

# **REPORTS OF INTERNATIONAL ARBITRAL AWARDS**

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## **RECUEIL DES SENTENCES ARBITRALES**

**John Ujvari (United States) v. Hungary**

28 June 1929

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June and July, 1919. He was not arrested but remained in Kassa. The material facts with respect to this claim must be fully known to him. It has been made to appear to the Commission that he is now and for some time has been residing in California. While the American Agent has urged that his testimony be taken by the claimants, it is not in the record nor is its absence accounted for. The same is true of numerous other individuals residing in Kassa who must have first-hand knowledge of the facts. In addition to the improbability of many of the material statements which claimants make, they are rebutted by the testimony of disinterested witnesses and in some particulars by official records and by statements previously made by the claimant Bertha Salay. Assuming that some of the claimants' statements are true, the truth is so blended with the false that it cannot be isolated.<sup>1</sup> This is a condition for which claimants alone are responsible and the consequences must be borne by them.

For the reasons stated the Commission decrees that the Government of Hungary is not obligated under the Treaty of Budapest to pay to the Government of the United States any amount on behalf of Elizabeth Filo and Bertha Salay, claimants herein.

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JOHN UJVARI (UNITED STATES) *v.* HUNGARY

(*June 28, 1929. Pages 121-122.*)

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JURISDICTION: OBJECTION.—BONDED PUBLIC DEBTS: SUSPENSION OF INTEREST PAYMENT BY REVOLUTIONARY (BELA KUN) RÉGIME.—INTERPRETATION OF TREATY.—INTERLOCUTORY JUDGMENT. Decree of March 29, 1919, issued by revolutionary (Bela Kun) régime, suspending payment of interest *inter alia* on bonded public debts of Hungary, and declared void by *de jure* Government in 1920. *Held* that payment not suspended within meaning of article 231, paragraph (3), Treaty of Trianon, carried into Treaty of Budapest, and that Commission, therefore, has jurisdiction over claim for interest matured between March 29, 1919, and December 31, 1919, and interlocutory judgment should be entered for amount of it.

*Bibliography:* Bonyngé, p. 40.

In accordance with the rules of procedure of this Commission announced in Administrative Decision No. II the United States on behalf of the claimant, John Ujvari, an American national, seeks an interlocutory judgment for 245 kronen based upon certain interest coupons and talons appertaining to bonds owned by the claimant issued by the Kingdom of Hungary, which interest became due during the war period. Hungary admits the debt and that an interlocutory judgment as prayed should be entered save in respect to the coupons which matured between March 29, 1919, and December 31, 1919, aggregating in amount 17.50 kronen. With respect to this amount only Hungary challenges the jurisdiction of this Commission, contending that during the period mentioned the payment of interest on all Hungarian Government securities was suspended within the meaning of the proviso of paragraph (3) of article 231 of the Treaty of Trianon carried into the Treaty of Budapest, and therefore that the amount of interest so suspended does not constitute

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<sup>1</sup> The Santissima Trinidad, 20 U. S. 283; Quock Ting *v.* United States, 140 U. S. 417; Wellman *v.* United States, 297 Fed. 925.

a debt within the meaning of the Treaty and of the decisions of this Commission construing it.<sup>1</sup>

The Commissioner rejects this contention and holds that there was no general suspension during the war of the payment of interest on securities issued by the Kingdom of Hungary within the meaning of the Treaty clause invoked.<sup>2</sup>

The revolutionary régime of Bela Kun, which had temporarily forcibly usurped the administration of the Hungarian Government, issued a decree dated March 29, 1919, reading:

"The payment of matured coupons of all domestic securities is herewith suspended."

This abortive attempt on the part of the Bela Kun régime through this decree to suspend interest payments accruing on the lawful obligations of Hungary was promptly repudiated by the *de jure* Government of Hungary on its resuming the exercise of its authority. This repudiation is embodied in article 9 of statute I of the year 1920 which declares "that all the people's laws, ordinances, or decrees issued by the People's Republic or by the Soviet Republic are void."

In the light of this very proper action on the part of the present Government of Hungary which with the United States subsequently entered into the Treaty of Budapest, it does not now lie with Hungary through a plea to the jurisdiction of this Commission to seek to avoid the payment under the Treaty of an obligation otherwise confessedly binding upon it, on the ground that such obligation was, within the meaning of a provision of that Treaty, suspended by a decree which Hungary has formally and effectively denounced as void.

An interlocutory judgment will be entered herein for the amount prayed for in accordance with the rules of procedure prescribed by Administrative Decision No. II.

#### ADOLFO STAHL (UNITED STATES) *v.* HUNGARY

(*June 28, 1929. Pages 123-125.*)

BONDED PUBLIC DEBTS: UNAUTHORIZED EXCHANGE OF PRE-WAR BONDS FOR BONDS ISSUED DURING WAR.—PROCEDURE: SWORN STATEMENT BY CLAIMANT.—PRE-WAR DEBT. Purchase on November 11, 1913, through German firm, of 4½% Hungarian Staatskassenscheine, held for claimant by firm and due January 4, 1916. Exchange of bonds by firm, when due, for 5 % Hungarian Kassenscheine due January 10, 1918, which in turn exchanged by firm, when due, for 5 % Hungarian Staatskassenscheine, series C, due April 1, 1921. Claim brought before Commission for amount of bonds issued January 10, 1918, with interest thereon. Statement under oath by claimant that he neither authorized nor ratified extensions. *Held* that claim falls outside terms of Treaty of Budapest: if claimant did neither authorize nor ratify extensions, he has claim against firm, a German national, and no title to bonds issued January 10, 1918, and if he has title to bonds, debt owing him by Hungary is not pre-war debt: new bonds evidence new obligation.

<sup>1</sup> Administrative Decision No. II, pages 22 to 25, particularly at 24 (Note of the Secretariat: this volume, p. 220 *supra*).

<sup>2</sup> The North British & Mercantile Insurance Co. Ltd. *v.* Hungarian Government, decided January 23, 1924, III Dec. M. A. T. at page 791.