself liable to pay compensation to British nationals in respect of certain damage done to the property rights and interests of British nationals. It had, furthermore, under Part VIII of the Treaty, dealing with the subject of reparation, accepted responsibility for causing the loss and damage to which the British Government and its nationals had been subjected as a consequence of the war. It was therefore only reasonable to expect that the Treaty should provide means for the discharge of these liabilities of Austria to this country in the way most convenient to all parties. The Treaty, as I understand it, has adopted the method usual in commerce for discharging the liability of a merchant resident in Austria to one resident in this country. Such a liability was not discharged by shipping gold to this

country, except at times when the exchange between the countries was in an abnormal condition. The Austrian debtor would buy in Vienna a bill of exchange on London. In other words, he would buy from a resident in Austria an asset that could be collected in England, and would transfer that asset to his English creditor in discharge of his liability. This was, of course, convenient to all the three parties concerned in the transaction. This method on a larger scale has been adopted in Article 249 and the Annex for the discharge of the liability of the Austrian Government to this country and its nationals. Austrian nationals had assets in this country that could be easily realized here. These assets will be retained and liquidated by the British Government—Article 249, subsection (*b*)—and the proceeds will be credited to Austria in part-discharge of its debt—subsection (*h*) (i)—Austria having adopted Section III of the Treaty and the Annex thereto. Austria agrees to compensate her nationals in respect of their property in this country so retained and liquidated—subsection (*j*). The effect of all this is, in short, that Austria purchases compulsorily from her nationals their property in this country, and hands over that property to its British creditors in part-discharge of its liability to them. No confiscation of Austrian nationals' private property is intended or effected. The method provided for discharge of the liability of the Austrian Government should, if the provisions of the article be observed, be as convenient and as equitable for all parties concerned as in the simple case to which I referred above. Should Austria fail to compensate its nationals fully—that is to say, should fail to pay the full purchase-price for their property in this country—they will no doubt be subjected to some hardship. This, however, will not be the fault of the Treaty and cannot affect its proper construction.

If I am right in the view that I take of the true effect and purpose of Article 249, it is clear that its provisions in no way interfere with the liquidation, compulsory or otherwise, of the general assets of an Austrian national who has property in this country. The only effect of the article in this respect is to substitute an asset in Austria for an asset in this country. If the Austrian national has a credit in a bank in this country he will have substituted for it, again on the supposition that his Government fulfils the conditions of the Treaty, either cash or an equivalent credit with a bank in Austria.

15. The special position arising from the failure of the ex-enemy Powers to pay adequate compensation to their nationals in respect of the retention and liquidation of their property rights and interests in the Allied and Associated States is discussed in the extracts from Lord Blanesburgh's report, which are quoted in paras. 26–27, *infra*.

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

16. In order that Germany may receive, for the purpose of paying compensation to its nationals as provided in para. (*i*) of Article 297 of the Treaty of Versailles authentic information regarding the property rights and interests belonging to its nationals which are retained and liquidated by the Allied and Associated Powers in pursuance of Article 297 (*b*) it is necessary for the Allied Clearing Offices to prepare schedules showing the amounts realized in respect of the property of each German national affected. On these schedules sufficient particulars are given to enable the individual German nationals to identify the various assets which have been retained.

17. The total amount credited to the German Liquidation Account up to the 31st March, 1924, in respect of German property rights and interests retained and liquidated in the Dominion was £87,407. Further schedules containing credits totalling £95,749 were subsequently forwarded to the High Commissioner for New Zealand in London for transmission to the German Clearing Office. The grand total which has been credited to Germany by the New Zealand Clearing Office under Article 297 at the date of writing is £183,156. Three credits amounting to £53 12s. 5d. have, with the concurrence of the German Clearing Office authorities, been withdrawn from the Liquidation Account, as it has been definitely ascertained that the persons beneficially entitled thereto are not German nationals whose property falls within the provisions of Article 297 of the Treaty.

18. The disposal of several amounts is being held in abeyance pending the determination of the question of ownership. Owing to the frequent lack of satisfactory proof of title or ownership, caused no doubt by the abnormal conditions created by the war and the lapse of time, the task of crediting the proceeds in accordance with the legal rights of the parties concerned is a matter of considerable difficulty. Every effort is being made to protect the interests of all parties, and especially of those who are finding it impossible to supply full legal proof.

In one case where approximately £17,500 is involved proceedings have been commenced in the Supreme Court of New Zealand for the purpose of obtaining a declaration as to the ownership of the New Zealand assets which have been realized by the Custodian of Enemy Property.

Amounts credited to the Austrian Liquidation Account by the New Zealand Clearing Office.

19. Under para. (*j*) of Article 249 of the Treaty of St. Germain-en-Laye Austrian nationals are entitled to receive from their Government compensation in respect of the retention and liquidation of their property rights and interests in New Zealand. It is understood that the Austrian Government has instituted a scheme for compensating its nationals who through the exercise of the powers reserved by the financial clauses of the Treaty have been dispossessed of their private property in Allied countries. Sterling Bonds carrying interest at 5 per cent., and repayable in ten years, are being issued to them. It is reported that these bonds can be realized at a discount of about 40 per cent., and that Austria may not be in a financial position to permanently maintain this scheme.

20. On the 10th May last a further schedule was forwarded to the High Commissioner for transmission to the Austrian Clearing Office containing additional credits totalling £56 10s., thereby making the total sum credited to the Austrian Liquidation Account £367 4s. 11d.

New Zealand Government Stock held by Enemy Subjects resident in the United Kingdom.

21. The High Commissioner has forwarded a list of holdings in New Zealand Government inscribed stock totalling £12,233 on which a restraint has been placed by the Custodian of Enemy Property for the United Kingdom owing to evidence of enemy ownership. The persons whose names appear on this list are all resident in the United Kingdom. The British Custodian has been advised by counsel that it is impossible in the case of Government stock to ignore the fact that the rights of

the holder although the evidence of his title may be perfected in London are enforceable, if at all, where the Government is situated. The stock receipt is not in itself of any value, being nothing more than partial evidence of a right against the Colonial Government, which is regulated and can be altered by the Colonial law. The full evidence of the same right is to be found in the Stock Register, but it is still only evidence, and in the opinion of counsel is insufficient to justify the ascription to such a right of a locality within the United Kingdom. With the concurrence of the Imperial Board of Trade the British Custodian has accepted the view that the New Zealand Government stocks which have been inscribed in London constitute property situated within New Zealand jurisdiction, and that consequently the liquidation or release of such property is a matter to be dealt with by the New Zealand Custodian of Enemy Property. Advice has been received that the property rights and interests in the United Kingdom belonging to German nationals permanently resident there are not at present being liquidated. The charge under the (Imperial) Treaty of Peace Order, 1919, is maintained, but income is not interfered with in any way. It is further stated that if in due course it is found that British claims can be settled without recourse to the property of German subjects permanently resident in the United Kingdom the charge will no doubt be waived. The British Custodian does not anticipate that the policy can be settled definitely for some time to come (but see para. 27, *infra*). In regard to the New Zealand Government stock held by enemy nationals permanently resident in the United Kingdom, it has been decided that in the meantime no steps will be taken by the Dominion Custodian of Enemy Property to exercise any right which the New Zealand Government may possess to retain and liquidate such stock. The High Commissioner has been instructed to take whatever action may be necessary in order that the enemy holders may receive the income from this stock.

Reciprocal Agreement with the Belgian Government in connection with the Liquidation of Enemy Businesses.

22. Under the provisions of an agreement between the British and the Belgian Governments which was brought into operation on the 16th March, 1923, Belgian nationals are granted, in the case of the liquidation of enemy businesses in the United Kingdom, (1) the same rights as British nationals in respect of the restoration of property held on their behalf and for their benefit, (2) the payment of debts owing to them by the business or company which is being liquidated, and (3) their participation as partners or shareholders in the distribution of the proceeds of the liquidation, provided that debts owing to and property held on behalf of the business or company by Belgian nationals are paid and delivered to the person appointed to conduct the liquidation. Similarly, in the liquidation in Belgium of an enemy business or company controlled by enemies British nationals will, on the same conditions, have the same rights as Belgian nationals with respect to the foregoing matters. The debts referred to above are only those due by or to establishments in the United Kingdom or in Belgium. This arrangement does not apply, however, in the case of debts falling for settlement through the Clearing Office, nor to the liquidation of the branches in the United Kingdom and Belgium of ex-enemy banks.

23. It is understood by the British and the Belgian Governments that the agreement applies only to property rights and interests belonging to Belgian or British subjects, as the case may be, at the outbreak of war; that it applies to British and Belgian subjects wherever resident; and that it does not apply in the case of liquidations which have been closed before the date of the conclusion of the agreement, although unpaid claims of British or Belgian creditors, as the case may be, against such businesses will be met, *pari passu*, with any unsatisfied claims of other creditors that may be entitled to rank, out of any assets of the business not yet distributed, unless the latter shall have already been credited to the German Government through the Clearing Offices under Article 297 of the Treaty of Versailles.

24. This agreement has been extended to include enemy businesses liquidated in New Zealand.

Release of Property of Aliens in Necessitous Circumstances.

25. During the past twelve months considerable attention has been paid, especially in Great Britain, to the question of affording some measure of relief to those aliens whose property is subject to liquidation and who are in necessitous circumstances, and who can reasonably be regarded as entitled to receive special consideration at the hands of the British authorities.

26. As stated in my previous report, the New Zealand Government has decided to act, as a general rule, in accordance with the policy adopted in similar cases in the United Kingdom. In October, 1920, the British Board of Trade appointed a special Committee, under the Chairmanship of the Right Hon. Lord Justice Younger (now the Right Hon. Lord Blanesburgh, G.B.E.), to advise, within the limits laid down by His Majesty's Government, upon applications for the release of property of ex-enemy aliens in necessitous circumstances. A brief statement of the functions of this Committee is contained in paras. 18–23 inclusive of my last report (H.–25, 1923, pp. 5, 6). This Committee has prepared another very valuable report, dated the 24th December, 1923, which has been presented to the British Parliament by command of His Majesty. The following paragraphs, which are reprinted from the report, set forth clearly the reasons why preferential treatment should be given to certain classes of former enemy subjects:—

> There can, we think, be little doubt that the pressure of events has made necessary, or at any rate desirable, some expansion of those limits of exemption from the charging clauses of the different Orders in Council within which our recommendations have hitherto been confined. Two circumstances of comparatively recent occurrence have contributed to this result. The first is the catastrophic fall in the mark, which has reduced to nothing the compensation, never adequate, that is offered by the German Government to its nationals dispossessed; the second is to be found in two judicial decisions of the House of Lords, which have disclosed that the range of the charge imposed by the Orders in Council following the Treaties is, both as to the individuals affected and as to the property charged, much wider than in the one case had in practice previously been assumed and in the other had in a lower Court previously been declared. As a result there has been brought within the range of the charge, firstly, the property of many individuals who may, in one sense, be ex-enemy nationals, but who are more British than they are

anything else; and, secondly, the alimentary income of, amongst others, British-born married women, which by our municipal law could not be charged or alienated at all. It has at the same time become clear that most of the persons now included will, unless exemption is granted to them, not only lose their property here, but be left without hope of compensation elsewhere. In these circumstances it is perhaps not to be wondered at that the applications made to us for relief have been both increasingly numerous and distressing.

Paragraphs 5–9 of the Committee's report have already been quoted in this report under paragraph 13. The report proceeds:—

(10.) Now, if that question were not further complicated by the existence of British claims upon the charged property, to which you have directed us to have regard and which we fully agree must be most seriously considered, it would not, to our mind, have presented any great difficulty. We should not have hesitated to report to you that, in the circumstances, it did not behove the Board of Trade to weigh in golden scales the response to an applicant for exemption who belonged to any of the classes named in your terms of reference, provided it were made apparent that his or her privileged position as there described was the real position and it had not been forfeited or superseded by acts of hostility or other sufficient reason personal to the applicant.

(11.) And let us here make it plain that we are not in any part of this report dealing with the ex-enemy national in the fullest sense of that term—that is to say, with the national born of enemy ancestry, resident in enemy territory, controlling it may be his country's policy, having fought its battles, and, in any case, possessing no association with or personal claim upon this country. It is, as it happens, to nationals of that description that the great bulk of the charged property belonged, but with them we have nothing here to do. That these nationals should be finally relegated to the compensation their Government bound itself to provide for them may well have been intended, and in all the circumstances rightly intended, because the failure, say, of Germany to make any such compensation is a failure of which such a national of Germany may justly enough be required to accept the consequences, so closely is he identified with his own Government.

(12.) But when we pass to those persons whose position you have directed us to consider and with whom we are here alone concerned—persons whose enemy nationality is, in most cases, their least prominent characteristic, and, in many, so remote and technical as even to have escaped detection altogether—we cannot ourselves doubt that they, in the absence of effective compensation, are the persons peculiarly within the benefit and purpose of the power by each of the Orders reserved to the Crown to release any particular property from the charge. The very extent and generality of that charge, to say nothing of its departure without previous warning from the traditions of this country, furnishes a reason why in proper cases this power of release should be freely exercised in favour of those persons, many of them more British than anything else, a great number of them having fought on our side in the war, many more with sons who did likewise—all of them with claims upon this country, and none of them responsible for the failure of the appropriate ex-enemy Government to make compensation adequately or at all. And it must be remembered that such failure leaves the aggrieved person with no redress whatever. Treaties are bargains between States; no national has, against his Government, any rights under its Treaty for failure in this or in any other respect.

(13.) Moreover, in tendering the advice that in these cases the power of release should be freely exercised we would only be inviting the Board to mitigate the severity of the charge in directions which have already, and doubtless for similar reasons, been taken by the principal Allied and Associated Powers and by one at least of the self-governing Dominions. Exemptions in terms far wider have, for example, been granted by the United States. Belgium, amongst other exemptions, has released the property of her own nationals who are now enemy nationals and have become so only by marriage. France is indulgent to those authorized to remain in France and well disposed towards herself. And South Africa has exempted the property of all ex-enemy nationals, resident there at the outbreak of war, who have been permitted since the peace to remain in the Union or to return to it.

(14.) But it is not possible, as we have already said, to treat this question of release as one unaffected by the claims of British subjects upon the charged funds, and the problem presented by the existence of these claims is a delicate and difficult one.

(15.) In regard to it there are features common to all the Orders in Council and to the nationals affected by them, which may conveniently be referred to at the outset. These Orders charge all the property rights and interests of an enemy national in this country on the date when the Treaty of Peace with his Government was ratified, *inter alia*, (1) with payment of claims by British nationals in relation to their property rights and interests or debts in the enemy country; and, subject thereto, (2) with payment of compensation for damage done by the enemy by "exceptional war measures." And each Order, as we have already pointed out, contains a proviso empowering His Majesty at any time, if he shall think fit, to release any particular property rights or interests from the charge so created.

(16.) Now, some people may think that these particular claimants are not all of them more meritorious than many others who might have been selected, but were not, as the persons to have the private property of particular ex-enemy nationals set apart as a security for the discharge by the enemy Government concerned of its Treaty obligations in respect of their claims. But, nevertheless, we fully recognize that under the Orders these particular British claimants have had a definite position assigned to them which must not now be displaced without good cause, notwithstanding the unrestricted power of release by each Order reserved to the Crown. Moreover, much of the charged property is by this time beyond further control, because since the Orders were made it has to a great extent been realized and the proceeds actually applied as directed by the Orders, credit being given to the debtor Government for the amount so applied. These payments, it is manifest, cannot now be disturbed. Again, in the case of the claimants under the German Order, the Treasury consented to payment being made in full to those in Class I, and that promised payment has been or will be made. It is clear that no release could be recommended by any advisory body which would prejudice that position. But, over and above all this, we are of opinion, in view of the terms of these Orders, that, even as regards any of the charged property not already applied or required for payment in full as promised, there should be placed within the limits of recommendation for exemption by any advisory body like ourselves only those funds where the claim of the ex-enemy national to the restoration of them as his own may, in the circumstances to which we have alluded, in a proper case and to the extent stated, justly be regarded as unqualified. And our recommendations are all made on that principle.

27. *Recommendations of Lord Blanesburgh's Committee.*—The Committee, after discussing the probable effect which the release of certain classes of property would have upon the dividend payable to British claimants out of the proceeds of enemy property realized in the United Kingdom, offered the following comments. The recommendations made have been accepted by the British Board of Trade:—

(19.) Perhaps the most striking fact in relation to our suggestions in this matter is that the great bulk of the German releases here brought within the area of recommendation have at no time been regarded administratively as assets charged in the claimants' favour. The property of British subjects resident here, who may also be German nationals, has never, administratively, been treated as subject to the embargo at all; nor have the property rights and interests of German nationals, permitted to remain in this country, been treated as realizable under it. The practice in administration has not in these respects reached the permissible limits as now judicially defined. No release of either class of property therefore—and these releases would be by far the largest—will affect the course of administration or the estimates of the Clearing Office as hitherto followed or made.

(20.) With this preface we are at length in a position to proceed to our detailed recommendations, dealing first with the case of German nationals, but premising all we say with the following qualifications, which are applicable to the recommendations we make with regard to every nationality:—

(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.

(21.) Taking now the cases referred to in the terms of reference, and confining ourselves in the first instance to German property rights and interests, we think that any advisory body entrusted with the duty should, *in addition to our existing powers*, be authorized to recommend releases in the cases and within the limits following:—

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.

28. *Position in New Zealand.*—The New Zealand Government has decided, as stated in previous reports, to follow the practice of the British authorities in regard to the release of property belonging to aliens in necessitous circumstances or who may be regarded as entitled to receive special consideration. The amounts which have been actually released from the provisions of the War Regulations and the Treaty of Peace Order, 1920, and its amendments are shown in the table contained in para. 34, *infra*. It was never intended to retain and liquidate the property in New Zealand belonging to aliens who have been permitted to remain in this Dominion.

Release of Property belonging to Turkish Subjects.

29. Under the Treaty of Sèvres the Allied and Associated Powers reserved the right to retain and liquidate property in their territory belonging to Turkish subjects, but in the subsequent Treaty of Lausanne this provision was not included. Turkish subjects alone amongst our former enemies are entitled to the release of their property or the proceeds thereof which may have been controlled or held under emergency legislation during the war. As stated in previous reports, no Turkish property has been administered by this Office under the War Regulations.

Aliens repatriated from New Zealand.

30. There has been practically no change during the year in the position regarding the proceeds of the realization of the property in New Zealand belonging to the aliens who were repatriated from New Zealand on the conclusion of hostilities. As stated in previous reports, these moneys have been remitted to the High Commissioner for New Zealand in London for disposal in accordance with the policy of the Imperial Government in connection with similar cases in the United Kingdom.

31. *Repatriated Dalmatians.*—The Dalmatians repatriated from New Zealand who have acquired the nationality of the Kingdom of the Serbs, Croats, and Slovenes are entitled, on production of satisfactory evidence of nationality, to the release of any moneys held by the Dominion Custodian on their behalf.

The Serb, Croat, and Slovene Legation at London has rendered valuable assistance in arranging payment of these amounts, very few of which now remain unpaid. Every effort has been and is being made to ensure that these moneys reach the persons entitled thereto at the earliest possible date.

32. In response to inquiries received from certain repatriated aliens this Office has been in communication since October, 1922, with the Australian Clearing Office authorities in regard to certain moneys belonging to aliens repatriated from New Zealand who were landed in Australia to await the departure of a transport proceeding to southern Europe. These moneys were handed to the Commonwealth military authorities by the Officer Commanding the New Zealand transport. The Commonwealth Clearing Office authorities were requested to advise whether, in view of the fact that the

amounts in question represented money derived from sources in New Zealand and that the New Zealand Government had decided not to exercise any right which it might have under the Peace Treaties to retain and liquidate the property rights and interests of aliens who were repatriated from the Dominion, these amounts could be released by the Commonwealth authorities accordingly. A reply has now been received advising that the necessary steps are being taken for these amounts to be refunded to the persons concerned.

33. *Repatriated German Subjects.*—The question of the release of the amounts held by the British authorities on account of the German subjects who were repatriated from the United Kingdom is still the subject of negotiations between the British and the German Governments. In accordance with the practice of the Imperial authorities the High Commissioner is withholding in the meantime payment of the moneys due to the German subjects repatriated from New Zealand. The British authorities have been informed that the New Zealand Government is anxious that these moneys should be paid at the earliest possible moment.

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

34. 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.	£ 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		15,013 10 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		1,786 17 0
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 ..		604 2 6
The position in regard to releases under this heading has been set forth fully under para. 27, *supra*.		
(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		1,656 0 0
(6.) 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
(7.) 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
(8.) 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
(9.) 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	1,735 7 10	
		2,255 12 3
(10.) Miscellaneous releases		628 11 11
		£93,685 4 8

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

35. The balances held in pursuance of the War Regulations and the Treaty of Peace Order, 1920, as at the 31st March, 1924, 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. 16–17, *supra*)	87,406 16 6	
(2.) Sundry credit balances awaiting transfer to the German Liquidation Account	97,863 7 5	
As indicated in para. 17 of this report, the bulk of these items has been transferred to the German Liquidation Account on schedules which were despatched to the German Clearing Office subsequent to the 31st March, 1924.		
(3.) Amounts collected subsequent to the 10th January, 1920, which will be credited to the German Liquidation Account unless relative claims are received under Article 296 of the Treaty of Versailles before the final date for the acceptance of such claims (see paras. 43–44, *infra*)	442 3 11	
(4.) 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	310 14 11	
(5.) Credit balances awaiting transfer to the Austrian Liquidation Account	8 3 0	
This amount has now been transferred and the necessary schedule forwarded to the Austrian authorities.		
(6.) Sundry amounts held pending production of satisfactory evidence of non-enemy ownership	1,192 19 4	
It is probable that these amounts will be released at an early date.		
(7.) Amounts held on account of British-born wives of German nationals	48,850 11 1	
In accordance with the policy of the British authorities it has been decided not to credit these amounts to the German Liquidation Account in the meantime.		
(8.) Proceeds of investments representing savings from earnings made by German nationals while in New Zealand who were not permanently resident in the Dominion on the outbreak of war	620 2 2	
The notes to the preceding amount apply to this item also.		
(9.) Sundry sums the disposal of which cannot at present be definitely determined	31,053 6 6	
Inquiries to ascertain further particulars in regard to each case have been instituted.		
(10.) 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	412 4 2	
(11.) Difference between sundry credit and debit balances in accounts relative to transactions under Article 296 of the Treaty of Versailles	3,437 9 7	
		271,597 18 7
Debit Balances:—		
(12.) Advertising, printing, stationery, sundry expenses ..	2,973 11 2	
(13.) 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	439 7 3	
(14.) 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	684 18 4	
Carried forward	**4,097 16 9**	**271,597 18 7**

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

	£ s. d.	£ s. d.
Brought forward	4,097 16 9	271,597 18 7
Debit Balances—continued.		
(15.) 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	356 7 6	
The collection of these balances is receiving careful attention in order to prevent or minimise any loss to New Zealand funds.		
(16.) (*a.*) Claims paid in respect of the proceeds of British property liquidated in Germany .. .. £ s. d. 1,358 14 3		
(*b.*) Payments on account of compensation awarded by the Anglo-German Mixed Arbitral Tribunal in respect of British property liquidated in Germany .. 92 5 0		
	1,450 19 3	
		5,905 3 6
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		£265,692 15 1

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

36. *Establishment of the New Zealand Clearing Office.*—In exercise of the power contained in Article 296 of the Treaty of Versailles the New Zealand Government decided in 1920 to establish a Clearing Office for the settlement of debts between British nationals resident in New Zealand and German nationals resident in Germany. By the Treaty of Peace Order, 1920, the Public Trustee was appointed Controller of the New Zealand Clearing Office. Although the Treaties of Peace with the other former enemy States contained similar provisions, it was decided that the comparatively few claims involved did not warrant the heavy cost of setting up the elaborate procedure in connection with the clearing scheme. Debts owing by British nationals resident in New Zealand to Austrian, Hungarian, or Bulgarian nationals, nevertheless, constitute property which may be retained and liquidated by the New Zealand Government under the terms of the respective Treaties. British nationals in New Zealand to whom debts are due by Austrian, Hungarian, or Bulgarian nationals are entitled to collect such amounts from the debtors direct.

LONDON AGENT OF THE NEW ZEALAND CLEARING OFFICE.

37. During the year the High Commissioner for New Zealand in London has continued to act as the Agent for the New Zealand Clearing Office in connection with the settlement of claims lodged by or against the British branches of New Zealand firms. All correspondence with the German Clearing Office and the other former enemy authorities is received or transmitted by the High Commissioner through the British Central Clearing Office, London. In most cases where problems exhibiting novel features are disclosed in the letters received from the German Clearing Office the High Commissioner has referred the correspondence to the Controller of the Central Clearing Office, London, or to the British Custodian of Enemy Property for advice regarding the validity of the German contentions and for information as to what action would be taken in connection with similar cases in the United Kingdom.

38. I desire to acknowledge the great assistance which has been freely and willingly given by the Controller of the Central Clearing Office, the British Custodian of Enemy Property, and their officers in placing at the disposal of the High Commissioner and this Office their extensive and profound knowledge of all matters pertaining to the economic clauses of the Treaties of Peace. Where applicable this information has been conveyed to the New Zealand nationals concerned, who have expressed their appreciation and thanks for the way in which their interests are being protected. The manner in which the High Commissioner and his staff have discharged the onerous and perplexing duties entrusted to them in regard to this work has been entirely satisfactory to both the Central Clearing Office and to this Office.

TOTAL OF CLAIMS RECEIVED FOR SETTLEMENT THROUGH THE NEW ZEALAND CLEARING OFFICE.

39. 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, 1923, and 31st March, 1924, respectively. The total of the additional claims received since the last report is given in the third column :—

——	31st March, 1923.	31st March, 1924.	Increase.
Claims under Article 296 of the Treaty of Versailles :—	£	£	£
(*a.*) By New Zealand nationals against German nationals ..	49,249	49,249	..
(*b.*) By German nationals against New Zealand nationals ..	203,060	208,337	5,277
Claims under Article 297 of the Treaty of Versailles :—			
(*c.*) By New Zealand nationals	52,508	52,725	217
Totals	£304,817	£310,311	£5,494

PROGRESS REGARDING THE DISPOSAL OF CLAIMS.

40. 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, 1924 :—

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

	£ s. d.	£ s. d.
168 claims lodged in New Zealand and forwarded to the German Clearing Office through the Central Clearing Office, London	33,271 13 1	
44 claims lodged with the London representative of the New Zealand Clearing Office	15,977 8 3	
		49,249 1 4
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 ..	17,546 7 9	
Claims admitted by the German Clearing Office in whole or in part..	19,362 18 7	
		36,909 6 4
Balance, being claims still under action as follows : Twenty-nine lodged in New Zealand and seven claims lodged in London ..		£12,339 15 0

In addition to the sum of £19,362 18s. 7d. admitted and credited by the German Clearing Office as shown above, interest thereon amounting to £5,516 3s. 5d. 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 £4,094 7s., together with Treaty interest thereon, amounting to £1,179 9s. 3d., have been admitted by the German Clearing Office, and claims totalling £6,685 2s. 5d. have been withdrawn by the New Zealand Clearing Office. The total amount of claims disposed of during the year under this heading is therefore £10,779 9s. 5d.

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

	£ s. d.	£ s. d.
1,442 claims received from the German Clearing Office through the Central Clearing Office, London	..	208,336 14 2
Claims retransferred to the Central Clearing Office as not applicable to New Zealand	1,213 9 10	
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	93,031 7 3	
Claims admitted in whole or in part by New Zealand firms and credited to the German Clearing Office	28,088 8 3	
		122,333 5 4
Balance, being 488 claims still under action		£86,003 8 10

In addition to the sum of £28,088 8s. 3d. admitted and credited to the German Clearing Office as shown above, Treaty interest amounting to £9,608 10s. 9d. has also been admitted.

Since the last report liability in regard to claims amounting to £1,849 1s. 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 £79,798 12s. 7d. during the period.

The total amount of claims under this heading disposed of during the year is therefore £81,647 14s. 3d.

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

	£ s. d.	£ s. d.
11 claims forwarded to the German Clearing Office through the Central Clearing Office	..	52,725 1 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	17,584 8 4	
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	29,338 17 9	
		49,113 2 5
Balance, being five claims under action		£3,611 18 10

The sum of £17,584 8s. 4d. 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 £47,436 14s. 8d. 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 is not at present being made except in the case of awards of £50 and under. Claimants who have been awarded sums exceeding £50 receive that amount on account, and are entitled to a dividend of 7s. 6d. in the pound on the balance of their awards. **In this matter the practice of the Central Clearing Office is followed by the Dominion Controller.**

41. From a perusal of the foregoing figures it will be seen that a substantial proportion of the registered claims has been disposed of either by admission or withdrawal during the period under review. There is, however, ample evidence that considerable delay is still occurring in the German Clearing Office. The Controller of the Central Clearing Office in his last report refers to this delay in the following terms :—

> The progress in the work of this Department since the date of my last report has been disappointing. This has arisen from the reluctance of the German Clearing Office voluntarily to admit the claims of British creditors. It was hoped that the German Government would accept as conclusive, decisions of the Mixed Arbitral Tribunal determining questions of principle at issue between the two Departments, and a number of test cases involving such principles were submitted to the Tribunal for adjudication. It was anticipated that the decisions in these test cases would dispose of a large number of outstanding claims to which the same principles applied, but in many cases the German Clearing Office declined to accept these awards as binding upon it in other similar cases, and it was necessary, therefore, to advise claimants to refer all contested cases to the Tribunal. This resulted in seriously congesting the Tribunal's list, and of the consequent delay in adjudicating upon the claims referred to it full advantage was taken by German agents. Claimants were approached and efforts were made to induce them to accept wholly inadequate offers of settlement upon the representation that it would be many years before their cases came on for trial. When these offers were refused the German Clearing Office in many cases maintained its contest until the eve of trial, when it notified this Department that the claim was admitted. This method of procedure not only delayed payment of the claim, but put the claimant to the needless expense of preparing his case for trial.

42. It is to be regretted that it is frequently necessary for this Office to exercise pressure upon alleged debtors in New Zealand in order to obtain replies for transmission to the German Clearing Office. Various reasons are advanced for the tardiness with which these replies are forthcoming. Naturally any delay in dealing with German claims against New Zealand debtors will tend to militate against any representations made to the German Clearing Office for expedition in dealing with claims by New Zealand nationals.

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

43. The Central Clearing Office has forwarded through the High Commissioner a translation of an agreement reached in November, 1923, at a Conference of Delegates of the British, Belgian, and French Clearing Offices on the one hand and of the German Government on the other hand, under which the 1st May, 1924, has 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. After that date the debtor Clearing Office shall have the right to refuse any new notification of a claim or an increase of the principal amount of claims previously notified whatever may be the date on which the said claims have been notified to the creditor Clearing Office.

44. Claims which have been the subject of a notification to the opposing Clearing Office before the 1st May, 1924, under Article 297 or of a memorial lodged with the Mixed Arbitral Tribunal before that date shall be considered as having been notified to the debtor Clearing Office in due time if the Mixed Arbitral Tribunal decides that the claim the subject of the memorial ought to be settled by the Clearing Office procedure. Notifications which the creditor Clearing Office may make after the 1st May, 1924, regarding a change of debtor or of creditor in a notification made to the debtor Clearing Office before that date shall not be considered as new notifications within the meaning of this agreement.

LOSSES INCURRED OWING TO GERMAN VESSELS SEEKING REFUGE IN NEUTRAL PORTS ON THE OUTBREAK OF WAR.

45. In para. 36 of my last report (H.–25, 1923) I mentioned that the question had been raised whether British nationals who had suffered loss owing to German vessels carrying cargo consigned to them seeking refuge in neutral ports on the outbreak of war might successfully lodge claims against the German Government under the provisions of Articles 231 and 300 (*d*) of the Treaty of Versailles. Reference was also made to the decision of the Franco-German Mixed Arbitral Tribunal in the case of Dame Franz *v.* German Government and Hourcade *v.* German Government (*Recueil des Décisions des Tribunaux Arbitraux Mixtes*, Vol. i, p. 781). The High Commissioner was requested to submit the matter to the Controller of the Central Clearing Office, London, who supplied the following valuable opinion, dated the 4th July, 1923:—

I have to inform you that in the view of this Department the provisions of Article 300 (*d*) cannot be regarded as applicable to the present case where the contract was partially executed but the voyage was never completed owing to the default of the shipping company consequent on the outbreak of war.

It would appear that Article 300 (*d*) was intended to deal with contracts which became dissolved either, as stated, owing to the exercise of a right stipulated in the contract itself, or by operation of law owing to the failure on the part of one of the parties to carry out its provisions, and in that case where a restitution *in integrum* is impossible the Mixed Arbitral Tribunal may award compensation to be paid by the German Government. It is considered improbable that the Tribunal would apply this article to a case where a contract of carriage had been only partially but not wholly performed, as this seems not quite consistent with the idea of a "dissolution"; but if the interested parties desire to test the matter it is quite open to them to commence proceedings for that purpose, though, having regard to Rule 1 (*d*) of the Tribunal rules, it would probably be necessary for them to obtain special leave.

As regards Article 231, Part VIII, Reparations, which is one of the articles setting out the principles on which reparation may be claimed, it is considered doubtful whether the Tribunal would consider this article as material in such a case as the present. It is true that it was called in aid by the Franco-German Mixed Arbitral Tribunal in the case of Dame Franz *v.* Germany and in Hourcade *v.* Germany (*supra*), which concerned acts done in Germany, but the Anglo-German Mixed Arbitral Tribunal has shown itself less willing than the Franco-German Tribunal to award compensation against the German State unless the damage can clearly be shown to have arisen directly out of exceptional war measures. For example, the Franco-German Mixed Arbitral Tribunal has held that under Article 302 compensation can be awarded against the German Government. The Anglo-German Mixed Arbitral Tribunal has taken a contrary view of this article and will only award compensation thereunder against the individual who has obtained the judgment in the German Courts during the war. In the view of this Department, therefore, it is not considered likely that proceedings directed against the German Government would succeed.

NOTE.—Article 302, referred to in the above-quoted opinion, provides, *inter alia*, that if a judgment in respect of any dispute which may have arisen has been given during the war by a German Court against a national of an Allied or Associated State in a case in which he was not able to make his defence, the Allied or Associated national who has suffered prejudice thereby shall be entitled to recover compensation to be fixed by the Mixed Arbitral Tribunal provided for in Section VI of Part X of the Treaty.

In view of the opinion expressed by the Central Clearing Office the New Zealand consignees who suffered loss owing to German vessels seeking refuge in neutral ports decided not to pursue their claims in the meantime.

SETTLEMENT OF AMOUNTS DUE BY GERMANY TO THE ALLIED CLEARING OFFICES UNDER ARTICLE 296 OF THE TREATY OF VERSAILLES.

46. An interesting statement in connection with the negotiations between the Allied Clearing Offices and the representatives of the German Government regarding the settlement of outstanding amounts due by Germany to the Allied Clearing Offices under Article 296 of the Treaty of Versailles is contained in the Third Annual Report of the Controller of the Central Clearing Office, London. In view of the importance of this matter the statement has been quoted in full. The headnotes have been added in order to facilitate reference, and do not appear in the original report.

Default by Germany in Payment of the Clearing Office Balances.

Monthly Accounts.—As stated in my last annual report, the German Government, in August, 1922, notified the Allied Powers interested that it was not in a position to meet its engagements to the Clearing Offices under the London Agreement of the 10th June, 1921, and thereupon the Supreme Council denounced the said agreement, and the matter was referred to the Controllers of the Allied Clearing Offices with instructions to negotiate separate arrangements with the German Government for settlement of the outstanding balances due to the respective Offices. These instructions were coupled with the condition imposed by the Supreme Council that any arrangement come to should be submitted for approval to the Reparation Commission.

It is, I think, desirable at this point to make a digression, and, at the risk of repeating what I have said in previous reports, to explain the Treaty provisions as regards the operation of the clearing procedure in order to appreciate the position in which the Clearing Offices now find themselves.

Operation of the Clearing Procedure.—Government Guarantee.

The clearing procedure is analogous to that which has long existed amongst bankers for clearing their obligations *inter se*. In lieu of direct recourse between debtor and creditor for settlement of their mutual obligations, Clearing Offices are established to act as intermediaries. The Treaty provides that all debts shall be paid in Allied currency at the pre-war rate of exchange, and the Governments concerned are required to clothe their respective Clearing Offices with all necessary powers to enforce this obligation. The opposing Clearing Offices, in their turn, undertake to account to each other for the amount of the debts admitted by or found due from their debtor nationals. The only loss which a Clearing Office can sustain in giving effect to these provisions arises from the fact that, subject to certain specified exceptions, each Government guarantees the solvency of its debtor nationals; but the Treaty contains a specific provision which entitles the respective Governments to indemnify themselves for any loss which may result from such guarantee by deduction from the amounts credited to them by the opposing Clearing Offices. From the above it will be apparent that the true position of a Clearing Office is that of an agent for the collection and payment of debts, and if the provisions of the Treaty are strictly observed no loss will result to a Clearing Office from the operation.

Treaty Provision re the Valorization of Debts enforced by the Allied Governments but not by Germany.

As regards the valorization of debts, the obligation is reciprocal—*e.g.*, a British trader who is indebted to a German national in the sum of 1,000 marks is required to pay £50 to this Office in discharge of his indebtedness; but whereas the Allied Governments have honoured their signature to the Treaty, and rigidly enforced this provision upon their debtor nationals, the German Government, by its internal legislation, has relieved its debtor nationals of this obligation and absolved them from the duty imposed upon them by the Treaty. Even this is not the limit of the indulgence granted by the German Government to its nationals, for in the case of those debtors whose debts were contracted in Allied currency the German Government permits them to discharge their liability by the payment of a sum in marks representing an infinitesimal fraction only of their contractual obligation.

Excuse offered by the German Government.

The German Government seeks to excuse itself for this grave violation of the Treaty by alleging that to impose upon debtors the obligation to valorize their debts would amount to a variation of the contract under which the debt was created. Even if this were a valid excuse as regards mark debts, it could obviously have no application in the case of sterling obligations, which represent the bulk of the German indebtedness; but even as regards the former the principle of valorization is essentially an equitable one, for the consideration which passed between creditor and debtor was represented by goods supplied, money lent, or services rendered, having a world value irrespective of the fluctuation in the currency which, for the sake of convenience, was adopted as the medium of exchange.

Excessive Relief afforded German Debtors under German Legislation.

The following instance will serve to illustrate my proposition: A British national before the war advanced 1,000,000 marks to a German manufacturer, which the latter employed in the erection and equipment of a factory. The value of this advance at the date it was made was £50,000. Under the German Clearing Office law the debtor is discharged from his liability to his British creditor by the payment of the present equivalent of something less than ½d. He, however, retains possession of the factory and its equipment, the world value of which has not depreciated and to-day represents an investment of 1,000,000 gold marks.

Unsuccessful Representations made to Germany by the Allied Powers interested and by the Conference of Ambassadors.

Representations were made in October last by all the Powers interested drawing the attention of the German Government to its failure to give effect to the provisions of the Treaty in the above respect and calling upon it to comply with its obligation by amending its Clearing Office law. Similar representations were subsequently made by the Conference of Ambassadors, but these demands have not been complied with.

Cause of the German Default.

The default by the German Government in meeting its engagements to the Allied Clearing Offices, to which I have referred, arises solely from the above violation of its Treaty obligations, and the resultant burden imposed upon its Budget by voluntarily assuming the cost of valorization, which should have been borne by the individual debtors. It also had the apparent result of bringing the Clearing Offices into competition with the Reparation Commission, in whose favour the assets and revenues of the German Government are charged as security for the costs of reparation. I say "apparent" because in reality the amounts hitherto disbursed by the German Government on account of the monthly balances due to this office have been more than covered by the value of British property in Germany sequestrated under German exceptional war measures, and which was not subject to the charge in favour of the Reparation Commission.

Another reason given by the German Government for the above breach of its Treaty obligation is that to have required its debtor nationals to valorize their debts would have driven them into bankruptcy. Even if such a result might conceivably have ensued, it would not have justified the breach without the consent of the other Powers who were parties to the contract. Such fears, however, if entertained, were groundless, for it is a notorious fact that since the Armistice the German industrial class, which comprises the majority of the principal debtors to British nationals, has made enormous profits from the inflation of its currency, and, indeed, it is admitted that many of these debtors had acquired in advance the necessary foreign currency to meet their liabilities, but having been relieved of their contractual or treaty obligations to their creditors by the German Clearing Office law they employed the money so acquired in their businesses.

The German Government having voluntarily assumed the burden of valorization imposed by the Treaty upon the individual debtors, and relieved its sterling debtors of their contractual liability, proceeded to default in its engagements to the Clearing Offices, and has made no payment on account of the monthly balances since the instalment due in August, 1922, under the London Agreement, was met.

Result of the Default by Germany.

In the above summary I have avoided going into too much detail, but I venture to think that it shows conclusively as stated earlier in this report, that the sole cause of the default by the German Government in meeting its obligations to the Allied Clearing Offices is its voluntary and, I submit, unjustifiable departure from the express provisions of the Treaty. Had these been observed the German Government would have sustained no loss for which it could not have recouped itself out of the credits received by it from the Allied Offices. The result of the default has been to throw upon the British Clearing Office funds an additional burden, estimated at £13,000,000, representing the balance of debt claims, and has diminished *pro tanto* the sum that would otherwise have been available for payment of compensation to British claimants.

With this explanation I will describe the efforts that have been made by the Clearing Office to safeguard the interests of British creditors.

Clearing Office Conference at Berlin.

Acting upon the instructions of your predecessor in office, I proceeded to Berlin early in October last, and, in conjunction with my colleagues the Directors of the Belgian, French, Greek, Italian, and Siamese Clearing Offices, opened negotiations with representatives of the German Government with a view to concluding an arrangement to secure the future payment of the balances which would thereafter accrue on the monthly accounts. Before the conference with the German authorities commenced a meeting of the Allied Controllers was held, and an agreement was arrived at as to the terms which they were prepared to accept in substitution for those contained in the London Agreement of the 10th June, 1921, which, as previously stated, had been denounced by the Supreme Council.

The conference with the German authorities commenced on the 13th October and continued until the 21st October, when a settlement was arrived at and a definite agreement was drawn up and executed by all the Allied Controllers and by a representative of the German Government, and was expressed to be subject to approval by the Reparation Commission and to ratification by the respective Governments.

Throughout the discussions which resulted in the above agreement the Allied Controllers kept steadfastly before them three main objects which they sought to attain and upon which they insisted, namely:—

(1.) The creation of an instrument which would work automatically, and with the operation of which it would be out of the power of Germany to interfere;
(2.) Security for the discharge of the obligations to be undertaken by Germany under the agreement; and
(3.) A speeding-up of the clearing procedure by the removal of the inducement on the part of Germany to withhold the admission of the just claims of Allied creditors.

Main Provisions of Agreement between the Allied Controllers and the German Government.

In my opinion all these objects were attained in the above-mentioned agreement, the main provisions of which may be summarized as follows:—

(1.) The balance of indebtedness to the six Powers concerned was provisionally fixed at £24,000,000, which was to be secured by the issue of German Treasury bills maturing month by month on a gradually ascending scale, commencing at £300,000 and rising to £500,000 a month. The Allied Controllers estimated this balance at £36,000,000, but, on the other hand, the German Clearing Office contended that it would not exceed £14,000,000. The sum of £24,000,000 was agreed to by way of compromise, with a proviso in the agreement that any balance in excess of £24,000,000 should be secured by a further issue of bonds as and when such balance had been definitely ascertained.

(2.) The proportions of the monthly instalments payable to the individual Allied Clearing Offices were fixed by the agreement.

(3.) Upon ratification of the agreement the bonds for £24,000,000 to be at once deposited with the Reichsbank in exchange for a solemn undertaking to be given by it to the Bank of England, the Bank of France, and the National Bank of Belgium, to present them at maturity and to account to the said banks for the proceeds in the proportions fixed by the agreement.

(4.) In the event of dishonour of a bond by the German Government, mark obligations to be substituted therefor to the aggregate amount of the exchange value of the primary bond at the date of its maturity. The substituted bonds to be payable to bearer and to be declared legal tender for payment of all German Government taxes and Customs duties.

(5.) In the event of Germany obtaining hereafter a foreign loan, such an amount to be allocated in discharge of the obligations of the German Clearing Office as the Allied Governments, in conjunction with the German Government, might determine.

(6.) Unsatisfied balances on the monthly accounts to carry interest at the rate of 4½ per cent. per annum.

These were the main provisions of the agreement. By the issue of bonds estimated to cover the total outstanding balances due or accruing due to the Allied Offices it regulated the method of payment, and by putting the whole series of bonds in escrow it ensured their regular distribution amongst the Allied Offices without the possibility of interference by the German Government, for the Reichsbank, in its own interests, might be relied upon to keep faith with the Allied banks. Moreover, in the event of the failure of the German Government to meet these bonds at maturity the Allied Clearing Offices would have received in substitution a security which would have been readily saleable, for no Government could exist without imposing taxation. It will be seen, therefore, that the agreement, if ratified, would have secured finality and provided reasonable security for the discharge by Germany of her obligations under the clearing system, and by removing all inducement to withhold the admission of Allied claims would have expedited their settlement.

Conditional Approval by the Reparation Commission not acceptable to the Allied Clearing Offices.

On the 30th October last, upon my return from Berlin, I forwarded a copy of the above agreement to the Reparation Commission, with a request for approval by them. On the 17th April last the Reparation Commission passed a resolution refusing such approval except upon conditions, of which the principal was an insistence upon their right in certain circumstances to suspend or reduce the payments under the agreement by postponement of the maturity of the bonds. As the acceptance of these conditions would, in my opinion, have disorganized the whole machinery of the agreement and defeated the main objects which the Controllers had in view in settling its terms, I wrote to the Reparation Commission, with your approval, requesting them to appoint a day to hear an application by me to vary their decision. In response to this request the Reparation Commission fixed the 22nd June, when I attended with my Allied colleagues and addressed the Commission at length, explaining the reasons why, in our opinion, the conditions which they attached to the approval of the agreement could not be accepted. My application to vary was supported by the whole of my Allied colleagues, with the exception of the Belgian Controller, who opposed, on instructions from his Government. The Commission, after according us a full hearing, adjourned their decision to give them an opportunity of considering the arguments which we had submitted to them. Subsequently I received a communication from the Commission notifying me that they adhered to their former decision.

The present position is, therefore, that the Clearing Offices are relegated to their Treaty rights, and are entitled to payment by the German Government of the monthly balances as and when they accrue due to them.

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

47. A statement showing the monthly balances from April, 1923, to March, 1924, which are owing by Germany to those portions of the British Empire which have established Clearing Offices under Article 296 of the Treaty of Versailles has been compiled from figures supplied by the Central Clearing Office, London, and is printed in the Appendix to this report. The accounts for the period June, 1920, to March, 1923, were published on page 20 of my previous report (H.–25, 1923). Since September, 1922, Germany has been in default in making payment of the balance due to the British Empire under para. 11 of the Annex to Article 296 of the Treaty, but, as will be observed from the above-mentioned statement, in February and March of this year Germany made two small payments amounting to £15,705 and £15,040 respectively. The total cash payments received from Germany in accordance with the provisions of Article 296 of the Treaty is £23,665,591. The balance in connection with Clearing Office transactions due by Germany to the British Empire up to the 31st March, 1924, is £4,218,758.

New Zealand Account with the Central Clearing Office, London.

48. All claims under Article 296 of the Treaty of Versailles which are established by British nationals resident in New Zealand against German nationals or by German nationals against New Zealand nationals are credited by the debtor Clearing Office through the Central Clearing Office, London. An account has therefore been opened by the Central Clearing Office for incorporating therein the admissions between the New Zealand Clearing Office and the German Clearing Office. Until Germany made default in the payment of the balances due by her to the Allied and Associated Clearing Offices, as described in the two preceding paragraphs, the balance of the New Zealand Clearing Office account with the Central Clearing Office was settled monthly. If there was a balance in favour of the Central Clearing Office the High Commissioner for New Zealand, in London, paid the amount to that Office out of the New Zealand Clearing Office funds held by him; if, on the other hand, the balance was in favour of the New Zealand Clearing Office the amount was paid by the Central Clearing Office to the High Commissioner.

49. Owing to the sums due by Germany being unpaid since September, 1922, the monthly balances due by or to the New Zealand Clearing Office will not be settled until the payments are resumed by Germany. Interest is charged or credited on the balance outstanding between the Central Clearing Office and the New Zealand Clearing Office at the rate of 5 per cent. per annum. Any further moneys received by the Central Clearing Office from Germany will be applied *pro rata* between those parts of the British Empire which have adopted the provisions of Article 296 of the Treaty of Versailles in proportion to their balances for September, 1922, and then for the subsequent months until the whole of the balances have been extinguished.

50. A statement has been prepared and printed in the Appendix to this report showing the monthly balances in respect of claims admitted between the German Clearing Office and the New Zealand Clearing Office for the period October, 1920, to March, 1924. The following comments will enable these figures to be more readily understood:—

The totals of the German claims, together with Treaty interest thereon admitted each month by the New Zealand Clearing Office, are given in column (2) of this statement. The sum of £37,696 19s. credited to the German Clearing Office under this heading consists of German claims amounting to £28,088 8s. 3d. and Treaty interest thereon amounting to £9,608 10s. 9d. (see para. 40 (*b*), *supra*).

From the figures included in column (3) it will be seen that a total of £24,879 2s. has been credited by the German Clearing Office in respect of claims lodged by New Zealand nationals. This sum represents claims totalling £19,362 18s. 7d. and Treaty interest thereon amounting to £5,516 3s. 5d. (see para. 40 (*a*), *supra*).

Columns (4) and (5) show the difference between the amounts admitted by the New Zealand Clearing Office and by the German Clearing Office for each month.

In accordance with the provisions of the Treaty any indebtedness between the New Zealand Clearing Office and the German Clearing Office must be paid or received by Germany in New Zealand itself. The sum to be credited to Germany in the monthly statement in respect of New Zealand admissions is therefore the value of a cable draft for the amount payable in New Zealand on the day of settlement. The adjustment required by these provisions is contained in columns (6) and (7). On the 31st March, 1924, the net result has been a saving of £667 5s. 2d. in favour of the New Zealand Clearing Office.

The Central Clearing Office charge against the New Zealand Clearing Office for their services in connection with New Zealand claims a commission of 1 per cent. on all amounts which are admitted by the German Clearing Office in favour of New Zealand claimants. In view of the amount of work involved and the valuable information and assistance which has been freely given by the Central Clearing Office the sums paid under this heading as per column (8) are very reasonable. Since March, 1923, this commission has not been included in the monthly statements supplied by the Central Clearing Office, but has been claimed separately, and paid monthly by the High Commissioner. The commission paid in respect of the admissions since March, 1923, has, therefore, not been included in the statement in the Appendix to this report.

In columns (9) and (10) are set forth the monthly balances between the New Zealand Clearing Office and the Central Clearing Office after the necessary adjustments have been made in respect of commission and the exchange discounts and premiums.

The interest at 5 per cent. payable to or by the New Zealand Clearing Office in respect of outstanding monthly balances is shown in columns (11) and (12).

The cash payments either to or by the Central Clearing Office are given in columns (13) and (14), from which it will be observed that the New Zealand Clearing Office has paid to the Central Clearing Office a total of £22,598 10s. 8d., while the Central Clearing Office has paid to the New Zealand Clearing Office the sum of £6,924 12s. 10d. The New Zealand Clearing Office has thus paid to the Central Clearing Office, irrespective of commission amounting to £195 2s. 10d., the sum of £15,478 15s. in excess of the amount received from that Office.

The net balance outstanding between the New Zealand Clearing Office and the Central Clearing Office at the end of each month is set forth in columns (15) and (16). On the 13th March, 1922, the sum of £3,397 12s. 5d. was owing to the New Zealand Clearing Office, but, as stated above, settlement thereof will not be made until Germany resumes payment of her obligations under the provisions of Article 296 of the Treaty of Versailles.

Agreement with the German Clearing Office regarding Claims where Debtors cannot be Traced.

51. The Secretary of State for the Colonies has forwarded to New Zealand copies of an agreement made in January, 1924, between the British and German Clearing Offices under which where the debtor Clearing Office certifies that in spite of all efforts it has failed to trace a debtor the creditor Clearing Office may inform the creditor of the position and, after withdrawing the claim at his request, issue a certificate under para. 25 of the Annex to Section III of Part X of the Treaty of Versailles enabling him to take such steps as may be open to him to recover direct the amount of the debt in the event of the debtor being subsequently found. In conformity with this arrangement the Custodian of Enemy Property for the United Kingdom has agreed that he will not claim debts amounting to less than £100 or mark debts up to any value where a certificate has been issued under this agreement.

52. In reply to a question asked in the covering despatch the Secretary of State for the Colonies has been informed that the New Zealand Government desire that this agreement should be extended to the Dominion.

Decisions of the Mixed Arbitral Tribunals.

53. The more important of the decisions delivered by the various Mixed Arbitral Tribunals established by the Allied and Associated Powers and the former enemy States in accordance with the provisions of the Treaties of Peace are printed and published by a French firm of legal publishers under the title of the *Recueil des Décisions des Tribunaux Arbitraux Mixtes*. The reports are printed in the language in which the decisions were delivered—*e.g.*, English, French, Italian. After considerable difficulty the High Commissioner has succeeded in obtaining for this Office the complete issue of this publication, which has proved of great value in supplying New Zealand claimants or debtors with details of decisions bearing on the claims in which they are interested.

54. In the report of the legal adviser to the Controller of the Central Clearing Office, London, the chief matters decided by the Anglo-German Mixed Arbitral Tribunal since his last report have been summarized. The precis of those cases which are of particular interest to New Zealand claimants have been reprinted hereunder. The headings and the references to the report published in the *Recueil des Décisions des Tribunaux Arbitraux Mixtes* have been inserted by this Office and do not appear in the original summary.

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

One of the most important decisions was that of In re Hardt & Co. *v.* Stern (*Recueil*, iii, p. 12)—the German Clearing Office against the British Clearing Office (No. 524)—in which the Tribunal laid down the principles which were to govern the vexed question of "mixed partnerships."

The Treaty, whilst including under Article 296 debts due by a national of one of the Contracting Powers to a national of an Opposing Power, gave no indication of what the procedure should be in cases where the debt was owing to or by persons jointly, some of whom were British or German nationals and some of whom were nationals of a neutral or ex-enemy State. The most common instance of this is a partnership consisting of persons of different nationalities, and the matter was still further complicated by the fact that under English law partners are liable for the debts of the firm, not severally but only jointly, whilst under German law the liability is both joint and several. Further, under the laws of neither State was a partnership to be regarded as a separate juridical entity having a separate nationality of its own, irrespective of the nationality of its members. This had already been decided as to German partnerships in the case of Wydra & Söhne *v.* Hyman (No. 16), (*Recueil*, i, p. 291).

The British Clearing Office had, in cases where claims by German creditors had been put forward against such a mixed partnership carrying on business here, refused to admit more than a proportion of the debt equivalent to the interest of the British partners in the capital, whilst, on the other hand, claims by British nationals had been put forward against the German member of a mixed partnership in Germany for the total amount of the debt owing by the firm, on the ground that, as above stated, the liability of the German partner for the whole debt was not merely joint but several. A deadlock had thus occurred, as the German Clearing Office, whilst unable to deny that the liability of its nationals was several, had refused to admit that two different principles could govern the two cases, and in consequence very large numbers of claims remained unsettled, interest in the meantime accumulating upon the unadmitted debts.

The difficulty was at last solved by the decision in the above-mentioned case of In re Hardt & Co. *v.* Stern, in which German creditors had put forward a claim for the total amount of a debt owing to them by a firm consisting partly of British and partly of American members. 50 per cent. of the debt representing the share of the American members had been paid to the Custodian as being subject to the charge created by the Treaty of Peace Order, 1919, and the other half the British Clearing Office were willing to admit.

The German Clearing Office contended that the payment of the American partners' share to the Custodian having taken place after the 10th January, 1920, was not valid as against the German Clearing Office, and that the entire debt came within the provisions of Article 296, and could be settled only through the Clearing Offices.

The Tribunal in the course of their judgment stated it as their opinion that the Treaty was the binding law which must prevail over the laws of the individual countries, and that two guiding principles could be derived from the Treaty for the solution of the question :—

(1.) That the Treaty intended to subject to clearing procedure the claims and debts of nationals of both States without making exception of the cases in which one of those nationals had taken a neutral into the partnership; and

(2.) That it did not in these matters prescribe unequal treatment of Allied and German nationals.

Having regard to these points of view, the municipal laws of the countries must be relegated to a position in which they would not render impossible a settlement of the question according to the intention of the Treaty. If, therefore, the claims and debts of a mixed partnership were not to be completely excluded from the clearing procedure, and if, on the other hand, the interests of a neutral partner were to remain so excluded from that procedure, a division must be effected by which a part representing the interest of the neutral partner was excluded. The Tribunal therefore regarded the proportion which each partner would have received of the assets of the firm in the event of its winding up on the 4th August, 1914, as the proper measure for the proportional division, and in accordance with that principle, after observing that the share of the British partners in the case under discussion would in the event of a winding-up have amounted to half the proceeds of liquidation of the assets of the firm, decided that the proportion of the debt due from the British interest in the firm was discharged when the payment of the 50 per cent., the amount already admitted by the British Clearing Office, was made to that Office. The remainder, representing the proportion of the debt due from the non-British partners, was a German property right and interest in the United Kingdom and therefore subject to the charge pursuant to Article 297 of the Treaty.

In pursuance of the principles laid down in re Hardt & Co. *v.* Stern, the Tribunal decided in the case of Fisher & Co. *v.* Biehn (*Recueil*, iii, p. 19), in which British creditors were claiming against the German partner in the firm of Biehn & Max, of Frankfurt, the other partner being a Hungarian, the entire debt due from the firm, that the German Clearing Office had validly contested 50 per cent. of the debt, that being the share equivalent to the interest of the Hungarian partner in the assets of the firm, assuming that a winding-up had taken place on the 4th August, 1914. The Tribunal therefore held that the claim by the British creditors for the balance of the debt was not one to be settled through the intervention of the Clearing Offices under Article 296.

(2.) *Dividends payable by British Companies to German Nationals.*

Another case of importance was that of the Siemens'sche Familienbesitzverwaltung G.m.b.H. *v.* Indo-European Telegraph Co., Ltd. (No. 704). (*Recueil*, ii, p. 882.)

Under the Trading with the Enemy Amendment Act, 1914, section 2 (1), any sum which, had a state of war not existed, would have been payable and paid to or for the benefit of an enemy by way of dividends, interest, or share of profits was to be payable to the Custodian to hold subject to the provisions of that Act and any Order in Council made thereunder; and under section 4 (3) the Custodian's receipt was to be a good discharge to the person paying the same as against the person in respect of whom the sum was paid to the Custodian.

The German creditor was in possession of certain bearer shares issued by the Indo-European Telegraph Co., Ltd., which entitled the bearer, upon presentation of the coupons, to payment of dividends. These coupons were, in fact, not presented during the war, and on the 10th January, 1920, the company still held the money payable in respect

thereof. The German holder of the shares claimed payment of the dividends which accrued due during the war on the ground that they came within Article 296 (2) of the Treaty. This claim was contested by the British Clearing Office, who contended that, by reason of the above-mentioned section of the Trading with the Enemy Amendment Act, 1914, the amounts in question had prior to the 10th January, 1920, ceased to be debts due to a German national. They relied upon the decision of the House of Lords in Aramayo Francke Mines, Ltd. *v.* Public Trustee (1922, A.C. 406), as showing that the Act had effected a statutory vesting in the Custodian of the sums payable thereunder. The Act was an exceptional war measure, the validity of which had been confirmed by the Treaty, and under it the Custodian was the only person entitled to receive the dividends. Nothing had since happened to take that right away from him, and he was still entitled to receive that money in his capacity of Custodian Trustee. The Clearing Office was willing to give credit for the sum when received under Article 297 (*h*), but refused to give credit for it under Article 296 (2). The Tribunal adopted this view, being of opinion that it was clear that there was no right of action in the late enemy shareholder against the company for the dividends. They were not debts due from the company to him, and therefore were not debts which could be settled through the intervention of the Clearing Office under Article 296.

(3.) *Residence of Debtors and Creditors for the Purpose of Article 296 of the Treaty of Versailles.*

The question as to the period to which the words "residing within its territory" in Article 296 (1) must be attributed was considered by the Tribunal in two cases—namely, Kohn & Goldschmidt *v.* Arnold Oppenheimer (Case 214), (*Recueil*, ii, p. 211), and Delius *v.* German Government (Case No. 403), (*Recueil*, ii, p. 213), and in both these cases the Tribunal adopted the view which had previously been held by the British Clearing Office that in order that Article 296 (1) may be applicable there must be a debt due by a German national residing in Germany on the 10th January, 1920. The same date for residence would, of course, apply in the case of a claim by a German national against a British national. In the former of these two cases the Tribunal further decided that, inasmuch as under German law the heir of a deceased person who accepted the succession succeeds to the debts of the estate, the guarantee of the German Government was involved notwithstanding that the heir against whom the claim was made would not, by reason of his having claimed a separate administration of the estate, under German law have been liable personally for more than what he himself received out of the estate.

In the second case the Tribunal dismissed the claim which was made against the German Government, the original German debtor having died prior to the war, on the ground that as the creditor had not established that there was a debt due to him from a living German national residing in Germany on the 10th January, 1920, and had made no attempt to discover who was the heir, he failed in his claim brought before the Tribunal. Under no circumstances could the German Government be made a debtor purely on the ground of the guarantee without it being shown that there was a German national resident in Germany on the material date who was liable for the debt.

The question as to what constitutes residence in the case of a juridical person such as a company was considered by the Tribunal, but not finally decided, in the case of The Jewish Colonization Association *v.* Deutsche Bank. The claim was by a company incorporated under the laws of this country, where it had its registered office; but objection was taken to the claim, under Article 296, by the German Clearing Office upon the ground that during the war and at the date of the ratification of the Treaty the company's chief place of business was in Paris, where it was in the habit of holding its board meetings, and that accordingly it ought not to be said to be resident in the United Kingdom. After considerable argument the Tribunal stated that they had found that the notion of residence as laid down in Article 296 could not be a notion derived from any municipal law as such, but was a notion common to all the Signatory Powers for the carrying-out of Section III, Part X, of the Treaty. They had also come to the opinion that the Treaty contemplated only one residence as the residence to be taken as the basis for the application of Article 296, and not several residences between which a choice might be made. They further found that with regard to the test of residence the Treaty had not made any difference between legal entities and physical persons so as to apply to the former a test of more legal nature and to the latter a test of fact. They were, therefore, to take such notion of residence as in their opinion was the Treaty notion irrespective of the question whether the other notion might perhaps in some respects have proved more practical with regard to legal entities. Having expressed these views to the parties as to the true interpretation to be put upon the term "residence," they postponed giving an actual decision upon the case before them in order to afford the parties an opportunity to come to an amicable settlement should they think fit so to do.

(4.) Claims by naturalized British Subjects who have also retained their German Nationality.

In the case of Hein *v.* Hildesheimer Bank (No. 297), (*Recueil*, ii, p. 71), a claim was made through the British Clearing Office by a creditor originally of German nationality, who had become a British subject by naturalization in February, 1901, and who was resident in England on the 10th January, 1920. The claim was contested by the German Clearing Office on the ground that the creditor had not lost his German nationality, and that Article 278 of the Treaty did not govern changes of nationality before the war, but was limited to those made after the signing of the Treaty. The Tribunal, without considering it necessary to decide the effect of Article 278, held that the creditor had become a British national and was resident in Great Britain at the date of ratification of the Treaty. He had acquired the right to claim under Article 296 through the British Clearing Office, and, apart from Article 278, it was immaterial whether he had or had not lost his German nationality.

(5.) Claims in respect of Uncompleted Contracts.

In the case of Spencer & Co., Ltd., *v.* Schlotterhose & Co. the Tribunal had to consider the position of a British creditor who prior to the war had ordered a plant from a German firm for a certain fixed sum of which, under the terms of the contract, part had been paid to the German manufacturers by way of deposit. On the outbreak of war the plant had been completed but not delivered, the manufacturers by agreement between the parties having kept the machinery back pending the completion of certain arrangements which had to be made in this country for its installation. The Tribunal having come to the conclusion that the property in the plant had not passed from the vendors to the purchasers, held that the contract must be considered as having been dissolved on the 4th August, 1914, as not being included in the exceptions to the general rule laid down in Article 299; the consequences of such a dissolution were not expressly regulated by the Treaty, and the rights of the parties had to be decided according to the principles of equity. The creditors had paid over to the debtors 12,000 marks, and received nothing in return; on the other hand, the debtors had spent a considerable sum in manufacturing the machinery and had lost the use of this money. In all the circumstances the Tribunal considered it equitable that the creditors should receive £400 in respect of their claim, and they made an award accordingly.

A somewhat similar claim was considered in Gerhardt *v.* Wolf (No. 639), where machinery had been ordered and a deposit paid, and in this case the Tribunal, finding that the debtor had not substantiated his allegation that the machinery had been sold at a loss, held the creditor entitled to recover the whole amount of his deposit under Article 296.

(6.) *Claims for the Proceeds of the Sale of Rights of Subscription for New Shares.*

The case of Schuster, Son, & Co. *v.* The Deutsche Bank (*Recueil*, ii, p. 518) is of interest as showing the view taken by the Tribunal as to the meaning of Article 296 (2) of the Treaty. The debtors before and during the war held on behalf of the creditors certain shares in a German company on which dividends were paid by the company to the debtors, which dividends had been admitted by all the parties as constituting a debt within Article 296 (2). The holders of the shares became entitled in the years 1917 to 1918 to certain rights of subscription for new shares in

the company, and the debtors, in whose custody the shares were, sold certain of the rights in the years 1918 and 1919. The proceeds of sale were credited, together with the sums received as dividends, to the account of the creditors. The debtors contended that the moneys received from the sale of the rights did not arise out of a contract or transaction of which the execution had been suspended owing to the declaration of the war, and were not therefore within the meaning of Article 296 (2).

The Tribunal were, however, of opinion that by selling the subscription rights and collecting the price of the proceeds of sale the debtors fulfilled spontaneously an obligation implied in the contractual relations of the parties, and thereby assumed towards the creditor a pecuniary obligation arising out of the contract and giving rise to a claim under Article 296. This decision would appear to be upon the same lines as that of the Franco-German Mixed Arbitral Tribunal in the case of Maridort *v.* Behrens (p. 581, Vol. i, of the *Recueil des Décisions des Tribunaux Arbitraux Mixtes*), under which it was held that sums resulting from the sale by a former agent during the war of property which had been entrusted to his care by his French principal and in regard to which the agent had exercised a reasonable and proper discretion in the so-called contract of business management which must be inferred to have arisen consequently upon the cancellation by the war of their former agreement ought to be regarded as coming under Article 296 (2) and were to be credited through the Clearing Offices.

(7.) *Claims in respect of the Sale of Goods belonging to British Firms.*

A decision on somewhat similar principles was given in the case of the Russian Mining Corporation *v.* Maschinenban Anstalt Humboldt G.m.b.H. (No. 807) a case in which the debtors had manufactured a plant for the British creditors, the delivery of which had been postponed under pre-war arrangements made between the parties. The creditors had prior to the war paid the purchase-price, and during the war the debtor sold part of the plant for a sum of 28,250 marks without the creditors' consent. The creditors claimed £1,378, the sterling equivalent of 28,250 marks; but the German Clearing Office contested the debt as not coming within Article 296, upon the ground that the sale had been unauthorized, having been effected not on the basis of a pre-war contract, but in contravention of it. The Tribunal considered that the amount credited was a debt which arose out of transactions of which the execution was suspended on account of the declaration of war. Applying the usual standard of reasonable conduct, they considered that the debtors regarded themselves as entitled to sell under the provisions of the former contract, which must be considered as having been dissolved, and that they acted in the discharge of the obligation which they had assumed before the war. The objection of the German Clearing Office was accordingly overruled.

(8.) *Claims arising under Wills.*

In two cases where a creditor made a claim under Article 296 (2) and relied upon a title derived through a will the Tribunal refused to make an award on the ground that a will constitutes a one-sided act and not a transaction within the meaning of the article. In the first of the two cases—Benvenisti *v.* Fürstenberg (No. 515), (*Recueil*, ii, p. 190)—the claim arose upon the cesser of a life interest during the war, upon a falling-in of which the British creditor became entitled to a further life interest in remainder. The Tribunal held that the will was a one-sided act, that the acceptance of office and the acceptance of the estate by the executors and heirs were respectively one-sided acts, and that consequently no transaction had arisen between the creditor and the debtor in respect of which a claim could lie under Article 296 (2).

In the second case—Boland Moore *v.* May and Eltsbacher (No. 853), (*Recueil*, ii, p. 886)—the British creditor had for many years prior to the war been in receipt of an annuity under the will of a German national, the executors having been in the habit of collecting the proper amount from the heirs, in whom the estate was vested, and remitting them to the creditor. The claim was for the sums which had fallen due under the will during the war. The Tribunal, following their decision in the first of the two above-mentioned cases, decided that under German law a will was a one-sided act and not a transaction. The claim, therefore, whether made against the executors or the heirs, was, in the view of the Tribunal, not one to be settled through the intervention of the Clearing Offices under Article 296.

(9.) *Payment of Treaty Interest.*

A reference may be made to the case of Jacob Walter & Co. *v.* Norddeutscher Bank, Hamburg (No. 638), (*Recueil*, iii, p. 34), as confirming the view previously adopted by the British Clearing Office, that Treaty interest is payable notwithstanding an express condition made before the war that the account between the creditors and the debtors should carry no interest. In the view of the Tribunal the words in para. 22 of the Annex to Article 296, providing that in cases where the creditor is entitled by contract, law, or custom to payment of interest at a different rate to the rate of 5 per cent. fixed by the Treaty, cannot be extended to cases where interest was not stipulated for or excluded. It cannot be said that the complete exclusion of interest means fixing a rate of 0 per cent.

Further, in the Central Mining and Investment Corporation *v.* Darmstadter & Nationalbank the Tribunal made an award for interest at the Treaty rate as from the 4th August, 1914, the date on which, under the conditions of the contract between the parties, a loan became repayable, and refused to reduce that rate either to 4½ per cent. (the rate which had been fixed between the parties up to that period) or to 1½ per cent. (the rate which the debtor bank stated that they were giving to other customers who had accounts with them on daily call).

(10.) Meaning of the Terms "Formal Indication of Insolvency."—"Before the war."

In the case of Johnson Bros. (Hanley, Ltd. *v.* N. Joachimson (*Recueil*, iii, p. 223) the Tribunal again considered the meaning of the term "formal indication of insolvency." The German debtors had on the 1st August, 1914, placed their affairs in the hands of a liquidator. On the 3rd August, 1914, there was issued from the Hamburg office of the firm a circular letter, addressed to all creditors, stating that the firm had been compelled to suspend payment and calling a meeting of creditors for the 10th August. The Tribunal considered that such a circular, addressed to all creditors, was a formal act indicating insolvency, and came within the expression used in the Treaty. They further refused to accept a contention raised on behalf of the creditors that in the application of Article 296 (*b*) the words "before the war" meant before the 1st August, 1914—*i.e.*, when war first broke out with some of the High Contracting Parties. In the Tribunal's opinion the material date as between Great Britain and Germany was the date when the war commenced between these Powers. They accordingly held that the guarantee of Germany under Article 296 and the Annex to Section III, Part X, of the Treaty did not extend to the debt claim, although due at the outbreak of war by the debtors to the creditors.

(11.) Meaning of the Term "Cash Assets."

Turning to the cases brought under Article 297 of the Treaty, there have been a considerable number of decisions which throw light upon the view taken by the Tribunal as to the meaning of the expression "cash assets," which under (*h*) of that article are to be credited through the Clearing Offices. In substance, the Tribunal has expressed the view that notwithstanding the somewhat general definition of "cash assets" in para. 11 of the Annex to Section IV, Part X, of the Treaty the cash assets to be credited, and which accordingly enjoy the privilege of valorization, are only those which have come into the hands of some official of the German Government by virtue of an exceptional war measure. Such officials will include compulsory Administrators. Further, they do not comprise securities or investments which have been seized by the Treuhander or an Administrator without having been converted into cash. If in consequence of such seizure a British national is able to satisfy the Tribunal that he has been prevented from realizing them as he

otherwise would have done, and has thereby suffered damage, he will be entitled to compensation under Article 297 (*e*). Further, if a British national can show that sums of money to which he became entitled in Germany during the war, even though such sums remained in the hands of private individuals and were not taken control of by any official of the German Government, were withheld from him in consequence of the Imperial Decrees published in Germany, and prohibiting the export of money to countries with which Germany was at war, he will on that ground be entitled to compensation, and that compensation will in general be based upon the difference between the exchange value of the mark at the date when, in the ordinary course, the sums ought to have been remitted to him and its exchange value at the date when, consequent upon the repeal of the prohibition against export, he might with ordinary diligence have obtained payment.

Sums, however, got in by the Treuhander after the 11th November, 1918, are not to be considered as "cash assets" in view of the fact that under section 1 (second sentence) of the Annex to Section IV the measures there above-mentioned taken by the German authorities since that date are to be void, but a debtor who has so paid his debt to the Treuhander is not discharged, and a claim against him will lie under Article 296. Moreover, if upon such a claim being put forward under Article 296, it is refused by the Clearing Offices on the ground that it is out of time, the claimant will be entitled to claim compensation for the losses occasioned to him through the exceptional war measure, even though void: See Jacobi *v.* German Government (No. 431) and Walenn *v.* German Government (No. 509).

(12.) Claims in respect of the Compulsory Investment of British Funds in German Securities.

The consequence of the investment in German securities of funds in Germany belonging to British nationals was considered in two cases, Drake & Co. *v.* German Government (No. 77) (*Recueil*, ii, p. 707), and Dressel *v.* German Government (No. 54), (*Recueil*, ii, p. 690). In the first of these cases the investment had been made by a former servant of the British firm subsequent to the appointment of a supervisor of the firm under exceptional war legislation. The former servant had, however, been appointed as "representative" of the firm, and acted under the general directions of the supervisor.

On behalf of the respondents it was contended that the former servant had authority to make investments on behalf of the firm, and that the transaction was a purely voluntary one. The Tribunal, however, after hearing the evidence, were of opinion that the appointment of the representative was an exceptional war measure, and that the investments were consequences arising therefrom. They accordingly awarded compensation based upon the difference between the exchange value of the marks at two different periods. Subsequently, however, to the judgment, additional facts were called to the attention of the Tribunal, from which it appeared that the assets of the firm, which had been subsequently liquidated, had been diminished by the sum so invested, and that under para. 12 of the Annex to Section IV, Part X, these assets were to be accounted for irrespective of any such investment. Without any further order of the Tribunal the German Clearing Office eventually consented to account for the liquidated assets on the basis that the investments must be considered as having been annulled.

In the second of the above cases a sum had fallen due to a British national during the war from the estate of a deceased German national, and in the absence of the heir a Curator had been appointed, in accordance with the ordinary German civil law, to represent and safeguard his interests.

In reply to the claim of the British national that the investment should be annulled under para. 14 of the Annex to Section IV, it was argued by the respondents that the investment had not been made by an order of the Court or through the interference of the German Government, but had been properly made by an Administrator in the best interest of the claimant, and that nothing had been done by the German Government under Article 297 (*e*) with regard to the investment. The Tribunal were of opinion that there was no evidence that the investment was made by order of the Court or through the intervention of the German Court, and that no exceptional war measures or measures of transfer had been taken by the German Government with regard to the sums of money in question. They therefore dismissed the claim of the British national for compensation.

(13.) British Moneys paid to the Treuhander.

The question of the liability of the German Government for compensation in respect of money owing to British nationals and paid to the Treuhander during the war has come before the Tribunal upon more than one occasion, and the Tribunal has in principle decided that where the action of the German Government under exceptional war measures has deprived the claimant of a rate of interest or profit to which he would otherwise have been entitled he will be entitled to compensation on that footing. Thus in Claudius Ash, Son, & Co., Ltd. *v.* German Government (No. 260), (*Recueil*, ii, p. 198), the money seized by the Treuhander was a debt which would otherwise have been due to the claimant under the provisions of Article 296. The German Government contended that as no provision is made under Article 297 for the payment of interest on proceeds of liquidation, proceeding by analogy no compensation should be allowed for loss of use.

The Tribunal refused to uphold this contention, and considered that the damage to the claimants which followed directly on the taking-over of the debt by the German Government was that which they suffered through being deprived of the right of recovering the money due from the German debtor under Article 296. They accordingly decided that as the claimants would have been entitled to receive interest at the Treaty rate if the exceptional war measure had not taken place they must receive by way of compensation a sum representing that amount of interest. This decision was followed in two cases of Singleton Benda & Co. *v.* The German Government (Nos. 59 and 60).

In Naylor, Benzon, & Co. *v.* German Government (No. 82), (*Recueil*, ii, p. 200), the claim was in respect of dividends upon an investment in the German company which had been paid by that company to the Treuhander. The Tribunal, after pointing out that compensation for loss of use of money paid to the Treuhander was allowed only in cases in which the exceptional war measure had operated to deprive the claimant of the interest to which he would have been entitled and that Article 297 of the Treaty did not in terms allow interest, dismissed the claim for compensation on the ground that, pursuant to para. 22 of the Annex to Section III, which provides that interest shall not be payable on sums due by way of dividend, the claimants would, if the dividends had not been paid to the Treuhander, have been entitled to no more than that which they had already received.

PART III.—MISCELLANEOUS.

Settlement of Mortgages in Germany.

55. A Press cablegram from Berlin dated the 6th May, 1923, intimated that the High Court at Darmstadt had delivered an important decision that a mortgagee was not obliged to accept paper marks in payment of a mortgage loan made in gold marks. It was added that this decision struck at the basis of the whole German currency system, as State and all other debts had hitherto been regarded as payable in paper marks.

56. As several mortgages over properties in Germany were included among the assets of estates under administration by the Public Trustee inquiries were instituted to ascertain further particulars.

In response to a request for information the German representative to the British Clearing Office advised that the Court at Darmstadt had given a decision on a case placed before them directing payment of a mortgage in gold marks, but that, in view of the far-reaching nature of the decision, it was decided to enter an appeal in order that the case might be remitted to the Reichgericht, a Court which apparently corresponds to our Court of Appeal. No further details have yet been received.

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

57. During the war the archives of the German and the Austrian Consulates were handed to the Public Trustee for safe custody. The Swiss Consul, at whose disposal the German archives were placed, did not desire to take possession of them, and consequently they are still held pending the receipt of instructions from the German Government. On the 27th June, 1923, the German Ambassador and the Austrian Minister at London were requested to nominate some person to whom these archives could be transferred.

Claims in respect of Property in Turkey.

58. The following facts which are of general interest have been taken from a comprehensive statement which appeared in the *Board of Trade Journal* dated the 13th December, 1923.

Under Articles 65, 66, and 70 of the Treaty of Lausanne the property rights and interests in Turkey belonging to Allied nationals are to be restored to them, subject to the provision that if they have been liquidated before the 24th July, 1923, the proceeds of the liquidation can be paid to the owner in discharge of the obligation to restore. All disputes concerning the restoration of Allied property are to be submitted to a Mixed Arbitral Tribunal to be established when the Treaty of Peace comes into force. Claims must be lodged with the competent Turkish authorities within six months, or, if necessary, with the Mixed Arbitral Tribunal within twelve months, of the date of the coming into force of the Treaty. Claims in respect of Allied property belonging to absentees or refugees dealt with under the Turkish law relating to abandoned property should be lodged by the Allied owners with the District Liquidation Commission within six months of the establishment of the Commission for the district in which the property is situated.

59. Except for certain Ottoman Bonds, which are dealt with under separate provisions of the Treaty with Turkey (see next para.), no claims in respect of British property rights and interests in Turkey have been registered with this Office.

60. *Ottoman Bonds.*—In a letter dated the 30th November last, received from the Colonial Office in regard to certain Ottoman bonds held in New Zealand, it is pointed out that under Articles 46 to 55 of the Treaty of Lausanne no action is required at present on the part of the holders of the pre-war Ottoman public debt. The method of carrying out the distribution of the nominal capital of the debt is to be determined by a Commission under Article 49 of the Treaty, which is to meet within four months after the date upon which the Treaty shall come into force. The Lords Commissioners of the Treasury suggest that the holders of the bonds in question should make inquiries of the financial house by which the bonds were issued unless this step has already been taken, as in certain cases a payment on account of the arrears due in respect of the service of the Ottoman loans has been made since the Armistice.

Claims against Russia.

61. At the suggestion of the British authorities arrangements were made in 1918 for the registration of claims by British subjects resident in New Zealand against the Russian Government, or against any person, firm, or company in the former Russian Empire, or in respect of property situated in Russian territory. Only four claims by New Zealand nationals, totalling £4,615 9s. 4d., have been registered with this Office.

62. It is understood that the question of the settlement of British claims against the Russian Government and Russian nationals has been discussed on several occasions by representatives of the British Government and of the Russian Soviet Government, but so far no agreement has been reached.

The following extract from the third report of the Controller of the Central Clearing Office, London, sets forth the present position :—

The Russian Claims Department was founded in September, 1918, for the purpose of collecting and classifying the claims of British subjects against Russia or individual Russian nationals. Claims had formerly been notified to the Foreign Claims Department of the Foreign Office, and these were transferred to the new Department for classification and registration. From the outset the Department was careful to impress upon claimants that its activities must not be taken to imply any immediate prospect of a settlement of the claims notified to it or any guarantee that the claims would be met. The sole object which it had in view was to collect and classify the necessary information to enable it to notify to the Soviet Government the individual claims of creditors immediately that Government consented to meet its obligations.

Up to the present thirty-five thousand persons have registered claims with the Department, and these are being added to from time to time.

The claims as valued by the claimants are, in round figures, as follows :—

	Registered in Pounds.	Registered in Roubles.
Holdings (at nominal value) of bonds issued or guaranteed by the Russian State, municipalities, or other public bodies	56,000,000	232,000,000
Claims in respect of debts, requisitions, damage to property, injury to person, &c.	23,000,000	625,000,000
Value of properties in Russia of which restitution has been demanded ..	180,000,000	

It cannot be stated what proportion of the amounts expressed in roubles is calculated on the basis of the ratio of the pre-war rouble to the British sovereign.

The Department can accept no responsibility for the accuracy of these figures, which, as stated above, are compiled from estimates supplied by the claimants themselves and which the Department has no means of verifying.

German Property in Samoa.

63. As mentioned in my previous report, considerable difficulty is being experienced in fixing the basis of valuation in respect of German plantations in Samoa which have been retained by the New Zealand Government in exercise of the power contained in Articles 121 and 297 (*b*) of the Treaty of Versailles. Under the provisions of the Treaty it is necessary for the proceeds or the value of these properties which until recently have been worked as Crown estates to be credited to the German Liquidation Account in order that the German Government may compensate its nationals in respect of the liquidation and retention of their property as required by para. (*i*) of Article 297 of the Treaty.

64. In December last the New Zealand Government decided to lease these properties to private planters, instead of utilizing them for the purpose of State enterprise. Satisfactory arrangements have already been completed regarding the cacao-plantations, and it is expected that, in view of the applications received, no difficulty will be experienced in carrying out the decision of the Government in respect of the large copra-plantations.

65. It may be mentioned that the Government has generously directed that the net income derived from these estates should be made available for supplementing the revenue of the Samoan Administration.

66. Until the annual leasehold value of the bulk of these estates has been ascertained the question of determining the basis of valuation for the purpose of the credit to the German Liquidation Account is being held in abeyance.

67. It has now been definitely established that the provisions of Article 296 of the Treaty of Versailles do not apply to the former German colonies which have been mandated to an Allied or Associated Power. Several claims under Article 296 of the Treaty against British nationals resident in Western Samoa were received from the German Clearing Office and duly collected and credited to that Office. On receipt of advice that Article 296 did not apply to Western Samoa steps were taken to withdraw these credits from the German Clearing Office Account. On receipt of the recredit schedules the moneys paid to this Office in respect of these claims were refunded to the Samoan Administration for disposal in accordance with the provisions of the Ex-enemy Absentee Property (Samoa) Order, 1923.

Comparative Statistics of the Allied Clearing Offices.

68. It is considered that the comparative tables showing the operations of the Belgian, French, Italian, Siamese, Greek, and British Clearing Offices as at the 31st March, 1923, which have been compiled by the Controller of the Central Clearing Office and published in his third report will be perused with great interest, and they have therefore been reprinted in the Appendix to this report. The Controller of the Central Clearing Office refers to these tables in the following terms: "I have again appended to my report comparative tables of the operations of the Belgian, French (Paris and Strasbourg Offices), Italian, Siamese, and British Clearing Offices. For the information to enable me to compile these tables I am indebted to my Allied colleagues. They may be of interest as an indication of the progress made in clearing the indebtedness between the Allies and Germany. These tables cover the period to the 31st March, 1923."

Conclusion.

69. The accounts published in the Appendix will, it is hoped, prove of general interest.

The foregoing report, which deals with the more important problems arising in connection with the special work entrusted to the Public Trustee under the War Regulations and the Treaty of Peace Order, 1920, affords evidence of the difficulties which result from the novelty of the duties to be performed and the complexity of many of the transactions which have to be investigated.

I have, &c.,
J. W. Macdonald,
Public Trustee, as Custodian of Enemy Property, and
Controller of the New Zealand Clearing Office.

Wellington, 14th August, 1924.

APPENDIX.

(1.) British Empire Account with the German Clearing Office.

Monthly Account under Paragraph 11 of the Annex to Article 296 of the Treaty of Versailles from the Month of March, 1923, to the Month of March, 1924.

(The accounts from June, 1920, to March, 1923, were printed on page 20 of the Third Report on Enemy Property in New Zealand, H.-25, 1923.)

Month.	Monthly Balances under Paragraph 11 of the Annex to Article 296.		Interest under Agreement for Fixed Monthly Payments.		Cash Payments by German Clearing Office.	Net Balances each Month to the Credit of	
	Payable by German Clearing Office.	In favour of German Clearing Office.	In favour of British Clearing Office.	In favour of German Clearing Office.		British Clearing Office.	German Clearing Office.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Totals ..	26,099,956 1 7	539,157 18 1	19,624 18 3	45,764 11 4	23,634,845 2 9	1,899,813 7 8	..
1923.							
April	..	87,115 10 9	7,749 9 3	..	..	1,820,447 6 2	..
May	15,749 11 8	..	7,593 3 3	..	..	1,843,790 1 1	..
June	131,995 18 10	..	7,456 3 7	..	..	1,983,242 3 6	..
July	344,004 12 6	..	8,265 6 9	..	..	2,335,512 2 9	..
August	34,975 7 8	..	9,726 3 10	..	..	2,380,213 14 3	..
September	170,286 19 5	..	9,556 1 7	..	..	2,560,056 15 3	..
October	188,489 0 3	..	10,597 17 3	..	..	2,759,143 12 9	..
November	552,645 14 6	..	11,030 9 11	..	..	3,322,819 17 2	..
December	497,441 7 5	..	13,745 3 6	..	..	3,834,006 8 1	..
1924.							
January	84,127 18 2	..	15,857 12 4	..	..	3,933,991 18 7	..
February	91,734 7 2	..	15,168 12 5	..	15,705 14 5	4,025,189 3 9	..
March	192,004 4 9	..	16,604 8 9	..	15,040 3 3	4,218,757 14 0	..
Totals ..	28,403,411 3 11	626,273 8 10	152,975 10 8	45,764 11 4	23,665,591 0 5	4,218,757 14 0	..

(2.) The New Zealand Clearing Office Account with the Central Clearing Office.

Monthly Balances under Article 296 of the Treaty of Versailles.

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 to Credit of: New Zealand Clearing Office.	Net Balances each Month to Credit of: Central Clearing Office.
(1.)	(2.)	(3.)	(4.)	(5.)	(6.)	(7.)	(8.)	(9.)	(10.)	11.	(12.)	(13.)	(14.)	(15.)	(16.)
1920.	£ 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.
October ..	134 4 0	..	*Dr.*	134 4 0	2 13 8	..	..	131 10 4	..	..	..	..	..	..	131 10 4
November ..	3,378 17 7	..	„	3,378 17 7	84 9 5	..	..	3,294 8 2	..	..	..	..	..	..	3,425 18 6
December ..	220 19 11	..	„	220 19 11	5 10 6	..	..	215 9 5	..	..	..	131 10 4	..	..	3,509 17 7
1921.															
January ..	1,402 11 1	..	„	1,402 11 1	42 1 6	..	..	1,360 9 7	..	..	..	..	..	..	4,870 7 2
February ..	299 18 4	..	„	299 18 4	8 19 11	..	..	290 18 5	..	..	..	3,509 17 7	..	..	1,651 8 0
March ..	319 9 6	..	„	319 9 6	9 11 8	..	..	309 17 10	..	..	..	..	..	..	1,961 5 10
Totals ..	5,756 0 5	..	..	..	153 6 8	..	..	5,602 13 9	..	..	..	3,641 7 11	..	..	1,961 5 10
April	..	2,306 16 5	*Cr.*	2,306 16 5	..	23 1 4	22 16 10	..	2,260 18 3	..	..	..	..	299 12 5	..
May	92 6 4	1,320 17 4	„	1,228 11 0	..	6 2 10	13 2 10	..	1,209 5 4	..	..	..	..	1,508 17 9	..
June	2,182 2 9	636 11 5	*Dr.*	1,545 11 4	46 7 4	..	6 3 6	1,505 7 6	..	..	..	..	..	3 10 3	..
July	..	1,949 15 9	*Cr.*	1,949 15 9	..	9 15 0	19 8 0	..	1,920 12 9	..	..	..	..	1,924 3 0	..
August ..	2,951 4 10	43 6 9	*Dr.*	2,907 18 1	72 14 0	..	0 8 5	2,835 12 6	..	..	..	..	3 10 3	..	914 19 9
September ..	2,610 16 2	60 13 5	„	2,550 2 9	76 10 1	..	0 11 10	2,474 4 6	..	..	..	..	1,920 12 9	..	5,309 17 0
October ..	4,090 15 1	189 18 7	„	3,900 16 6	97 10 5	..	1 17 1	3,805 3 2	..	..	..	2,835 12 6	..	..	6,279 7 8
November ..	2,354 16 9	3,177 4 2	*Cr.*	822 7 5	..	4 2 3	31 12 3	..	786 12 11	..	..	6,375 1 0	..	882 6 3	..
December ..	1,155 3 0	424 16 7	*Dr.*	730 6 5	18 5 2	..	4 2 11	716 4 2	..	..	..	..	851 10 3	..	685 8 2
1922.															
January ..	6,516 15 3	992 9 11	„	5,524 5 4	138 2 2	..	9 13 6	5,395 16 8	..	..	..	..	..	..	6,081 4 10
February ..	1,506 2 7	3,970 19 6	*Cr.*	2,464 16 11	..	6 3 3	39 12 2	..	2,419 1 6	..	..	6,209 13 6	..	2,547 10 2	..
March ..	..	..	..	..	..	..	..	..	..	..	..	..	2,513 0 9	34 9 5	..
Totals ..	29,216 3 2	15,073 9 10	..	..	602 15 10	49 4 8	149 9 4	22,335 2 3	8,596 10 9	..	..	19,061 14 11	5,288 14 0	34 9 5	..
April	596 8 5	..	*Dr.*	596 8 5	8 18 11	..	..	587 9 6	..	..	..	..	..	..	553 0 1
May	654 0 3	371 0 1	„	283 0 2	4 4 11	..	3 13 1	282 8 4	..	..	..	561 19 0	..	..	273 9 5
June	1,225 3 8	64 0 10*	„	1,161 2 10	14 9 5	..	0 12 8	1,147 6 1	..	..	..	274 1 3	..	..	1,146 14 3
July	75 12 8	106 8 9	*Cr.*	30 16 1	0 3 10	..	1 1 5	..	29 18 6	..	..	1,160 9 3	..	43 13 6	..
August ..	429 6 10	905 8 4	„	476 1 6	4 3 4	..	9 2 8	..	471 2 2	..	..	..	..	514 15 8	..
September ..	375 9 3	68 8 6	*Dr.*	307 0 9	1 10 8	..	0 13 7	306 3 8	..	..	..	..	437 15 9	..	229 3 9
Totals ..	32,572 4 3	16,588 16 4	..	..	636 6 11	49 4 8	164 12 9	24,658 9 10	9,097 11 5	.	..	21,058 4 5	5,726 9 9	..	229 3 9
October ..	..	..	..	..	..	..	..	..	..	..	..	230 0 10	..	0 17 1	..
November ..	..	..	..	..	..	..	..	..	..	1,576 19 11	1,646 1 8	..	1,198 3 1	..	1,266 7 9
1923.															
January ..	..	..	..	..	..	..	..	..	..	..	13 7 7	1,279 15 4	..	..	..
Totals	32,572 4 3	16,588 16 4	..	..	636 6 11	49 4 8	164 12 9	24,658 9 10	9,097 11 5	1,576 19 11	1,659 9 3	22,568 0 7	6,924 12 10	..	..

* Less recredits.

(2.) The New Zealand Clearing Office Account with the Central Clearing Office—*continued.*

Monthly Balances under Article 296 of the Treaty of Versailles—continued.

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 to Credit of: New Zealand Clearing Office.	Net Balances each Month to Credit of: Central Clearing Office.
(1.)	(2.)	(3.)	(4.)	(5.)	(6.)	(7.)	(8.)	(9.)	(10.)	(11.)	(12.)	(13.)	(14.)	(15.)	(16.)
	£ 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.
Carried forward	32,572 4 3	16,588 16 4	..	..	636 6 11	49 4 8	164 12 9	24,658 9 10	9,097 11 5	1,576 19 11	1,659 9 3	22,568 0 7	6,924 12 10	..	..
1922.															
October ..	441 17 7	1,721 12 11	*Cr.*	1,279 15 4	15 19 11	..	17 8 8	..	1,278 6 7	5 5 2	..	..	..	1,283 11 9	..
November ..	164 4 2	727 3 8	,,	562 19 6	7 0 9	..	7 7 3	..	562 13 0	..	..	..	..	1,846 4 9	..
December ..	33 4 2	386 6 5	,,	353 2 3	4 8 3	..	3 18 3	..	353 12 3	7 16 5	..	..	..	2,207 13 5	..
1923.															
January ..	253 0 1	162 15 6	*Dr.*	90 4 7	0 4 6	..	1 12 6	91 12 7	..	9 6 4	..	..	..	2,125 7 2	..
February ..	1,106 16 6	17 1 7	,,	1,089 14 11	5 9 0	..	0 3 5	1,084 9 4	..	8 1 5	..	..	..	1,048 19 3	..
March ..	409 0 5*	..	,,	409 0 5	1 5 3	..	..	407 15 2	..	4 6 1	..	..	..	645 10 2	..
Totals ..	34,980 7 2	19,603 16 5	..	..	670 14 7	49 4 8	195 2 10	26,242 6 11	11,292 3 3	1,611 15 4	1,659 9 3	22,568 0 7	6,924 12 10	645 10 2	..
April	378 3 10*	941 17 0	*Cr.*	563 13 2	6 18 0	..	..	..	570 11 2	2 10 1	..	..	..	1,218 11 5	..
May	99 17 10	1,448 4 7	,,	1,348 6 9	16 17 1	..	..	..	1,365 3 10	5 15 9	..	30 10 1	..	2,620 1 1	..
June	791 10 5	21 1 3	*Dr.*	770 9 2	1 18 6	..	..	768 10 8	..	10 10 5	..	..	..	1,862 0 10	..
July	160 12 9	581 14 0	*Cr.*	421 1 3	5 5 3	..	..	..	426 6 6	7 13 5	..	..	..	2,296 0 9	..
August ..	294 5 10	15 0 10	*Dr.*	279 5 0	0 14 0	..	..	278 11 0	..	9 9 4	..	..	..	2,026 19 1	..
September ..	330 9 8*	1,107 10 9	*Cr.*	777 1 1	8 13 0	..	..	..	785 14 1	8 0 9	..	..	..	2,820 13 11	..
October ..	169 3 9	405 11 3	,,	236 7 6	2 19 1	..	..	..	239 6 7	11 12 1	..	..	..	3,071 12 7	..
November ..	103 4 1	82 2 7	*Dr.*	21 1 6	0 1 1	..	..	21 0 5	..	12 4 10	..	..	..	3,062 17 0	..
December ..	118 12 4	..	,,	118 12 4	0 5 11	..	..	118 6 5	..	12 11 6	..	..	..	2,957 2 1	..
1924.															
January ..	..	169 13 5*	*Cr.*	169 13 5	2 2 5	..	..	..	171 15 10	12 1 4	..	..	..	3,140 19 3	..
February ..	59 3 10	41 4 9	*Dr.*	17 19 1	0 0 11	..	..	17 18 2	..	11 19 3	..	..	..	3,135 0 4	..
March ..	211 7 6	461 5 2	*Cr.*	249 17 8	..	..	..	..	249 17 8	12 14 5	..	..	..	3,397 12 5	..
Totals ..	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	..

*Less recredits.

(3.) 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, 1923.

Allied Country.	Claims notified to the German Clearing Office to 31st March, 1923.		Of the Claims notified.						Note.—The amounts in these two columns include Treaty interest to date of admission.	
			Admitted by the German Clearing Office.				Contested by the German Clearing Office and withdrawn by the Creditors, or disallowed by the Mixed Arbitral Tribunal.	Still under Consideration by the German Clearing Office, 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.	Cash received from the German Clearing Office.	Cash paid to Allied Creditors.
Belgium	20,991	Francs 419,271,914	10,381	Francs 92,246,771	Francs 7,321,769	Francs 99,568,540	Francs 12,605,641	Francs 314,419,502	Francs 133,928,892	Francs 88,794,408
Great Britain ..	92,108	£64,310,774	63,734	£35,373,436	£7,238,459	£42,611,895	£11,167,325	£17,770,013	£23,650,617	£42,611,895*
France—										
Paris Office ..	115,401	Francs 1,168,478,649	54,860	Francs 530,482,476	Francs 68,520,860	Francs 599,003,336	Francs 153,910,208	Francs 484,085,965	Francs 374,287,653	Francs 352,494,930
Strasburg Office	142,942	Francs 2,869,857,146	21,087	Francs 358,178,646	Francs 27,976,790	Francs 386,155,436	Francs 145,702,194	Francs 2,365,976,306	Francs 250,311,226	Francs 210,750,106
Greece					(No information has yet been received.)					
Italy	6,421	Lire 63,970,451	1,765	Lire 8,863,187	Lire 2,658,956	Lire 11,522,143	Lire 34,271,323	Lire 20,835,941	Nil	Lire 8,397,260
Siam	22	Ticals 1,118,918	6	Ticals 264,674	Ticals 5,348	Ticals 270,022	Ticals 23,314	Ticals 830,930	Ticals 188,162	Ticals 202,517

* The £42,611,895 includes credits in favour of the dominions and colonies which have been passed to them for settlement.

(4.) 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, 1923.		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	64,697	Francs 148,059,815	14,561	Francs 13,123,507	Francs 1,401,551	Francs 14,525,058	Francs 8,633,894	Francs 126,302,414
Great Britain ..	259,097	£59,061,188	125,818	£13,439,752	£3,851,413	£17,291,165	£9,097,129	£36,524,307
France—								
Paris Office ..	170,104	Francs 659,143,128	103,171	Francs 192,260,446	Francs 42,418,007	Francs 234,678,453	Francs 38,596,137	Francs 428,286,545
Strasburg Office ..	143,363	Francs 379,726,483	17,994	Francs 23,893,000	Francs 1,607,893	Francs 25,500,893	Francs 15,817,876	Francs 340,015,607
Greece			(No information has yet been received.)					
Italy	109,465	Lire 192,574,602	6,015	Lire 12,171,022	Lire 3,651,306	Lire 15,822,328	Nil	Lire 180,403,580
Siam	441	Ticals 2,714,612	181	Ticals 155,153	Ticals 18,559	Ticals 173,712	Ticals 111,509	Ticals 2,447,950

(5.) 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, 1923.

Allied Country.	Allied Claims.							German Property in Allied Territory.	
	Notified to Germany under Article 297 (*h*) and (*e*).	In respect of Claims notified, Credits have been given for—				Payments to Allied Claimants.			
		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 15,493,906	Nil	Francs 684,606	Francs 16,178,512	Francs 13,628,386	Nil	Nil	Nil
Great Britain ..	£62,160,175	£18,803,172	£112,402	£3,138,634	£22,054,208	£18,680,447	£421,571	£40,217,080*	£24,355,441
France—									
Paris Office ..	Francs 316,019,662	Francs 91,544,166	Francs 83,185,000	Francs 19,669,518	Francs 194,398,684	Francs 68,133,361	Francs 19,669,518	Francs 681,199,133	—
Strasburg Office		Nil	Nil	Francs 17,306,477	Francs 17,306,477	Nil	Francs 17,289,048	Francs 243,963,149	Francs 243,963,149
Greece	(No information has yet been received.)								
Italy	(Italy had not begun to deal with Article 297 matters on 31st March, 1923.)								
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 £40,217,080 is exclusive of realizations in the dominions, which render no account of their receipts and disbursements to this office.

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