

THE CZECHOSLOVAK DEBT SETTLEMENT

---

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

COPY OF AN AGREEMENT DATED OCTOBER 13, 1925, EXECUTED BY THE SECRETARY OF THE TREASURY AS CHAIRMAN OF THE WORLD WAR FOREIGN DEBT COMMISSION, PROVIDING FOR THE SETTLEMENT OF THE INDEBTEDNESS OF THE CZECHOSLOVAK REPUBLIC TO THE UNITED STATES AND APPROVED PURSUANT TO LAW

---

DECEMBER 8, 1925.—Read; referred to the Committee on Finance and ordered to be printed

---

*To the Congress of the United States:*

I am submitting herewith for the consideration of the Congress a copy of an agreement dated October 13, 1925, executed by the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, providing for the settlement of the indebtedness of the Czechoslovak Republic to the United States of America. The agreement was approved by me on October 13, 1925, subject to the approval of Congress, pursuant to authority conferred by act approved February 9, 1922, as amended by act approved February 28, 1923, and as further amended by act approved January 21, 1925.

I believe that the settlement upon the terms set forth in the agreement is fair and just to both Governments and recommend its approval.

CALVIN COOLIDGE.

THE WHITE HOUSE,  
December 8, 1925

## AGREEMENT,

Made the thirteenth day of October, 1925, at the City of Washington, District of Columbia, between THE CZECHOSLOVAK REPUBLIC, hereinafter called CZECHOSLOVAKIA, party of the first part, and THE UNITED STATES OF AMERICA, hereinafter called the UNITED STATES, party of the second part.

Whereas, the United States now holds certain obligations of Czechoslovakia and there are outstanding open accounts in favor of the United States and claims against the United States which are in dispute; and

Whereas, the United States and Czechoslovakia wish to settle the financial differences between the two governments and/or their agencies and to fix the net amount of the indebtedness of Czechoslovakia to the United States, both principal and interest, as of June 15, 1925, and to fund such indebtedness;

Now, therefore, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. *Amount of Indebtedness.*—The amount of the indebtedness of Czechoslovakia as of June 15, 1925, is fixed at \$115,000,000.

2. *Payment.*—In order to provide for the payment of the indebtedness thus to be funded Czechoslovakia will issue to the United States at par bonds of Czechoslovakia in the aggregate principal amount of \$185,071,023.07, dated June 15, 1925, and maturing serially on the several dates and in the amounts fixed in the following schedule:

Dec. 15, 1925.....	\$1, 500, 000	June 15, 1941.....	\$1, 500, 000
June 15, 1926.....	1, 500, 000	Dec. 15, 1941.....	1, 500, 000
Dec. 15, 1926.....	1, 500, 000	June 15, 1942.....	1, 500, 000
June 15, 1927.....	1, 500, 000	Dec. 15, 1942.....	1, 500, 000
Dec. 15, 1927.....	1, 500, 000	June 15, 1943.....	1, 500, 000
June 15, 1928.....	1, 500, 000	June 15—	
Dec. 15, 1928.....	1, 500, 000	1944.....	1, 296, 023. 07
June 15, 1929.....	1, 500, 000	1945.....	1, 340, 000
Dec. 15, 1929.....	1, 500, 000	1946.....	1, 385, 000
June 15, 1930.....	1, 500, 000	1947.....	1, 435, 000
Dec. 15, 1930.....	1, 500, 000	1948.....	1, 485, 000
June 15, 1931.....	1, 500, 000	1949.....	1, 540, 000
Dec. 15, 1931.....	1, 500, 000	1950.....	1, 590, 000
June 15, 1932.....	1, 500, 000	1951.....	1, 645, 000
Dec. 15, 1932.....	1, 500, 000	1952.....	1, 705, 000
June 15, 1933.....	1, 500, 000	1953.....	1, 765, 000
Dec. 15, 1933.....	1, 500, 000	1954.....	1, 825, 000
June 15, 1934.....	1, 500, 000	1955.....	1, 890, 000
Dec. 15, 1934.....	1, 500, 000	1956.....	1, 960, 000
June 15, 1935.....	1, 500, 000	1957.....	2, 025, 000
Dec. 15, 1935.....	1, 500, 000	1958.....	2, 100, 000
June 15, 1936.....	1, 500, 000	1959.....	2, 170, 000
Dec. 15, 1936.....	1, 500, 000	1960.....	2, 245, 000
June 15, 1937.....	1, 500, 000	1961.....	2, 325, 000
Dec. 15, 1937.....	1, 500, 000	1962.....	2, 405, 000
June 15, 1938.....	1, 500, 000	1963.....	2, 490, 000
Dec. 15, 1938.....	1, 500, 000	1964.....	2, 575, 000
June 15, 1939.....	1, 500, 000	1965.....	2, 665, 000
Dec. 15, 1939.....	1, 500, 000	1966.....	2, 760, 000
June 15, 1940.....	1, 500, 000	1967.....	2, 855, 000
Dec. 15, 1940.....	1, 500, 000	1968.....	2, 955, 000

June 15--Contd.		June 15--Contd.	
1969-----	\$3,060,000	1980-----	\$4,465,000
1970-----	3,165,000	1981-----	4,625,000
1971-----	3,280,000	1982-----	4,785,000
1972-----	3,395,000	1983-----	4,950,000
1973-----	3,510,000	1984-----	5,125,000
1974-----	3,635,000	1985-----	5,305,000
1975-----	3,760,000	1986-----	5,490,000
1976-----	3,890,000	1987-----	5,685,000
1977-----	4,030,000		
1978-----	4,170,000		
1979-----	4,315,000		
			\$185,071,023.07

PROVIDED, HOWEVER, That Czechoslovakia, at its option, upon not less than ninety days' advance notice to the United States, may postpone any payment on account of principal falling due as hereinabove provided after June 15, 1943, to any subsequent June 15 or December 15 not more than two years distant from its due date, but only on condition that in case Czechoslovakia shall at any time exercise this option as to any payment of principal, the payment falling due in the next succeeding year can not be postponed to any date more than one year distant from the date when it becomes due unless and until the payment previously postponed shall actually have been made, and the payment falling due in the second succeeding year can not be postponed at all unless and until the payment of principal due two years previous thereto shall actually have been made.

3. *Form of Bonds.*—All bonds issued or to be issued hereunder to the United States shall be payable to the Government of the United States of America, or order, and shall be signed for Czechoslovakia by its Minister of Finance and countersigned by the President of the Supreme Accounting Control Office in Prague and likewise countersigned by its Envoy Extraordinary and Minister Plenipotentiary at Washington, or by its other duly authorized representative. The bonds issued for the first thirty-six semiannual payments shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A," and shall be issued in 36 pieces of the principal amount of \$1,500,000 each maturing serially on December 15, 1925, and semiannually thereafter up to and including June 15, 1943, and shall not bear interest before maturity. The bonds maturing subsequent to June 15, 1943, shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit B," and shall be issued in 44 pieces with maturities and in denominations as hereinabove set forth and shall bear interest at the rate of 3½% per annum from June 15, 1943, payable semiannually on June 15 and December 15 of each year until the principal of such bonds shall be paid.

4. *Method of Payment.*—All bonds issued or to be issued hereunder shall be payable, as to both principal and interest, in United States gold coin of the present standard of value, or, at the option of Czechoslovakia, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

All payments, whether in cash or in obligations of the United States, to be made by Czechoslovakia on account of the principal

of or interest on any bonds issued or to be issued hereunder and held by the United States, shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York, and if in cash shall be made in funds immediately available on the date of payment, or if in obligations of the United States shall be in form acceptable to the Secretary of the Treasury of the United States under the general regulations of the Treasury Department governing transactions in United States obligations.

5. *Exemption from Taxation.*—The principal and interest of all bonds issued or to be issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of Czechoslovakia or any political or local taxing authority within the Czechoslovak Republic, whenever, so long as, and to the extent that beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Czechoslovakia, or (c) a corporation not organized under the laws of Czechoslovakia.

6. *Payments before Maturity.*—Czechoslovakia, at its option, on June 15 or December 15 of any year, upon not less than ninety days' advance notice to the United States, may make advance payments in amounts of \$1,000 or multiples thereof, on account of the principal of any bonds issued or to be issued hereunder and held by the United States. Any such advance payments shall be applied to the principal of such bonds as may be indicated by Czechoslovakia at the time of the payment.

7. *Exchange for Marketable Obligations.*—Czechoslovakia will issue to the United States at any time, or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, with provision for registration as to principal, and/or in fully registered form, and otherwise on the same terms and conditions, as to dates of issue and maturity, rate or rates of interest, if any, exemption from taxation, payment in obligations of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange. Czechoslovakia will deliver definitive engraved bonds to the United States in accordance herewith within six months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will deliver, at the request of the Secretary of the Treasury of the United States, temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within thirty days of the receipt of such request, all without expense to the United States. The United States, before offering any such bonds or interim receipts for sale in Czechoslovakia, will first offer them to Czechoslovakia for purchase at par and accrued interest, if any, and Czechoslovakia shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, if any, of a corresponding principal amount of bonds issued hereunder and

held by the United States. Czechoslovakia agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions, and that it will cause to be promulgated all such rules, regulations, and orders as shall be deemed necessary or desirable by the Secretary of the Treasury of the United States in order to facilitate the sale of the bonds in the United States, in Czechoslovakia or elsewhere, and that if requested by the Secretary of the Treasury of the United States, it will use its good offices to secure the listing of the bonds on such stock exchanges as the Secretary of the Treasury of the United States may specify.

8. *Cancellation and Surrender of Obligations.*—Upon the execution of this Agreement, the delivery to the United States of the \$185,071,023.07 principal amount of bonds of Czechoslovakia to be issued hereunder, together with satisfactory evidence of authority for the execution of this Agreement by the representatives of Czechoslovakia and for the execution of the bonds to be issued hereunder, the United States will cancel and surrender to Czechoslovakia at the Treasury of the United States in Washington, the obligations of Czechoslovakia held by the United States and a satisfaction shall be had of all financial claims existing between the two governments and/or their agencies.

9. *Notices.*—Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States, shall be deemed and taken as the notice, request, or consent of the United States, and shall be sufficient if delivered at the Legation of Czechoslovakia at Washington or at the office of the Ministry of Finance in Czechoslovakia; and any notice, request, or election from or by Czechoslovakia shall be sufficient if delivered to the American Legation at Prague or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its discretion may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

10. *Compliance with Legal Requirements.*—Czechoslovakia represents and agrees that the execution and delivery of this Agreement have in all respects been duly authorized and that all acts, conditions, and legal formalities which should have been completed prior to the making of this Agreement have been completed as required by the laws of Czechoslovakia and in conformity therewith.

11. *Counterparts.*—This Agreement shall be executed in two counterparts, each of which shall have the force and effect of an original.

In witness whereof Czechoslovakia has caused this Agreement to be executed on its behalf by Dr. Vilém Pospíšil, Karel Kučera and Dr. Karel Brabenec, its plenipotentiaries at Washington, thereunto duly authorized, subject, however, to constitutional ratification in Czechoslovakia, and the United States has likewise caused this Agreement to be executed on its behalf by the Secretary of the Treasury, as Chairman of the World War Foreign Debt Commission, with the approval of the President, subject, however, to the approval of Congress, pursuant to the Act of Congress approved February 9, 1922, as amended by the Act of Congress approved February 28, 1923,

and as further amended by the Act of Congress approved January 21 1925, all on the day and year first above written.

THE CZECHOSLOVAK REPUBLIC,  
By DR. VILÉM POSPÍŠIL,  
KAREL KUČERA,  
DR. KAREL BRABENEC.

THE UNITED STATES OF AMERICA,  
For the World War Foreign Debt  
Commission:

By A. W. MELLON,  
*Secretary of the Treasury and Chairman of the Commission.*

Approved:

CALVIN COOLIDGE,  
*President.*

EXHIBIT A.

(Form of bond.)

THE CZECHOSLOVAK REPUBLIC.

\$1,500,000.

No.

The Czechoslovak Republic, hereinafter called Czechoslovakia, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on 19 , the sum of One Million Five Hundred Thousand Dollars (\$1,500,000). This bond is payable in gold coin of the United States of America of the present standard of value, or, at the option of Czechoslovakia, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

This bond is payable without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Czechoslovakia or any political or local taxing authority within Czechoslovakia, whenever, so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Czechoslovakia, or (c) a corporation not organized under the laws of Czechoslovakia. This bond is payable at the Treasury of the United States in Washington, D. C., or at the option of the Secretary of the Treasury of the United States or at the Federal Reserve Bank of New York.

This bond is issued pursuant to the provisions of paragraph 2 of an Agreement dated October 13, 1925, between Czechoslovakia and the United States, to which Agreement this bond is subject and to which reference is hereby made.

In witness whereof, Czechoslovakia has caused this bond to be executed in its behalf by its Minister of Finance and countersigned by the President of the Supreme Accounting Control Office in Prague and likewise countersigned at the City of Washington, District of Columbia, by its

at Washington, thereunto duly authorized,  
as of June 15, 1925.

THE CZECHOSLOVAK REPUBLIC,  
By *Minister of Finance.*

EXHIBIT B.

(Form of Bond.)

THE CZECHOSLOVAK REPUBLIC.

\$

No.

The Czechoslovak Republic, hereinafter called Czechoslovakia, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on June 15, 19 , the sum of Dollars (\$ ), and to pay interest upon said principal sum from June 15, 1943, at the rate of 3½% per annum, payable semiannually on the 15th day of

December and June in each year, until the principal hereof has been paid. This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of Czechoslovakia, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder.

This bond is payable as to both principal and interest without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Czechoslovakia or any political or local taxing authority within the Czechoslovak Republic whenever, so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Czechoslovakia, or (c) a corporation not organized under the laws of Czechoslovakia. This bond is payable as to both principal and interest at the Treasury of the United States in Washington, D. C., or at the option of the Secretary of the Treasury of the United States at the Federal Reserve Bank of New York.

This bond is issued pursuant to the provisions of paragraph 2 of an Agreement dated October 13, 1925, between Czechoslovakia and the United States, to which Agreement this bond is subject and to which reference is hereby made.

In witness whereof, Czechoslovakia has caused this bond to be executed in its behalf by its Minister of Finance and countersigned by the President of the Supreme Accounting Control Office in Prague and likewise countersigned at the City of Washington, District of Columbia, by its

at Washington, thereunto duly authorized,  
as of June 15, 1925.

THE CZECHOSLOVAK REPUBLIC,  
By  
*Minister of Finance.*

