

PROVIDING FOR THE PAYMENT OF PENSION OR OTHER BENEFITS WITHHELD FROM PERSONS FOR THE PERIOD THEY WERE RESIDING IN COUNTRIES OCCUPIED BY THE ENEMY FORCES DURING WORLD WAR II

JULY 11 (legislative day, JULY 5), 1946.—Ordered to be printed

Mr. JOHNSON of Colorado, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 5148]

The Committee on Finance, to whom was referred the bill (H. R. 5148) to provide for the payment of pension or other benefits withheld from persons for the period they were residing in countries occupied by the enemy forces during World War II, having considered the same, report favorably thereon, without amendment, and recommend that the bill do pass.

The House report on this bill is self-explanatory and is as follows:

PURPOSE OF THE BILL

The purpose of the bill is to provide that persons residing in countries occupied by the enemy forces during World War II may be paid pension or other benefits under laws administered by the Veterans' Administration, which they have not received because of the provisions of Public Law 828, Seventy-sixth Congress, October 9, 1940, as amended, or because of the provisions of section 5 of Public Law 144, Seventy-eighth Congress, July 13, 1943.

Public Law 828, Seventy-sixth Congress, provides that after October 9, 1940, no check or warrant drawn against funds of the United States, or any agency or instrumentality thereof, shall be sent from the United States, its Territories and possessions, and the Commonwealth of the Philippine Islands for delivery in a foreign country in any case in which the Secretary of the Treasury determines that the postal, transportation, or banking facilities in general, or local conditions in the country to which such check or warrant is to be delivered, are such that there is not a reasonable assurance that the payee will receive such check or warrant and be able to negotiate the same for full value.

This act further provides that in the case of checks representing payments under laws administered by the Veterans' Administration, when the amount transferred to the special deposit account on behalf of any individual payee equals \$1,000, the amounts of any further checks, except checks under contracts of insurance, payable to such payee under such laws shall be covered into the Treasury as miscellaneous receipts.

Section 5 of Public Law 144, Seventy-eighth Congress, provides that when any person not a citizen of the United States entitled to compensation, pension, or

other gratuity under laws administered by the Veterans' Administration is located in the territory of or under military control of an enemy of the United States or of any of its allies, any award of such benefits in favor of such person shall be terminated forthwith and such person shall not be entitled to any such benefits except upon the filing of a new claim accompanied by evidence satisfactory to the Administrator of Veterans' Affairs showing that the claimant was not guilty of any of the offenses enumerated in section 4 of that act. It is further provided that no compensation, pension, or other gratuity shall be paid for any period prior to the date of a new claim for such benefits.

As of September 1945 the total amount of benefits payable under laws administered by the Veterans' Administration transferred to miscellaneous receipts under the provisions of Public Law 828, as amended, amounted to \$10,164,061.13. In addition to the amounts transferred to miscellaneous receipts the bill would authorize payment of the amounts which would have been payable as compensation, pension, or retirement pay, but for the termination of awards as required by section 5 of Public Law 144, above referred to.

As the payments of benefits covered by the bill were withheld or terminated solely because of the conditions brought about by World War II, and the payees have been deprived of benefits provided under laws administered by the Veterans' Administration through no fault of their own, but solely because of the fact that they were located in a hostile territory during the period of the war, your committee is of the opinion that entitlement to such benefits should be restored to such persons at this time. Such payments will assist in postwar rehabilitation. The payees who have been disloyal to the United States will be barred from such benefits under the provisions of section 4 of Public Law 144 if shown by evidence satisfactory to the Administrator of Veterans' Affairs to have been guilty of mutiny, treason, sabotage, or rendering assistance to an enemy of the United States or of its allies.

There is appended and made a part of this report a letter from the Administrator of Veterans' Affairs recommending favorable consideration of the proposed legislation.

VETERANS' ADMINISTRATION,
Washington 25, D. C., June 19, 1946.

Hon. JOHN E. RANKIN,
*Chairman, Committee on World War Veterans' Legislation,
House of Representatives, Washington, D. C.*

MY DEAR MR. RANKIN: Further reference is made to your letter dated January 18, 1946, requesting a report on H. R. 5148, Seventy-ninth Congress, a bill to provide for the payment of pension or other benefits withheld from persons for the period they were residing in countries occupied by the enemy forces during World War II.

The purpose of the bill is to provide that persons residing in countries occupied by the enemy forces during World War II may be paid pension or other benefits authorized under laws administered by the Veterans' Administration, which they have not received because of the provisions of Public Law 828, Seventy-sixth Congress, October 9, 1940, as amended, or because of the provisions of section 5 of Public Law 144, Seventy-eighth Congress, July 13, 1943.

Public Law 828, Seventy-sixth Congress, provides in part:

"That hereafter no check or warrant drawn against funds of the United States, or any agency or instrumentality thereof, shall be sent from the United States (including its Territories and possessions and the Commonwealth of the Philippine Islands) for delivery in a foreign country in any case in which the Secretary of the Treasury determines that postal, transportation, or banking facilities in general, or local conditions in the country to which such check or warrant is to be delivered, are such that there is not a reasonable assurance that the payee will actually receive such check or warrant and be able to negotiate the same for full value."

This act further provides in part:

"In the case of checks representing payments under laws administered by the Veterans' Administration, when the amount transferred to the special deposit account on behalf of any individual payee equals \$1,000, the amounts of any further checks, except checks under contracts of insurance, payable to such payee under such laws shall be covered into the Treasury as miscellaneous receipts. The deposit in the special deposit account or the covering into the Treasury as miscellaneous receipts, pursuant to the provisions of this section, of the amount of any check issued under laws administered by the Veterans' Administration, shall be considered for all purposes, including determinations of rights under section 305

of the World War Veterans' Act, 1924, as amended, as payment to the person entitled thereto."

As of September 1945, the total amount of the benefits payable under the laws administered by the Veterans' Administration transferred to miscellaneous receipts under the provisions of Public Law 828, as amended, amounted to \$10,164,-061.13. There is enclosed a table showing the countries from which payments have been withheld, the number of accounts in each country, gross amount deposited in miscellaneous receipts, the amounts transferred to miscellaneous receipts, and the amounts remaining to the credit of payees in the special deposit account.

Section 5 of Public Law 144, Seventy-eighth Congress, approved July 13, 1943, provides:

"When any person not a citizen of the United States entitled to compensation, pension, or other gratuity under laws administered by the Veterans' Administration is located in the territory of or under military control of an enemy of the United States or of any of its allies, any award of such benefits in favor of such person shall be terminated forthwith and such person shall not be entitled to any such benefits except upon the filing of a new claim accompanied by evidence satisfactory to the Administrator of Veterans' Affairs showing that the claimant was not guilty of any of the offenses enumerated in section 4 of this Act: *Provided*, That no compensation, pension, or other gratuity shall be paid for any period prior to the date of such new claim: *Provided further*, That while such person is located in a territory of or under military control of an enemy of the United States or any of its allies, any part of the benefits to which such person would otherwise be entitled may, in the discretion of the Administrator of Veterans' Affairs be apportioned and paid to the dependents of such person who are in the United States or in a place not occupied or controlled by such enemy, except that the amount so apportioned and paid shall not exceed the amount to which each dependent would be entitled if such person were dead."

Under the provisions of this section, all awards in favor of persons covered by the above section and located in the territory of or under the military control of an enemy were terminated forthwith.

It is assumed for the purpose of this report that the bill is designed to authorize payment which would have been made but for the provisions of section 5, above quoted, as well as the amounts withheld from the payees under the provisions of Public Law 828, as amended.

It is further assumed the bill is designed to provide that if the payee of any amount withheld under the provisions of Public Law 828, as amended, or any amount which would be payable but for the provisions of section 5 of Public Law 144, has died, such amount shall be paid only in accordance with the provisions of paragraph 5, Veterans' Regulation No. 2 (a), as amended by section 12 of Public Law 144. Briefly, this regulation relates to compensation, pension, or emergency officers' pay not paid a beneficiary during his or her life and provides that upon the death of the veteran, the unpaid amount shall be paid, to the surviving spouse, or if no spouse, to the child or children, dependent mother or father, in the order named; upon the death of a widow or remarried widow, to the veteran's child or children; upon the death of the child, to the surviving child or children of the veteran entitled to death compensation or pension; if none such, for payment of expenses of last sickness or burial of the payee under certain circumstances.

As the payments of benefits covered by the bill were withheld or terminated solely because of the conditions brought about by World War II, and the payees have been deprived of benefits provided under laws administered by the Veterans' Administration through no fault of their own, but solely because of the fact that they were located in a hostile territory during the period of the war, the Veterans' Administration favors enactment of legislation such as that proposed by the bill. Payees who have been disloyal to the United States will be barred from such benefits under the provisions of section 4 of Public Law 144, which reads:

"Any person shown by evidence satisfactory to the Administrator of Veterans' Affairs to be guilty of mutiny, treason, sabotage, or rendering assistance to an enemy of the United States or of its allies shall forfeit all accrued or future benefits under laws administered by the Veterans' Administration pertaining to gratuities for veterans and their dependents: *Provided, however*, That the Administrator of Veterans' Affairs, in his discretion, may apportion and pay any part of such benefits to the dependents of such person not exceeding the amount to which each dependent would be entitled if such person were dead."

As to the form of the bill, it is suggested that the words, "Not paid because of the provisions of section 5 of Public Law 144, or," be inserted after the word "benefits", page 2, line 5. This amendment is suggested to make it clear that

pensions and other benefits terminated under the provisions of section 5 of Public Law 144 are intended to be included in the amounts payable under the bill. It is further suggested that the words, "to his estate," page 2, line 12, be eliminated because, as above explained, Veterans' Regulation No. 2 (a), as amended by section 12 of Public Law 144, provides for payment of accrued amounts to certain specified persons rather than to the estate of a deceased payee.

In conferences held concerning proposed legislation similar to that proposed by H. R. 5148, by the representatives of the Treasury Department, the State Department, and the Veterans' Administration, it was suggested that specific provision be included in such legislation to prohibit payments to individuals who are citizens or subjects of Germany or Japan residing within the territory of either country.

The Veterans' Administration is not in a position to determine the need or desirability of such prohibition, but adverts to the proposal so that your committee may determine the desirability of securing the views of the Treasury and State Departments on this matter.

It is estimated that the bill, if enacted, will cost approximately \$10,164,000 as indicated in the attached chart, plus the amount of additional money which would have been deposited in the Treasury but for the termination of awards under the provisions of section 5 of Public Law 144. This amount cannot be accurately estimated.

In view of the foregoing, the Veterans' Administration recommends favorable consideration of the bill.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this report to your committee.

Very truly yours,

OMAR N. BRADLEY,
General, United States Army, Administrator.

Statement of condition of withheld foreign check account received and posted Feb. 28, 1946

Country	Period covered by checks	Number of accounts established	Gross amount deposited	Number claims paid	Amount claims paid	Number cases \$1,000 or more	Amount transferred to miscellaneous receipts	Balance to credit of payee
Albania	August 1939 to December 1944	17	\$38,433.14			15	\$20,978.14	\$17,455.00
Belgium	March 1939 to September 1944	78	137,558.50	4	\$3,899.05	55	73,293.41	60,366.04
Bulgaria	August 1939 to September 1945	18	32,391.21			13	16,665.62	15,725.59
China	May 1941 to June 1945	216	295,903.28	32	8,988.08	138	145,218.49	141,696.71
Czechoslovakia	August 1939 to September 1944	73	138,096.80	3	2,260.00	56	73,823.02	62,013.78
Denmark	August 1939 to December 1944	240	496,122.16	9	5,263.79	196	273,938.03	216,920.34
Estonia	do	4	4,568.58			2	2,125.00	2,443.58
Finland	do	64	98,114.19			47	40,676.16	57,438.03
France	October 1940 to September 1944	225	271,986.61	47	22,561.45	99	119,696.86	129,728.30
French possessions	May 1939 to June 1943	70	37,309.29	39	20,834.13	1	3,509.98	12,965.18
Germany	August 1939 to September 1945	173	338,445.90	7	2,028.77	121	189,197.75	147,219.38
Greece	October 1940 to September 1944	739	1,410,834.85	41	46,193.56	608	693,855.78	670,785.51
Guam	October 1941 to June 1944	248	67,182.30	5	6,095.77	27	17,176.17	43,910.36
Hungary	August 1939 to June 1945	23	35,902.48			14	18,989.24	16,913.24
Italy	do	2,985	5,236,708.07	16	8,981.30	2,319	2,480,890.58	2,746,836.19
Japan	July 1940 to September 1945	89	132,524.51	3	107.56	51	64,285.94	68,131.01
Latvia	August 1939 to December 1944	7	14,000.00			7	7,750.00	6,250.00
Lithuania	do	219	417,579.18		135.00	185	217,689.40	199,754.78
Luxemburg	do	12	28,960.67	1	1,000.00	7	19,959.00	8,001.67
Netherlands	do	37	77,218.47	2	1,729.03	31	44,348.67	31,140.77
Netherlands possessions	do	22	3,144.20	7	1,130.86	1	440.00	1,573.34
New Guinea	November 1941 to December 1942	1	420.00	1	420.00			
Norway	August 1939 to December 1944	364	844,986.23	6	4,930.00	326	488,355.88	351,700.35
Philippine Islands	October 1940 to September 1944	5,789	9,681,817.94	2,325	2,177,356.64	4,563	3,346,420.24	4,158,041.06
Poland	August 1939 to December 1944	918	2,157,279.30	5	6,169.00	794	1,288,820.41	862,289.89
Portugal	August 1939 to June 1943	5	569.54					569.54
Rumania	August 1939 to June 1945	56	127,947.27	1	1,000.00	42	70,303.67	56,643.60
Russia	August 1939 to September 1944	204	374,369.10	1	663.50	166	199,490.05	174,215.55
Straits Settlements	October 1941 to March 1945	6	5,413.00	2	137.20	3	2,220.00	3,055.80
Sweden	August 1939 to June 1943	24	2,250.22	2	565.30			1,684.92
Switzerland	August 1939 to May 1942	2	110.00					110.00
Wake Island	July 1941 to March 1945	6	3,132.98		420.00	1	347.50	2,365.48
Yugoslavia	August 1939 to December 1944	198	432,351.03		1,000.00	174	243,595.14	187,754.89
Total		13,132	22,943,631.00	2,559	12,323,869.99	10,062	10,164,061.13	10,455,699.88

¹Includes \$348,229.57 overpayments which have been returned to the appropriations from which checks were originally drawn.

PAYMENT OF PENSION OR OTHER BENEFITS WITHHELD