

(Oct. 6, 1917, ch. 106, §33, as added Dec. 18, 1941, ch. 593, title III, §305, as added Aug. 8, 1946, ch. 878, §1, 60 Stat. 925; amended Aug. 5, 1947, ch. 499, §3, 61 Stat. 786; July 1, 1948, ch. 794, 62 Stat. 1218; Feb. 9, 1954, ch. 4, 68 Stat. 7; Aug. 23, 1954, ch. 830, §2, 68 Stat. 768; Pub. L. 87-846, title II, §204(b), Oct. 22, 1962, 76 Stat. 1115.)

Editorial Notes

CODIFICATION

Section was formerly classified to section 33 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

Prior to classification as section 33, section was formerly classified to section 620 of the former Appendix to this title.

AMENDMENTS

1962—Pub. L. 87-846 struck out before period at end of first sentence “; except that return may be made to successor organizations designated pursuant to section 4329(h) of this title if notice of claim is filed before the expiration of one year from the effective date of this Act”.

1954—Act Aug. 23, 1954, inserted before period at end of first sentence “; except that return may be made to successor organizations designated pursuant to section 4329(h) of this title if notice of claim is filed before the expiration of one year from the effective date of this Act”.

Act Feb. 9, 1954, substituted “not later than one year from February 9, 1954” for “by April 30, 1949” in first sentence.

1948—Act July 1, 1948, amended section generally, extending time for filing claims under section 4309 or 4329 of this title.

1947—Act Aug. 5, 1947, provided that notice of certain claims could be filed by Aug. 8, 1948, or that Italian notice of claim could be filed by July 31, 1949.

Executive Documents

TRANSFER OF FUNCTIONS

Functions vested by law in Alien Property Custodian and Office of Alien Property Custodian transferred to Attorney General by Reorg. Plan No. 1 of 1947, §101, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 951, set out in the Appendix to Title 5, Government Organization and Employees.

§ 4331. Payment of debts

(a) Claims allowable; defenses

Any property or interest vested in or transferred to the Alien Property Custodian (other than any property or interest acquired by the United States prior to December 18, 1941), or the net proceeds thereof, shall be equitably applied by the Custodian in accordance with the provisions of this section to the payment of debts owed by the person who owned such property or interest immediately prior to its vesting in or transfer to the Alien Property Custodian. No debt claim shall be allowed under this section if it was not due and owing at the time of such vesting or transfer, or if it arose from any action or transactions prohibited by or pursuant to this chapter and not licensed or otherwise authorized pursuant thereto, or (except in the case of debt claims acquired by the Custodian) if it was at the time of such vesting or transfer due and owing to any person who has since the beginning of the war been convicted of violation of this chapter, as amended, sections 1 to 6 of the

Criminal Code, title I of the Act of June 15, 1917 (ch. 30, 40 Stat. 217), as amended; the Act of April 20, 1918 (ch. 59, 40 Stat. 534), as amended; the Act of June 8, 1934¹ (ch. 327, 52 Stat. 631), as amended; the Act of January 12, 1938 (ch. 2, 52 Stat. 3); title I, Alien Registration Act, 1940 (ch. 439, 54 Stat. 670); the Act of October 17, 1940 (ch. 897, 54 Stat. 1201); or the Act of June 25, 1942 (ch. 447, 56 Stat. 390). Any defense to the payment of such claims which would have been available to the debtor shall be available to the Custodian, except that the period from and after the beginning of the war shall not be included for the purpose of determining the application of any statute of limitations. Debt claims allowable hereunder shall include only those of citizens of the United States or of the Philippine Islands; those of corporations organized under the laws of the United States or any State, Territory, or possession thereof, or the District of Columbia or the Philippine Islands; those of other natural persons who are and have been since the beginning of the war residents of the United States and who have not during the war been interned or paroled pursuant to the Alien Enemy Act; and those acquired by the Custodian. Legal representatives (whether or not appointed by a court in the United States) or successors in interest by inheritance, devise, bequest, or operation of law or debt claimants, other than persons who would themselves be disqualified hereunder from allowance of a debt claim, shall be eligible for payment to the same extent as their principals or predecessors would have been.

(b) Time limit for filing claims; extension; notice

The Custodian shall fix a date or dates after which the filing of debt claims in respect of any or all debtors shall be barred, and may extend the time so fixed, and shall give at least sixty days' notice thereof by publication in the Federal Register. In no event shall the time extend beyond the expiration of two years from the date of the last vesting in or transfer to the Custodian of any property or interest of a debtor in respect of whose debts the date is fixed, or from August 8, 1946, whichever is later. No debt shall be paid prior to the expiration of one hundred and twenty days after publication of the first such notice in respect of the debtor, nor in any event shall any payment of a debt claim be made out of any property or interest or proceeds in respect of which a suit or proceeding pursuant to this chapter for return is pending and was instituted prior to the expiration of such one hundred and twenty days.

(c) Examination of claims

The Custodian shall examine the claims, and such evidence in respect thereof as may be presented to him or as he may introduce into the record, and shall make a determination, with respect to each claim, of allowance or disallowance, in whole or in part.

(d) Funds for debt payments

Payment of debt claims shall be made only out of such money included in, or received as net proceeds from the sale, use, or other disposition of, any property or interest owned by the

¹ So in original. Probably should be “1938”.

debtor immediately prior to its vesting in or transfer to the Alien Property Custodian, as shall remain after deduction of (1) the amount of the expenses of the Office of Alien Property Custodian (including both expenses in connection with such property or interest or proceeds thereof, and such portion as the Custodian shall fix of the other expenses of the Office of Alien Property Custodian), and of taxes, as defined in section 4333 of this title, paid by the Custodian in respect of such property or interest or proceeds, and (2) such amount, if any, as the Custodian may establish as a cash reserve for the future payment of such expenses and taxes. If the money available hereunder for the payment of debt claims against the debtor is insufficient for the satisfaction of all claims allowed by the Custodian, ratable payments shall be made in accordance with subsection (g) hereof to the extent permitted by the money available and additional payments shall be made whenever the Custodian shall determine that substantial further money has become available, through liquidation of any such property or interest or otherwise. The Custodian shall not be required through any judgment of any court, levy of execution, or otherwise to sell or liquidate any property or interest vested in or transferred to him, for the purpose of paying or satisfying any debt claim.

(e) Amount payable; disallowance; notice; review; additional evidence; judgment

If the aggregate of debt claims filed as prescribed does not exceed the money from which, in accordance with subsection (d) of this section, payment may be made, the Custodian shall pay each claim to the extent allowed, and shall serve by registered mail, on each claimant whose claim is disallowed in whole or in part, a notice of such disallowance. Within sixty days after the date of mailing of the Custodian's determination, any debt claimant whose claim has been disallowed in whole or in part may file in the United States District Court for the District of Columbia a complaint for review of such disallowance naming the Custodian as defendant. Such complaint shall be served on the Custodian. The Custodian, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings in the Office of Alien Property Custodian with respect to the claim in question. Upon good cause shown such time may be extended by the court. Such record shall include the claim as filed, such evidence with respect thereto as may have been presented to the Custodian or introduced into the record by him, and the determination of the Custodian with respect thereto, including any findings made by him. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the Custodian, or could not reasonably have been adduced before him or was not available to him. The court shall enter judgment affirming, modifying, or reversing the Custodian's determination, and directing payment in the amount, if any, which it finds due.

(f) Pro rata payments; notice; review; additional evidence; intervention; judgment

If the aggregate of debt claims filed as prescribed exceeds the money from which, in ac-

cordance with subsection (d) hereof, payment may be made, the Custodian shall prepare and serve by registered mail on all claimants a schedule of all debt claims allowed and the proposed payment to each claimant. In preparing such schedule, the Custodian shall assign priorities in accordance with the provisions of subsection (g) hereof. Within sixty days after the date of mailing of such schedule, any claimant considering himself aggrieved may file in the United States District Court for the District of Columbia a complaint for review of such schedule, naming the Custodian as defendant. A copy of such complaint shall be served upon the Custodian and on each claimant named in the schedule. The Custodian, within forty-five days after service on him, shall certify and file in said court a transcript of the record of proceedings in the Office of Alien Property Custodian with respect to such schedule. Upon good cause shown such time may be extended by the court. Such record shall include the claims in question as filed, such evidence with respect thereto as may have been presented to the Custodian or introduced into the record by him, any findings or other determinations made by the Custodian with respect thereto, and the schedule prepared by the Custodian. The court may, in its discretion, take additional evidence, upon a showing that such evidence was offered to and excluded by the Custodian or could not reasonably have been adduced before him or was not available to him. Any interested debt claimant who has filed a claim with the Custodian pursuant to this section, upon timely application to the court, shall be permitted to intervene in such review proceedings. The court shall enter judgment affirming or modifying the schedule as prepared by the Custodian and directing payment, if any be found due, pursuant to the schedule as affirmed or modified and to the extent of the money from which, in accordance with subsection (d) hereof, payment may be made. Pending the decision of the court on such complaint for review, and pending final determination of any appeal from such decision, payment may be made only to an extent, if any, consistent with the contentions of all claimants for review.

(g) Priority of claims

Debt claims shall be paid in the following order of priority: (1) Wage and salary claims, not to exceed \$600; (2) claims entitled to priority under sections 3713(a) and 9309 of title 31, except as provided in subsection (h) hereof, (3) all other claims for services rendered, for expenses incurred in connection with such services, for rent, for goods and materials delivered to the debtor, and for payments made to the debtor for goods or services not received by the claimant; (4) all other debt claims. No payment shall be made to claimants within a subordinate class unless the money from which, in accordance with subsection (d) hereof, payment may be made permits payment in full of all allowed claims in every prior class.

(h) Priority as debt due United States

No debt of any kind shall be entitled to priority under any law of the United States or any State, Territory, or possession thereof, or the

District of Columbia, solely by reason of becoming a debt due or owing to the United States as a result of its acquisition by the Alien Property Custodian.

(i) Exclusiveness of relief

The sole relief and remedy available to any person seeking satisfaction of a debt claim out of any property or interest which shall have been vested in or transferred to the Alien Property Custodian (other than any property or interest acquired by the United States prior to December 18, 1941), or the proceeds thereof, shall be the relief and remedy provided in this section, and suits for the satisfaction of debt claims shall not be instituted, prosecuted, or further maintained except in conformity with this section: *Provided*, That no person asserting any interest, right, or title in any property or interest or proceeds acquired by the Alien Property Custodian, shall be barred from proceeding pursuant to this chapter for the return thereof, by reason of any proceeding which he may have brought pursuant to this section; nor shall any security interest asserted by the creditor in any such property or interest or proceeds be deemed to have been waived solely by reason of such proceeding. The Alien Property Custodian shall treat all debt claims now filed with him as claims filed pursuant to this section. Nothing contained in this section shall bar any person from the prosecution of any suit at law or in equity against the original debtor or against any other person who may be liable for the payment of any debt for which a claim might have been filed hereunder. No purchaser, lessee, licensee, or other transferee of any property or interest from the Alien Property Custodian shall, solely by reason of such purchase, lease, license, or transfer, become liable for the payment of any debt owed by the person who owned such property or interest prior to its vesting in or transfer to the Alien Property Custodian. Payment by the Alien Property Custodian to any debt claimant shall constitute, to the extent of payment, a discharge of the indebtedness represented by the claim.

(Oct. 6, 1917, ch. 106, §34, as added Dec. 18, 1941, ch. 593, title III, §305, as added Aug. 8, 1946, ch. 878, §1, 60 Stat. 925; amended June 25, 1948, ch. 646, §32(a), 62 Stat. 991; May 24, 1949, ch. 139, §127, 63 Stat. 107.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a), (b), and (i), was in the original "this Act", meaning act Oct. 6, 1917, ch. 106, 40 Stat. 411, known as the Trading with the enemy Act, also known as the Trading with the Enemy Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see section 4301 of this title and Tables.

Sections 1 to 6 of the Criminal Code, referred to in subsec. (a), are sections 1 to 6 of act Mar. 4, 1909, ch. 321, 35 Stat. 1088, which were classified to sections 1 to 6 of former Title 18, Criminal Code and Criminal Procedure, prior to repeal and reenactment as sections 953 and 2381 to 2384 of Title 18, Crimes and Criminal Procedure, by act June 25, 1948, ch. 645, §21, 62 Stat. 862.

Title I of act of June 15, 1917 (ch. 30, 40 Stat. 217), referred to in subsec. (a), is title I of act June 15, 1917, ch. 30, 40 Stat. 217, which was classified to sections 31 to 38

of this title, prior to repeal by act June 25, 1948, ch. 645, §21, 62 Stat. 862, and reenactment as sections 792 to 794 and 2388 of Title 18, Crimes and Criminal Procedure.

Act of April 20, 1918 (ch. 59, 40 Stat. 534), referred to in subsec. (a), is act Apr. 20, 1918, ch. 59, 40 Stat. 534, which was classified to sections 101 to 106 of this title, prior to repeal by act June 25, 1948, ch. 645, §21, 62 Stat. 862, and reenactment as sections 2151 and 2153 to 2156 of Title 18, Crimes and Criminal Procedure.

Act of June 8, 1934 (ch. 327, 52 Stat. 631), referred to in subsec. (a), probably means act June 8, 1938, ch. 327, 52 Stat. 631, known as the Foreign Agents Registration Act of 1938, which is classified generally to subchapter II (§611 et seq.) of chapter 11 of Title 22, Foreign Relations and Intercourse. For complete classification of this Act to the Code, see Short Title note set out under section 611 of Title 22 and Tables.

Act January 12, 1938 (ch. 2, 52 Stat. 3), referred to in subsec. (a), is act Jan. 12, 1938, ch. 2, 52 Stat. 3, which was classified to sections 45 to 45d of this title, prior to repeal by act June 25, 1948, ch. 645, §21, 62 Stat. 862, and reenactment as sections 791 and 795 to 797 of Title 18, Crimes and Criminal Procedure.

Title I, Alien Registration Act, 1940 (ch. 439, 54 Stat. 670), referred to in subsec. (a), is title I of act June 28, 1940, ch. 439, 54 Stat. 670, which was classified to sections 9 to 13 of former Title 18, Criminal Code and Criminal Procedure, prior to repeal and reenactment as sections 2385 and 2387 of Title 18, Crimes and Criminal Procedure, by act June 25, 1948, ch. 645, §21, 62 Stat. 862.

Act October 17, 1940 (ch. 897, 54 Stat. 1201), referred to in subsec. (a), is act Oct. 17, 1940, ch. 897, 54 Stat. 1201, which was classified to sections 14 to 17 of former Title 18, Criminal Code and Criminal Procedure, prior to repeal and reenactment as section 2386 of Title 18, Crimes and Criminal Procedure, by act June 25, 1948, ch. 645, §21, 62 Stat. 862.

Act of June 25, 1942 (ch. 447, 56 Stat. 390), referred to in subsec. (a), is act June 25, 1942, ch. 447, 56 Stat. 390, which was classified to sections 781 to 785 of the former Appendix to this title and was omitted from the Code as terminated.

The Alien Enemy Act, referred to in subsec. (a), probably means sections 4067 to 4070 of the Revised Statutes, which are classified to sections 21 to 24 of this title.

CODIFICATION

In subsec. (g), "sections 3713(a) and 9309 of title 31" substituted for "sections 191 and 193 of title 31 of the United States Code" on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

Section was formerly classified to section 34 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

Prior to classification as section 34, section was formerly classified to section 620 of the former Appendix to this title.

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

In subsecs. (e) and (f), "United States District Court for the District of Columbia" substituted for "the district court of the United States for the District of Columbia" on authority of act June 25, 1948, as amended by act May 24, 1949.

Executive Documents

TRANSFER OF FUNCTIONS

Functions vested by law in Alien Property Custodian and Office of Alien Property Custodian transferred to Attorney General by Reorg. Plan No. 1 of 1947, §101, eff. July 1, 1947, 12 F.R. 4534, 61 Stat. 951, set out in the Appendix to Title 5, Government Organization and Employees.

§ 4332. Hearings on claims; rules and regulations; delegation of powers

The officer or agency empowered to entertain claims under sections 4309(a), 4329, and 4331 of this title shall have power to hold such hearings as may be deemed necessary; to prescribe rules and regulations governing the form and contents of claims, the proof thereof, and all other matters related to proceedings on such claims; and in connection with such proceedings to issue subpoenas, administer oaths, and examine witnesses. Such powers, and any other powers conferred upon such officer or agency by sections 4309(a), 4329, and 4331 of this title may be exercised through subordinate officers designated by such officer or agency.

(Oct. 6, 1917, ch. 106, §35, as added Dec. 18, 1941, ch. 593, title III, §305, as added Aug. 8, 1946, ch. 878, §1, 60 Stat. 928.)

Editorial Notes

CODIFICATION

Section was formerly classified to section 35 of the former Appendix to this title prior to editorial reclassification and renumbering as this section.

Prior to classification as section 35, section was formerly classified to section 620 of the former Appendix to this title.

§ 4333. Taxes

(a) Liability; exemptions

The vesting in or transfer to the Alien Property Custodian of any property or interest (other than any property or interest acquired by the United States prior to December 18, 1941), or the receipt by him of any earnings, increment, or proceeds thereof shall not render inapplicable any Federal, State, Territorial, or local tax for any period prior or subsequent to the date of such vesting or transfer, nor render applicable the exemptions provided in title II of the Social Security Act [42 U.S.C. 401 et seq.] with respect to service performed in the employ of the United States Government or of any instrumentality of the United States.

(b) Payment by Custodian; liability of former owner; enforcement of tax liability; transfer of property

The Alien Property Custodian shall, notwithstanding the filing of any claim or the institution of any suit under this chapter, pay any tax incident to any such property or interest, or the earnings, increment, or proceeds thereof, at the earliest time appearing to him to be not contrary to the interest of the United States. The former owner shall not be liable for any such tax accruing while such property, interest, earnings, increment, or proceeds are held by the Alien Property Custodian, unless they are returned pursuant to this chapter without payment of such tax by the Alien Property Custodian. Every such tax shall be paid by the Alien Property Custodian to the same extent, as nearly as may be deemed practicable, as though the property or interest had not been vested in or transferred to the Alien Property Custodian, and shall be paid only out of the property or interest, or earnings, increment, or proceeds thereof, to

which they are incident or out of other property or interests acquired from the same former owner, or earnings, increment, or proceeds thereof. No tax liability may be enforced from any property or interest or the earnings, increment, or proceeds thereof while held by the Alien Property Custodian except with his consent. Where any property or interest is transferred, otherwise than pursuant to section 4309(a) or 4329 of this title, the Alien Property Custodian may transfer the property or interest free and clear of any tax, except to the extent of any lien for a tax existing and perfected at the date of vesting, and the proceeds of such transfer shall, for tax purposes, replace the property or interest in the hands of the Alien Property Custodian.

(c) Computation; suspension of limitations, etc.

Subject to the provisions of subsection (b) of this section, the manner of computing any Federal taxes, including without limitation by reason of this enumeration, the applicability in such computation of credits, deductions, and exemptions to which the former owner is or would be entitled, and the time and manner of any payment of such taxes and the extent of any compliance by the Custodian with provisions of Federal law and regulations applicable with respect to Federal taxes, shall be in accordance with regulations prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury to effectuate this section. Statutes of limitations on assessment, collection, refund, or credit of Federal taxes shall be suspended, with respect to any vested property or interest, or the earnings, increment or proceeds thereof, while vested and for six months thereafter; but no interest shall be paid upon any refund with respect to any period during which the statute of limitations is so suspended.

(d) "Tax" defined

The word "tax" as used in this section shall include, without limitation by reason of this enumeration, any property, income, excess-profits, war-profits, excise, estate and employment tax, import duty, and special assessment; and also any interest, penalty, additional amount, or addition thereto not arising from any act, omission, neglect, failure, or delay on the part of the Custodian.

(e) Exemptions

Any tax exemption accorded to the Alien Property Custodian by specific provision of existing law shall not be affected by this section.

(Oct. 6, 1917, ch. 106, §36, as added Dec. 18, 1941, ch. 593, title III, §305, as added Aug. 8, 1946, ch. 878, §1, 60 Stat. 929.)

Editorial Notes

REFERENCES IN TEXT

The Social Security Act, referred to in subsec. (a), is act Aug. 14, 1935, ch. 531, 49 Stat. 620. Title II of the Act is classified generally to subchapter II (§401 et seq.) of chapter 7 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

This chapter, referred to in subsec. (b), was in the original "this Act", meaning act Oct. 6, 1917, ch. 106, 40