RG-117
vol. 3
file 9

Department of External Affairs,

Ottawa.

AH.

No. 98

Ottawa, 24th June, 1931.

Sir,

In reply to your note No. 249 of the 17th instant inquiring on behalf of your Government as to Canada's present attitude toward the disposition of enemy property seized during and since the War, I have the honour to inform you that in so far as Germany is concerned there has been no change in the attitude of the Government as expressed in the letter of the 29th June, 1925, addressed to Mr. Consul General Foster, referred to in your note, except for its adherence to the Report of the Committee of Experts on Reparations dated at Paris the 7th June, 1929, commonly known as the Young Plan, as signified in the Protocol signed at The Hague the 31st August, 1929, (copy enclosed), and the making of an Agreement at The Hague dated the 14th January, 1930, with the German Reich, (copy also enclosed), under which Canada agreed to cease liquidating German property and to return unliquidated property and also to hand over any cash received since the 7th June, 1929.

It might be added that this Agreement has been carried out so far as it was possible to do so, though some details remain yet to be dealt with. In regard to the surplus of liquidated property no conclusion has as yet been reached.

The Honourable Hanford MacNider,
United States Minister to Canada,
Legation of the United States
of America,
OTTAWA.

With respect to Austria an Agreement was entered into with the Government of that country on the 18th November, 1926, copy of which I enclose, for the return of sequestrated property of Austrian nationals. This Agreement has been carried out, and all sequestrated property in the hands of the Canadian Custodian has been handed over to the Austrian Government after all Canadian claims against Austria had been satisfied.

A further Agreement, copy of which I enclose, was also concluded with Bulgaria, under which all sequestrated property of Bulgarian nationals has been returned after satisfaction of Canadian claims against Bulgarian nationals.

It might be added that negotiations for a similar Agreement with Hungary were carried on, but no conclusion has been arrived at as there were very large claims against that country on account of the sequestration of Canadian property in Hungary.

Accept, Sir, the renewed assurances of my highest consideration.

O.D.Skelton.

For the Secretary of State
for External Affairs.

(COPY)

DEPARTMENT OF THE SECRETARY OF STATE OF CANADA

Ottawa, 24th June, 1931.

Dear Sir,

I have received your letter of yesterday, referring to my letter of the 22nd, upon the subject of the attitude of the Canadian Government with respect to the treatment of enemy property. You are quite right in saying that my letter did not meet the situation, as I had Germany only mind when I wrote it.

Since the date of Mr. Foster's letter therein referred to, the 29th of June, 1925, the Canadian Government has entered into an Agreement with Austria for the return of sequestrated property of Austrian nationals. This has been carried out, and all sequestrated property in the hands of the Custodian has been handed over to the Austrian Government after all the Canadian claims against Austria had been satisfied. I am sending you a copy of the Agreement herewith.

A further Agreement was entered into with Bulgaria, and under it all sequestrated property of Bulgarian nationals has been returned after satisfaction of Canadian claims against Bulgarian nationals. A copy of this Agreement is also enclosed.

With respect to Hungary, a similar Agreement was negotiated, but it has not yet been entered into. The difficulty in the case of Hungary is that there were very large claims against that country on account of the sequestration of Canadian property in Hungary.

Yours truly,

SGD. THOMAS MULVEY

Under-Secretary of State

The Under-Secretary of State for
External Affairs,
OTTAWA.

(COPY)

DEPARTMENT OF EXTERNAL AFFAIRS
CANADA

Ottawa, 23rd June, 1931.

Dear Sir:

With reference to your letter of the 22nd June on the subject of the attitude of the Canadian Government in regard to the United States Minister's inquiry with respect to the treatment of sequestrated enemy property, I observe that you have confined your remarks to German sequestrated property. Mr. MacNider's inquiry, however, applies to enemy property generally, and I should, therefore, be obliged if you could enable me to furnish particulars regarding the question as it relates to the other enemy countries.

Yours very truly,

SGD. W. H. WALKER

Assistant Under-Secretary of State

for External Affairs.

The Under-Secretary of State of Canada,

OTTAWA.

(COPY)

DEPARTMENT OF THE SECRETARY OF STATE OF CANADA

Ottawa, 22nd June, 1931.

Sir,

I have the honour to acknowledge the receipt of your letter of the 20th instant, in which you refer to a letter of this Department to Mr. John G. Foster, then United States Consul-General at Ottawa, dated 29th June, 1925, upon the subject of the decision of the Canadian Government with respect to the treatment of sequestrated German property.

Since that time there has been no change in the attitude of the Government, except for its adherence to the Young Report, and the making of an Agreement dated the 14th January, 1930, with the German Government, under which Canada agreed to cease liquidating German property, and to return unliquidated property, and also to hand over any cash received since the 7th of June, 1929. This Agreement has been carried out so far as it was possible to do so. Some details remain yet to be dealt with. With respect to the surplus of liquidated property, the Government has as yet reached no conclusion.

I have the honour to be,

Sir,

Your obedient servant,

SGD. THOMAS MULVEY

Under-Secretary of State

The Under-Secretary of State for External Affairs,

OTTAWA.

(COPY)

DEPARTMENT OF EXTERNAL AFFAIRS
CANADA

Ottawa, 20th June, 1931.

Sir,

I have the honour to inform you that a communication has been received from the United States Legation in which reference is made to a letter addressed by you dated the 29th June, 1925, to Mr. John G. Foster, then United States Consul General at Ottawa, containing information that the Canadian Government had not then made final disposition of former enemy property sequestrated during and since the War, and inquiry is made on behalf of the United States Government as to the present attitude of Canada toward the disposition of enemy property seized during and since the War. A request is further made for copies of any available laws, decrees or orders pertaining to this matter.

I should be obliged if you would enable me to return a suitable reply to this communication.

I have the honour to be,

Sir,

Your obedient servant,

SGD. O.D. SKELTON

Under-Secretary of State

for External Affairs.

The Under-Secretary of State
of Canada,

OTTAWA.

LEGATION OF THE UNITED STATES
OF AMERICA

Ottawa, Canada.

June 17, 1931.

No. 249.

Sir:

I have the honor to refer to the letter from Mr. Mulvey dated June 29, 1925, addressed to Mr. John G. Foster, then United States Consul General at Ottawa, containing the information that the Canadian Government had not yet made final disposition of former enemy property sequestrated during and since the War. Under instructions from my Government I now have the honor to inquire regarding the present attitude of Canada toward the disposition of enemy property seized during and since the War. I would also appreciate copies of any available laws, decrees or orders pertaining to this matter.

I avail myself of the occasion to renew to you, Sir, the renewed assurances of my highest consideration.

For the Minister:

B. REATH RIGGS

First Secretary of Legation.

TRUE COPY
OF SIGNED
ORIGINAL
M.S.

The Right Honorable
R. B. Bennett, LL.B., LL.D.,
Secretary of State for External Affairs,
Ottawa.

Germany file
C.O.

DEPARTMENT OF
EXTERNAL AFFAIRS
CANADA
E

RECEIVED
THE DEPARTMENT OF SECRETARY OF STATE CANADA
JAN 10 3411

Ottawa, 9th January, 1934.

Dear Sir:

With reference to our letter of December 27th regarding an inquiry from the United States Legation as to the policy of the Canadian Government in the treatment of sequestrated enemy property, I am informed by the Secretary of State that your Department does not appear to have on file the previous correspondence in this matter. I am, therefore, enclosing copies of all the correspondence which we have on the subject beginning with the inquiry from the United States Legation of June 17th and ending with their inquiry of December 27,1933, which was summarized in our letter of the same date.

Yours sincerely,

O.D. Skelton

Under-Secretary of State
for External Affairs.

The Under-Secretary of State of Canada,

OTTAWA.

/6

CANADA

DEPARTMENT OF THE SECRETARY OF STATE

OFFICE OF THE CUSTODIAN AND THE CLEARING OFFICE

Ottawa, January 5th, 1934.

MEMORANDUM FOR THE CUSTODIAN

On instructions from Mr. Mulvey, the attached letter from the Under Secretary of State for External Affairs is forwarded for your attention, please.

I have made a search in the office for the letter of June 23rd, 1931, referred to in the attached letter, but could not find any trace of it. Mr. Mulvey does not recall the matter at all.

A. F. Brathwaite
Accountant,
Custodian of Enemy Property.

DEPARTMENT OF
THE SECRETARY OF STATE

MEMORANDUM

A search has been made of the files in this office for the letter of the Under Secretary of State for External Affairs of June 23, 1931, but no trace of it could be found.

January 8, 1934.

Ottawa, 193

Germany file
C. B.

DEPARTMENT OF SECRETARY OF STATE
DEC 28 1933
CANADA

DEPARTMENT OF
EXTERNAL AFFAIRS
CANADA

Ottawa, December 27th, 1933.

Dear Sir,

With reference to our letter of June 23, 1931, to Mr. Mulvey on the subject of an inquiry of the United States Minister as to the attitude of the Canadian Government with respect to the treatment of sequestrated enemy property, we have now been asked by the United States Legation for any supplementary information regarding this matter. They have also requested copies of any reports of the Canadian custodian of alien property for the period since January, 1931, together with any available information regarding the present status of the work of the office dealing with alien property.

Yours sincerely,

O. D. Skelton

Under Secretary of State for
External Affairs.

The Under Secretary of State of
Canada,

O t t a w a.

LBP

JG

No. 10

Ottawa, February 1st, 1934.

Sir,

With reference to your despatch No. 153 of December 27th requesting information regarding Canada's attitude toward the disposition of enemy property seized during and since the world war, I have the honour to supply the following:-

Article 297 of the Treaty of Peace, signed at Versailles on June 28, 1919, provides that:

"The question of private property, rights and interests in an enemy country shall be settled according to the principles laid down in this Section and to the provisions of the Annex hereto.

(a) (Exceptional war measures to be discontinued.)

(b) Subject to any contrary stipulations which may be provided for in the present Treaty, the Allied and Associated Powers reserve the right to retain and liquidate all property, rights and interests belonging at the date of the coming into force of the present Treaty to German nationals, or companies controlled by them, within their territories, colonies, possessions and protectorates, including territories ceded to them by the present Treaty."

Article 297 (b), sub-paragraph (2), provides that:

"The proceeds of the property, rights and interests, and the cash assets, of German nationals received by an Allied or Associated Power shall be subject to disposal by such Power in accordance with its laws and regulations and may be applied in payment of the claims and debts defined by this Article or paragraph 4 of the Annex thereto. Any property, rights and interests, or proceeds thereof, or cash assets, not used as above provided, may be retained by the said Allied or Associated Power, and, if retained, the cash value thereof shall be dealt with as provided in Article 243."

And for the protection and compensation of German nationals, whose property, rights or interests were retained and liquidated by any of the Allied and Associated Powers, it was provided in Article 297 (i) that:

The Honourable Warren D. Robbins,
United States Minister to Canada,
American Legation,
O t t a w a.

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

Paragraph 4 of the Annex following Article 298 of said Treaty provides that certain claims of nationals of an Allied or Associated Power may be paid by it out of the proceeds of its liquidation of such property, rights and interests of German nationals, as follows:

"All property, rights and interests of German nationals within the territory of any Allied or Associated Power and the net proceeds of their sale, liquidation or other dealing therewith may be charged by that Allied or Associated Power in the first place with payment of amounts due in respect of claims by the nationals of that Allied or Associated Power with regard to their property, rights and interests, including companies and associations in which they are interested, in German territory, or debts owing to them by German nationals, and with payment of claims growing out of acts committed by the German Government or by any German authorities since July 31, 1914, and before that Allied or Associated Power entered into the War."

"They may be charged in the second place with payment of the amounts due in respect of claims by the nationals of such Allied or Associated Power with regard to their property, rights and interests in the territory of other enemy Powers, in so far as those claims are otherwise unsatisfied."

After all such claims have been settled, it is provided in Article 243(b) that any surplus shall be reckoned as a credit to Germany in respect of her obligation to make reparation for loss and damage which the Allied or Associated Government or its nationals have been subjected as a consequence of the war, as defined by Article 232 of the Treaty of Peace and in Annex 1 following Article 244 of the Treaty.

The claims of Canada under the provisions of Articles 231 and 232 and Annex I thereto are admittedly far in excess of the compensation received from Germany.

Subsequently a Committee of Experts, of which Owen D. Young, of New York City, was Chairman, published their report at Paris on June 7, 1929, of which paragraph 144 reads as follows:

"144. To assure the general confidence indispensable for the successful working of this Plan the Committee recommends that the Governments make no further use, from the date of the acceptance of this report, of their right to seize, retain and liquidate property, rights and interests of German nationals or companies controlled by them in so far as not already liquid or liquidated or finally disposed of, and that the outstanding questions

concerning such property should be definitively cleared up within one year after the coming into force of this Plan by arrangements between the Governments concerned and Germany. This recommendation naturally has no application in cases where special settlements have already been made."

After the publication of the Young Plan and before its acceptance by the Creditor Governments the Right Honourable Philip Snowden, then Chancellor of the Exchequer, made the following statement in the House of Commons on November 21st, 1929:

"I may explain that the German properties sequestrated during the war were transferred to the Creditor Governments as at the date of the entry into force of the Treaty, namely, 10th January, 1920. The German Government at the same time retained the proceeds of liquidation of property of Allied nationals in Germany and undertook to compensate its own nationals in respect of their properties liquidated abroad. The Treaty provided that the proceeds of liquidation realized by the creditor Governments might be applied to meet private claims of their nationals on account of debts, property losses and compensation awards due by Germany and that, thereafter, any surplus might be retained by the creditor Governments on account of their reparation claims.

"After the German Schedule of Payments was fixed in 1921, the Reparation Commission decided, and duly informed the German Government, that any surplus proceeds so retained would be credited to Germany on account of the capital reparation debt and not on account of the current annuities. The liquidation of these properties was taken into account by the Second Experts' Committee appointed in 1924, and the German annuities fixed both in the Dawes Plan and in the Young Plan were based on the capacity of Germany to pay, on the assumption that these properties were definitely lost to Germany.

"On two occasions the German Government raised claims before the Interpretation Tribunal set up under the Dawes Plan for credits in respect of the proceeds of liquidation of German property against the German annuities as defined by Section XI of Part I of the Dawes Plan, but on each occasion the Tribunal has rejected these claims, and under the terms of Section 8 of the Young Plan these decisions will apply also to the annuities payable under the Young Plan. It appears to be quite clear that while the Young Committee recommended that the Creditor Governments should discontinue their right to liquidate in the future, they did not contemplate that Germany should be repaid any part of the proceeds of past liquidations.

"His Majesty's Government consider that the retention of this surplus forms an integral part of the Experts' Plan, and they will in no circumstances agree to any such modification of the Plan, at the expense of this country, as would be involved by the return of any part of this sum to the German Government."

There is, therefore, no doubt as to the decision which the Government of Great Britain has taken as to its right to retain and appropriate, for their own public purposes, the net proceeds of all such liquidated German property.

Pursuant to the terms of The Hague Protocol of August 31, 1929, the Governments of Canada and the other Dominions were invited to take part in the negotiation of agreements arising out of the recommendations contained in the Experts' Plan of June 7, 1929, known as The Young Plan.

Canada was then represented by the Honourable Peter Larkin, who, on January 14, 1930, signed, on behalf of Canada, at The Hague, an agreement with Germany by which Canada formally agreed to release and deliver to Germany all such property, rights and interests of German nationals as were not already liquid or liquidated or finally disposed of on June 7, 1929.

This agreement was subsequently confirmed by The Hague Agreement of January 20, 1930, which was executed by the representatives of the Creditor Governments on that date, the Honourable Peter Larkin signing on behalf of Canada. By this Agreement Germany accepted the Experts' Plan (the Young Plan) of June 7, 1929, "as a complete and final settlement so far as Germany is concerned of the financial questions resulting from the war"; and thereby the German Government gave "the solemn undertaking to pay the annuities" which are provided in the Young Plan.

On the other hand, "the payment in full of the annuities therein mentioned, in so far as the same are due to the Creditor Powers, is accepted by those Powers as a final discharge of all the liabilities of Germany still remaining undischarged."

The articles of The Hague Agreement of January 20, 1930, clearly recognize that Canada --except in respect of the unliquidated surplus, which was to be restored under Canada's Agreement with Germany of January 14, 1930 -- is legally entitled to retain the proceeds of all properties, rights and interests of German nationals or companies controlled by them, in so far as they were liquid or liquidated or finally disposed of as of June 7th, 1929, the date of the publication of the Young Plan.

This Agreement of January 20th, 1930, was fully performed by Canada, as disclosed by the Agreement which was signed by the Secretary of State of Canada at Berlin on October 16th, 1930, excepting, as mentioned is said agreement,

(1) Certain property which was then subject to litigation between the Canadian Custodian and the Alien Property Custodian of the United States;

(2) Certain items of real estate located in Canada and certain trusts, numbered 472 to 491 inclusive, mentioned in a certain list which was delivered to the German Foreign Office, and the net revenues which might thereafter be received by the Canadian Custodian therefrom.

In respect of the property mentioned in paragraph (1), the judgment of the Supreme Court of Canada subsequently awarded this property to the Alien Property Custodian of the United States; and the property was released accordingly.

In respect of the property mentioned in paragraph (2), the liquidation of these minor items has been delayed owing to the financial and commercial depression that has prevailed in the western districts of Canada, where these properties are largely located, and owing also to the impossibility of procuring sales at prices which will cover outstanding claims, including taxes past due to municipalities.

Of the moneys which remained in the hands of the Secretary of State of Canada as Custodian of Enemy Property, payments have been made by the Custodian to the Canadian Treasury to recoup a small portion of the expenditures authorized by the Canadian Parliament to defray in part the obligations of Germany under the Treaty of Versailles. These payments into the Canadian Treasury are as follows:

March 31st, 1932	$ 6,000,000
March 31st, 1933	4,000,000
Total	$ 10,000,000

In respect of certain securities, alleged to be held by German nationals, which were sequestrated in Canada under the Trading with the Enemy Acts, claims have been made by certain nationals of neutral countries that they were the real owners, and that they are entitled to receive the proceeds resulting from the liquidation of these securities.

The Canadian Custodian of Enemy Property has reserved out of the proceeds of the liquidation of these securities a sum deemed sufficient to pay the claims which are still pending, if their validity is finally established.

Although by the Hague Agreement of January 20, 1930, Germany accepted the Experts' Plan (the Young Plan) of June 7, 1929, "as a complete and final settlement, so far as Germany is concerned, of the financial questions resulting from the war," and, in consideration therefor, gave "the solemn undertaking to pay the annuities" in said Plan provided, Canada, during the past three years, has not received any payment whatever on account of said annuities.

Accept, Sir, the renewed assurances of my highest consideration.

O D SKELTON

FOR THE Secretary of State for External Affairs.

CANADA
DEPARTMENT OF THE SECRETARY OF STATE
OFFICE OF THE CUSTODIAN AND THE CLEARING OFFICE

LEGATION OF THE UNITED STATES
OF AMERICA

Ottawa, Canada.

December 27, 1933.

No. 153.

Sir:

I have the honor to refer to your note No. 98 of June 24th, 1931, containing certain information regarding Canada's attitude towards the disposition of enemy property seized during and since the world war.

I am directed to ask to be supplied with supplementary information regarding this matter. I should also appreciate receiving copies of the reports of the Canadian Custodian of Alien Property for the intervening period, together with any available information regarding the present status of the work of the office dealing with alien property.

I avail myself of the occasion to renew to you, Sir, the assurances of my highest consideration.

Warren D. Robbins

The Right Honorable
The Secretary of State for External Affairs,
Ottawa, Canada.

M/6

CANADA

DEPARTMENT OF THE SECRETARY OF STATE

OFFICE OF THE CUSTODIAN AND THE CLEARING OFFICE

ADDRESS ALL COMMUNICATIONS TO THE CUSTODIAN'S OFFICE

Ottawa, January 15th, 1934.

MEMORANDUM FOR THE CUSTODIAN

As requested, I enclose herewith a statement showing the amounts paid to the Department of Finance on account of Reparation payments, making a total of $10,000,000 to date.

O. D. Mathieu
Accountant,
Custodian of Enemy Property.

STATEMENT OF AMOUNTS PAID TO THE DEPARTMENT OF FINANCE
ON ACCOUNT OF REPARATION PAYMENTS.

Order in Council P.C.719 March 31st 1932.

1932			
Mar. 31st,	Paid out of Bank of Toronto	$1,960,514.42	
" "	" " " Imperial Bank	1,111,460.64	
" "	" " " Royal Bank	500,000.00	
" "	" " " Canadian Bank of Commerce	2,428,024.94	$6,000,000.00

Order in Council P.C.507 March 20th, 1933

1933			
Mar. 31st,	Paid out of Bank of Montreal	3,490,000.00	
" "	" " " Bank of Toronto	255,000.00	
" "	" " " Royal Bank	255,000.00	4,000,000.00
	Total to date		$10,000,000.00

Ottawa, Canada.
October 6, 1937.

No. 577

Sir:

In pursuance of instructions from my Government and with reference to note No. 10 of February 1, 1934, from the Department of External Affairs, regarding the seizure of enemy property by the Canadian Government during the World War, I have the honor to request to be advised whether there are any unsettled claims of American nationals growing out of the sequestration of enemy property by the Canadian Government and, if there are any such unsettled claims, to be furnished detailed information regarding each claim together with a statement of the reasons why the claim has not been settled.

With reference to the foregoing request and to the further desire of my Government to obtain a full and complete statement of the conditions under which enemy property claimed by American nationals has in the past been released and will in the future be released in the event there are any outstanding claims, the following information is furnished by the Department of State.

The

The Right Honorable
The Secretary of State
for External Affairs,
Ottawa.

The Alien Property Bureau of the Department of Justice, successor to the Alien Property Custodian, has suspended payments on claims of nationals of countries associated with the United States in the prosecution of the War, pursuant to section 9 (e) of the Trading with the Enemy Act. As you are aware, the releases permitted under section 9 of the Act, as amended, have since 1920 been conditioned, under subsection (e) upon the extension of "reciprocal rights" to American citizens by the nations associated with the United States in the War.

The Attorney General has since 1933 adopted the view that there is some doubt as to whether the Alien Property Custodian under subsection (e) of the Act as originally enacted could release property, or the proceeds thereof, with increment, in American dollars to nationals of countries associated with the United States in the War in cases where such countries released to American claimants property or the proceeds thereof, without increment in depreciated foreign currencies. The Attorney General has expressed the opinion that before releases in such cases could be made additional legislation would be required. In this situation the Secretary recommended to the Congress that section 9(e) of the Act be amended. The Amendment recommended by the Secretary was approved on August 24, 1937. Section 9(e), as amended, now reads in full as follows:

"(e)

"(e) No money or other property shall be returned nor any debt allowed under this section to any person who is a citizen or subject of any nation which was associated with the United States in the prosecution of the war, unless such nation in like case extends reciprocal rights to citizens of the United States: Provided, That any arrangement made by a foreign nation for the release of money and other property of American citizens and certified by the Secretary of State to the Attorney General as fair and the most advantageous arrangement obtainable shall be regarded as meeting this requirement; nor in any event shall a debt be allowed under this section unless it was owing to and owned by the claimant prior to October 6, 1917, and as to claimants other than citizens of the United States unless it arose with reference to the money or other property held by the Alien Property Custodian or Treasurer of the United States hereunder; nor shall a debt be allowed under this section unless notice of the claim has been filed, or application therefor has been made, prior to the date of the enactment of the Settlement of War Claims Act of 1928 (Act of March 10, 1928, c. 167)."

It will be noted from the two paragraphs preceding the last paragraph of the note of the Secretary of State for External Affairs of February 1, 1934, that the Custodian of Enemy Property has reserved out of the proceeds of liquidation a sum deemed to be sufficient to pay pending claims of nationals of neutral countries. It does not appear from the Department's records that there are any unsettled claims of American nationals growing out of the sequestration of enemy property by the Canadian Government.

I am advised by the Department of State that upon the receipt of the information now requested the Department will determine whether it will be necessary to enter into such a reciprocal release

arrangement

arrangement as is contemplated by section 9(e) of the Trading with the Enemy Act, as amended, or whether the Secretary will be in a position, in the light of the information obtained, to make the certification contemplated by the amendment.

Accept, Sir, the renewed assurances of my highest consideration.

True copy of the
original signed by Norman Armour.

EEP/meh

DEPARTMENT OF
EXTERNAL AFFAIRS
CANADA

AH.

1937 OCT 9 AM 9:36

UNDER SECRETARY
OF STATE

Ottawa, 8th October, 1937.

Sir,

I have the honour to enclose, herewith, a copy of a note No. 577 of the 6th October, 1937, from the United States Minister to Canada, regarding the seizure of enemy property by the Canadian Government during the World War.

We should be glad to have the views of your Department on this subject.

I have the honour to be,
Sir,
Your obedient servant,

Laurent Beaudry

Acting Under-Secretary of State
for External Affairs.

The Under-Secretary of State,
O t t a w a.

CANADA

DEPARTMENT OF THE SECRETARY OF STATE

OFFICE OF THE CUSTODIAN AND THE CLEARING OFFICE

ADDRESS ALL
COMMUNICATIONS
TO THE
CUSTODIAN'S OFFICE

Ottawa, Oct. 19th, 1937.

Memorandum to Mr. Coleman,-

With reference to the attached letter from Mr. Beaudry, enclosing a copy of a note No. 577 of the 6th. of October, from the United States Minister to Canada, regarding the seizure of enemy property by the Canadian Government during the World War, I attach herewith all the previous letters I have been able to find on this subject.

Replying more directly to the question asked in the Minister's note, I will say that I know of no unsettled claims of American nationals growing out of the sequestration of enemy property by the Canadian Government; the only case that might be classed as such is that of Sanator Lewis vs C.P.R.

O. D. Mathieu
Accountant,
Custodian of Enemy Property.

ATM

Ottawa, October 19th, 1937.

Dear Sir,-

I have received your letter of the 8th October enclosing a copy of a note No. 577 of the 6th October, 1937, from the United States Minister to Canada, regarding the seizure of enemy property by the Canadian Government during the World War.

Since the letter from the former Secretary of State and Custodian, the Honourable Mr. Cahan, to the Right Honourable the Secretary of State for External Affairs, dated January 15th, 1934, the substance of which was communicated by your Department to the United States Minister to Canada in despatch No. 10 of February 1st, 1934, there have not been advanced, so far as our records indicate, any claims by American nationals, and I cannot find that there are any unsettled claims of American nationals growing out ot the sequestration of enemy property by the Government of Canada.

The only claim of which I have knowledge is a suit in the Supreme Court of Illinois, by James Hamilton Lewis, Plaintiff, against Mary A. Braun, individually and as administratrix, Foreman State Trust & Savings Bank, and Canadian Pacific Railway Company. The only interest which the Custodian has in this suit is that the Custodian has undertaken to indemnify the Canadian Pacific Railway

The Acting Under Secretary of State
for External Affairs,
O t t a w a .

Under Secretary of State.

Company against any judgment which may be rendered against it.

This, however, is an arrangement in Canada between the Custodian and the Canadian Pacific Railway Company and is in accordance with an agreement which was made with the company when shares registered in the name of enemies were transferred to the Custodian, pursuant to Vesting Orders of the Canadian Courts. If this litigation should be continued and if a judgment should by any chance be obtained against the Canadian Pacific Railway Company, no doubt the properties of the Canadian Pacific Railway Company in the United States will be available in satisfaction of the judgment. The company will then have recourse against the Custodian under the Agreement by which the Custodian undertook to indemnify the company against costs.

It does not, therefore come within the class of cases contemplated in the despatch from the United States Minister to Canada. For that reason I think you may advise the United States Minister that we have no record of any claims by American nationals, but should further claims be asserted we shall communicate with you in order that the Secretary of State of the United States may consider whether he will be in a position to make the certification contemplated by the Amendment.

I am not aware whether any claims are still pending at Washington on behalf of Canadian nationals.

I have the honour to be,
Sir,
Your obedient servant,

E. H. COLEMAN

Under Secretary of State.