

Declassified E.O. 12356 Section 3.3/NND No.

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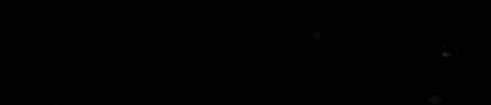
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PROPERTY CUSTODIAN, POLICY
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FOLIO	DATE	REF	TO/FROM	SUBJECT
1			Property Controller	

Declassified E.O. 12356 Section 3.3/NND No.

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PROPERTY CONTROLLER.1. DUTIES.

The duties of the C.P. will be the following:-

- (a) The C.P. will be responsible for the custody of:-
 - (i) Property of Allied Governments or nationals sequestered by the Italian Government.
 - (ii) Enemy state property not in custody of some other branch of the Armed Forces.
 - (iii) Such abandoned property or property belonging to absentee owners of which no representatives can be found in the Occupied Territory as the C.C.A.O. may direct.
- (b) He may also be required to take into his control, when directed to do so by the C.C.A.O.:-
 - (i) Any property the control of which is in the opinion of the C.C.A.O. essential to the needs of the Allied Forces or inhabitants of the Occupied Territory
 - (ii) The property of any person, company or institution whose activities are deemed by the C.C.A.O. to be prejudicial to the safety of the Allied Forces or of public order.
- (c) He will also assist all branches of the Allied Forces to ascertain sources and take possession of any enemy State property susceptible of military use which they may require.

For the purpose of (a)(i) above, the term "Allied" will be deemed to include only the U.S.A. and the British Commonwealth nations, but may subsequently be extended by the C.C.A.O. to include all or any of the other United Nations.

With respect to (a)(ii), the term "enemy state property" includes all property owned, controlled or administered by any state at war with the U.S. or Great Britain and also that of companies, institutions or bodies in which any such state has any substantial interest or over which it exercises substantial control.

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- (ii) The property of any person, company or institution whose activities are deemed by the C.C.A.O. to be prejudicial to the safety of the Allied Forces or of public order.
- (c) He will also assist all branches of the Allied Forces to ascertain income and take possession of any enemy State property susceptible of military use which they may require.

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2. GENERAL DIRECTION.

ALLIED PROPERTY.

As far as can be ascertained the Italian procedure for dealing with estates of enemy nationals and governments has been to appoint private persons as sequestrators; these sequestrators being obliged to account for the estates under their control to the Prefect of the Province in which they are situated. In the case of small estates the banks have assumed the function exercised by the sequestrator in the case of larger estates, the tenants of these properties paying their rents to a bank specified by the Prefect, the banks rendering periodical returns as well as paying certain living allowances agreed with the Prefect to any resident owners or their dependants. These are generally referred to as "blocked" estates.

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3. In accordance with Article IV of the Proclamation No. 6, P.C. will obtain from Public Officials and/or their nominees who have charge of the sequestrated estates of Allied Governments or nationals, records and full description of all properties under their charge. P.C. will formally take custody of these properties, the Declaration of Custody being published in the AMGOT Gazette. In cases where the sequestrator is, in the opinion of the P.C., a reliable and efficient person, the P.C. will appoint him as his agent for managing the property. In cases where the sequestrator is absent or has been found unreliable, the P.C. will either

- (a) take over the management of the property or
- (b) appoint an agent for this purpose.

Procedure (b) will be followed unless there are special conditions rendering it inapplicable. Where the sequestrator continues in office, it is desirable that the P.C. should not meddle with the detailed administration of the property and his direction should be confined to matters of policy only.

Sequestrators should not, however, be permitted

- (a) to dispose of or contract a charge upon land
- (b) to alter the object or legal form of the undertaking
- (c) to dispose of or liquidate any undertaking
- (d) to dispose of any capital assets except in the ordinary course of business
- (e) to contract new leases without the consent of the P.C. or his assistant.

The former sequestrator if he continues to administer the property on behalf of the P.C., will be entitled to a fee computed on the same basis as his pre-occupation remuneration, unless or until contrary instructions are issued, and the said fee will be a charge against the estate. If another agent is appointed his fee will be agreed with the P.C. on the basis the fee to which the former sequestrator was entitled.

4. In the case of property of Governments or nationals of Allied Nations other than the U.S. and The British Commonwealth of Nations, the Italian regulations regarding sequestration, etc. will remain in force until repealed in whole or in part. If, therefore, the sequestrator of any such property is absent, the P.C. will have to assume responsibility for these properties. He will take them into formal custody and entrust their management to a sequestrator or trustee who will administer them according to the existing regulations. Sequestrators who are present will continue administering the property in their charge under the general supervision of the P.C., until the C.C.I.O. shall direct otherwise.

5. In the case of blocked estates (if any such exist in unoccupied) the pro-

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5. In the case of blocked estates (if any such exist in HOLLAND) the pre-occupation practice will initially be rendered impracticable by the closing of the banks and as it is impossible to foresee what banks will be reopened and where, it may be necessary for the P.C. to appoint a Trustee, (e.g. a local lawyer of good reputation) to look after these estates on his behalf, until such time as some bank can resume this function. The fee to be paid to the Trustee which will be a charge against these estates, will be agreed between the P.C. and the Trustee.

6. In all cases the P.C. will either make an inventory of the property on assuming custody or check the inventory furnished by the sequestrator. This inventory, which will include a description of the condition of the property, will be agreed with the future agent or Trustee appointed by the P.C.

7. All expenses for maintenance of Allied property taken in custody by the P.C. will be charged against the estates in question and normally the P.C. will not be permitted to employ public funds for this purpose unless expressly authorized to do so by the C.F.O. However, in cases of emergency where action has to be taken before there is time for obtaining authority from the Finance Division, the P.C. or his subordinate officer may expend a sum not exceeding.....in protecting any particular piece of

Allied property which in his opinion is of such sufficient value to render the ultimate recovery of the sum expended reasonably secure.

8. It will be possibly found that some owners of sequestered estates are still resident in HOLLAND and that in the past the sequesterator allowed them a bare living allowance out of the Estate income. It can be anticipated that pending the return to them of their property, they will ask for either an increased living allowance by reason of the increase in cost of living or the payment to them of the whole of the estate income. In these cases, theoretically, the whole of the income over maintenance, administration and similar expenses can be paid to them but care should be taken to retain a reserve for contingencies particularly where buildings are concerned and where rents will remain practically constant but cost of repairs will possibly be increased three or four-fold.

9. Considerable difficulty may be experienced in the question of allowances to joint owners of the estate some of whom are present and some absent particularly when there is no written agreement between the joint owners as to their interests. In all cases of doubt reference should be made to the Legal Division.

10. In cases where owners are present in O.T. and claim for the restoration of their property this should not be returned to them until their title has been verified by the Legal Division.

11. On the outbreak of war, enemy owned companies or businesses were placed by the Italian Government under the control of a chief sequesterator resident in Rome who appointed local deputies to exercise this function. In assuming custody of the property of Allied companies it should be noted that the case of Allied Companies undertakings whose assets have been sequestered may present some difficulties. Here again a complete and detailed inventory should be prepared. Where these undertakings have been occupied or taken over by any branches of the Armed Forces and are subsequently surrendered by them, it would be advisable, if possible, to ask for their co-operation in protecting Allied property and in compiling an inventory at the earliest possible opportunity, e.g. a petrol depot belonging to an American or British concern which will in the first phase almost certainly have been taken over by D.A.D. S. & T. (P). Moreover, in this and in other cases it is possible that an enemy company has been authorised by the Italian Government to use these installations and a representative of that company should therefore also be requested to assist in preparation of the inventory, if available. Also it would be advisable to check any inventories with those in the possession of the local sequesterator, if available.

12. P.C. will not, however, be responsible for recording any removal of or damage to property which may have occurred before he has formally taken custody.

13. ENEMY STATE PROPERTY.

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13. ENEMY STATE PROPERTY.

Buildings.

- (i) MGOT departments will be responsible for compiling records, inventories, etc. of buildings occupied by them, and their contents. (A form of record is attached in Annex). Copies will be filed with the P.C. who will prepare the formal declaration of custody which will be published in the MGOT Gazette. P.C. will be responsible for preparing records of all other estate buildings not occupied by MGOT or the Armed Forces except that:
- (ii) The Advisor on Fine Arts and Museums shall be responsible for the preparation of inventories and records of such properties and shall file copies thereof with P.C. It would seem advisable that this be done before the reopening of such institutions.

(iii) C.S.D. will be responsible for compiling records, inventories, etc. of State lands, forests, quarries, mines, etc. not occupied by the Armed Forces and buildings situated thereon. Records will be filed with P.C. who will take formal custody, the declaration of custody to be published in the MGOT Gazette. Such records

to include inventories of all movable property such as furniture, machinery, livestock, growing crops, etc.

14. Properties owned by semistatal enterprises will be treated as State-owned and will be dealt with as above, the various departments of AMGOT being responsible for preparing records of all properties occupied by them which will be filed with the P.C. In the case of properties not taken over either by the Armed Forces or by any Division of AMGOT, the P.C. will be responsible for taking the necessary action.

15. Exchange of Information.

The C.P. will at the earliest opportunity provide the Armed Forces with as complete list as possible of State property which he proposes to take under his custody in order to enable them to occupy or seize such of it as they may require. It would similarly be desirable for branches of the Armed Forces who have occupied or seized State property (other than that of a strictly military nature) to furnish the C.P. with as complete a record as possible including date of occupation and the general condition of the property at the time of taking over.

16. Municipal Property.

Municipal Property is regarded as private property under international law, and as it is contemplated that municipalities as bodies corporate will not be dissolved, municipal property will be treated as private property whose owner is present. The P.C. will therefore not be responsible for taking it into his custody unless specially directed to do so by the C.C.A.O.

PRIVATE PROPERTY.

17. Abandoned Property.

The P.C. will only be required to take such abandoned property under his custody as is considered by the C.C.A.O. to be of importance either to the Armed Forces or to the economic or social welfare of the community.

18. However, it may be felt that there is some obligation on the part of the occupying power to look after the interests of those persons whom they compulsorily prevent by deportation, internment, etc., from looking after their own property. It would therefore be desirable to arrange with the Security branches of the Armed Forces that all internees should be given the opportunity of appointing representatives among the inhabitants of Occupied Territory with power to look after their property. The most convenient way of doing this would be to draw up in conjunction with a well-known Notary Public a form of power of attorney which would be distributed to O.S.C. internment camps for distribution to internees who wished to avail themselves of this privilege.

It is possible that there may be in the Italian Civil code a provision analogous to that contained in the French code civile under

785015

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It is possible that there may be in the Italian Civil code a provision analogous to that contained in the French code civile under which the courts are empowered to appoint a trustee for abandoned property. If this is so, application may be made to the Procuratore del Re by the P.C. in order to avail himself of this opportunity.

19. In view of the extreme shortage of personnel, the object of the P.C. (except as otherwise directed) should be to hand over the management of estates, properties, etc. to a reliable local firm or person conversant with the type of business in question, subject to the conditions laid down in para. 3 above. The P.C. will, however, take formal custody of such properties and will be responsible for seeing that the agents appointed by him carry out their duties in a satisfactory manner. Cases, however, may occur in which the P.C. Division will have to take over the direct management of abandoned estates. Lands and buildings should be leased wherever possible. A form of lease is contained in Appendix A which should be used wherever suitable, the principle feature of which is the clause providing for re-entry being effected under an order of an officer of the Military Court. When fixing the rent, the chief consideration of the P.C. should be the preservation of the property. He should therefore be more concerned to

(iii) industrial concerns, etc. of vital interest to (a) the Armed Forces and/or (b) the essential economic needs of the territory.

With regard to (i), P.C. will have no responsibility even of record, except when otherwise directed by the C.C.A.O.

24. With regard to (ii) it is not expected that the number of enterprises of which no representative can be found will be great, but where directed to do so by the C.C.A.O., P.C. should take formal custody, the declaration being published in the *MAGOT Gazette*, but his responsibility in the conduct of the concern should be limited to making arrangements for leasing it at a rental, the lessee taking over the stock at a valuation at current wholesale prices but preferably by public tender, but if this is impracticable, by private arrangement. If the previous occupant is only a tenant of the premises and the lease has only a short period to run, then considerable difficulty may be experienced in leasing the premises. Action to be taken will depend upon the terms of the existing lease and conditions existing at the time.

25. When business undertakings are available for lease an inventory should be prepared by the C.P. and copies made available to prospective tenants. Before any undertakings of this nature are offered to any private lessee, the Armed Forces should be notified of their existence and given a prior opportunity to take them over.

If any unit of the Armed Forces intends to use any premises or works which have come into the custody of the P.C., they should be formally requisitioned from the P.C. A detailed inventory should be made jointly by the P.C. and a representative of the occupying unit and jointly signed. A report of the technical officers attached to the C.S.D. should also be prepared.

In cases where letting the business is impracticable, stocks should be sold and the premises with the tenant's fixtures where possible let. Industrial undertakings for which no lessee can be found should be placed on a care and maintenance basis. The C.P. has powers to raise loans on the security of the property for this purpose.

26. With regard to (iii), the C.C.A.O. may direct P.C. to take them under his control in which case they will normally be dealt with as indicated in part 27 below.

27. PRIVATE INDUSTRIAL ENTERPRISES CONTROLLED BY THE P.C.

Private Industrial Undertakings operated under the supervision of the P.C.

(i) Businesses furnishing war material useful to the Armed Forces. It may be assumed that normally either the owners of these businesses or some authorised representatives will be present, but if this is not the case, the P.C. will take formal custody in the usual manner. If owners are present, he will merely take an inventory of the property taken over. If the property in question has been

785015

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(ii) Undertakings, the control of which is vital to the needs of the civil population. These will be dealt with on similar lines to (i) where the circumstances are appropriate. Cases may, however, arise in which an entrepreneur

find a reliable tenant who will look after the property than to find a tenant who will pay a high rent, at any rate in the earlier stages of the occupation. Monies collected as rent may be used in order to effect repairs, etc., and it is important that the P.C. should establish for himself the reputation of a good landlord in order to facilitate the finding of suitable tenants.

20. The P.C. will have the following powers which he will exercise at his discretion, namely:-

- (i) Sell any part of the property which consists of perishable goods, produce, growing crops, stock-in-trade, furniture or other moveable property under his control whose value or physical condition is from its nature likely to depreciate.
- (ii) If the property is capable of being let, to let it.
- (iii) To pay any rates, taxes or other imposts due in respect of the property.
- (iv) To pay any mortgage interest or other payments accrued on the property.
- (v) To pay any other sums necessary for the preservation of the property.
- (vi) To raise on the security of the property any sums required for its preservation.
- (vii) To enter into any contract and to execute any legal deed necessary for the exercise of any of the foregoing powers.
- (viii) If the property consists of a business, to carry on the business or to make arrangements for some other person to carry it on.
- (ix) Do all such things in relation to any private property which he takes under his control as would be done if he held a general power of attorney from the owner adapted to the circumstances of the case.
- (x) With the consent of the C.C.A.O. make payments from time to time out of the assets in his control to any dependants of the owner, when it appears that such dependants are without adequate means of support.

21. When the Armed Forces occupy abandoned property; in the case of (a) dwelling houses, hirings and/or U.S. Army Engineers should record dates of occupation and the initial occupying unit should prepare inventories of their contents. They should also, where possible, give some indication of its pre-occupation value. In the case of (b) industrial premises, Hirings or U.S. Army Engineers should record dates of occupation and in conjunction with a technical unit, make an inventory of fixed and moveable plant.

22. If any of the moveable plant is seized or requisitioned by any branch of the Armed Forces the branch concerned will be responsible for making a record of the assets so appropriated. Copies of all records mentioned above should be forwarded to the

- (v) To pay any other sums necessary for the preservation of the property.
- (vi) To raise on the security of the property any sums required for its preservation.
- (vii) To enter into any contract and to execute any legal deed necessary for the exercise of any of the foregoing powers.
- (viii) If the property consists of a business, to carry on the business or to make arrangements for some other person to carry it on.
- (ix) To do all such things in relation to any private property which he takes under his control as would be done if he held a general power of attorney from the owner adapted to the circumstances of the case.
- (x) With the consent of the C.C.A.O. make payments from time to time out of the assets in his control to any dependents of the owner, when it appears that such dependents are without adequate means of support.

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22. If any of the moveable plant is seized or requisitioned by any branch of the Armed Forces the branch concerned will be responsible for making a record of the assets so appropriated. Copies of all records mentioned above should be forwarded to P.C. for filing but P.C. will not be held responsible for the accuracy or completeness of these records. C.P. will not be responsible for any property in the occupation of the Armed Forces. He will, however, collate all records supplied to him concerning abandoned property when it is finally derequisitioned. Normally the P.C. will in such cases take formal custody and make arrangements for the private letting of such premises as soon as possible after they have been derequisitioned. He will take an inventory of the contents of the property on derequisitioning but he will not be responsible for recording any damage to or removal of property which has arisen during the period of occupation by the Armed Forces.

23. From the point of view of the P.C.'s responsibility, abandoned industrial and commercial concerns may be divided into three categories:

- (i) small businesses and industrial undertakings of no particular importance in the economic life of the territory.
- (ii) medium or large size businesses and undertakings of interest to the civilian population but not of such a nature as to be taken over by the C.P.

or a group of business men are willing to carry on undertakings of this character in which case the management will be entrusted to their hands, the function of supervision being assumed by the C.P. who will require them to submit to him personally such reports, accounts and production schedules as he shall deem appropriate. It may nevertheless be found that the undertaking in question cannot be carried on without incurring a loss, in which case the C.P. will arrange with the C.F.O. for the granting of any subsidies which may be necessary to carry the undertaking.

Finally, cases may arise in which the P.C. will not be able to find any entrepreneur willing to carry on the undertaking. He may therefore be directed by the C.C.A.O. to carry it on himself. In such cases it will be his duty to appoint a manager, and when the undertaking cannot be made self-supporting, to arrange with the C.F.O. for the granting of the necessary subsidies.

28. In all cases in which the P.C. takes control of any private industrial enterprises whether the concern is actually to be operated under his control and supervision or not, a balance sheet will be prepared at the earliest opportunity showing the position at the date of taking over by P.C. In cases where an enterprise is initially taken over by the Armed Forces and subsequently transferred to the custody of the P.C., balance sheets should likewise be prepared showing (a) the position as on the date on which the enterprise was taken over by the Armed Forces and (b) the position on the date of transfer. Pending the preparation of this balance sheet, the manager of the Co. should be instructed to make a detailed inventory of stocks and rule off the accounts. Stocks should be brought in at stock or market value whichever is the lower, and the price at which such stock is sold to or requisitioned by Military will be the average pre-occupation lire price. These balance sheets will normally be prepared by the Companies' own employees but if these should not be available, then the P.C. should use his own Italian civilian staff which should include some experienced accountants, capable of this type of work.

29. Where the responsibility for supervising the operation of the undertaking is assigned to a division of ANGOI, other than that of the P.C., the operating Division will be responsible for furnishing C.P. with the necessary records upon taking over control in the shape of inventories, balance sheets, etc. and shall periodically submit further records showing what use or disposition has been made of these properties in such form as the C.P. may direct, e.g., if the operating Division should decide to remove any part of the fixed plant or machinery of any property for employment elsewhere, a certificate shall be forwarded to C.P. stating the disposition of the said plant or machinery, the reasons therefor and the book value of the assets transferred.

30. Other Property the control of which is assumed by C.P. on the direction of C.C.A.O.

With respect to the property referred to in 1 (b)(ii), unless such property is handed over to the control of the C.S. or any other Division of ANGOI for operation, it shall be dealt with in the manner of the property referred to in

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opportunity showing the position at the date of taking over by F.C. In cases where an enterprise is initially taken over by the Armed Forces and subsequently transferred to the custody of the P.C., balance sheets should likewise be prepared showing (a) the position as on the date on which the enterprise was taken over by the Armed Forces and (b) the position on the date of transfer. Pending the preparation of this balance sheet, the manager of the Co. should be instructed to make a detailed inventory of stocks and rule off the accounts. Stocks should be brought in at stock or market value whichever is the lower, and the price at which such stock is sold to or requisitioned by Military will be the average pre-occupation lire price. These balance sheets will normally be prepared by the Companies' own employees but if these should not be available, then the P.C. should use his own Italian civilian staff which should include some experienced accountants, capable of this type of work.

29. Where the responsibility for supervising the operation of the undertaking is assigned to a division of MGOI, other than that of the P.C., the operating Division will be responsible for furnishing C.P. with the necessary records which taking over control in the shape of inventories, balance sheets, etc. and shall periodically submit further records showing what use or disposition has been made of these properties in such form as the C.E. may direct, e.g., if the operating Division should decide to remove any part of the fixed plant or machinery of any property for employment elsewhere, a certificate shall be forwarded to C.P. stating the disposition of the said plant or machinery, the reasons therefor and the book value of the assets transferred.

30. Other Property the control of which is assumed by C.P. on the direction of C.C.A.O.

With respect to the property referred to in 1 (b)(ii), unless such property is handed over to the control of the C.S. or any other Division of MGOI for operation, it shall be dealt with in the manner of the property referred to in para 24, that is to say, C.P. will either lease it if it consists of real estate or an industrial or commercial undertaking or if this is impracticable, he will place it on a care and maintenance basis, or if the said property consists of moveable property, he will arrange for storage in all cases at the expense of the owner, or if deemed advisable, lease or sell the same.

31. SEMI-STATAL UNDERTAKINGS.

The term "semi-statal undertakings" is understood to include all enterprises and institutions not being the absolute property of the State, but in which the State has a substantial interest or exercises substantial control.

The P.C. will take formal custody of the property of all such undertakings which have not been taken over by other branches of the Armed Forces, but he will only be responsible for the actual management of such undertakings of this nature as the C.C.A.O. may from time to time assign to his control. Where semi-statal enterprises are managed or operated by other Divisions of MGOI, his function will be confined to receiving and collecting records of the property taken over, such as inventories, balance sheets, etc. including records of disposal of plant and fixed assets, in the manner prescribed in para. 29 above.

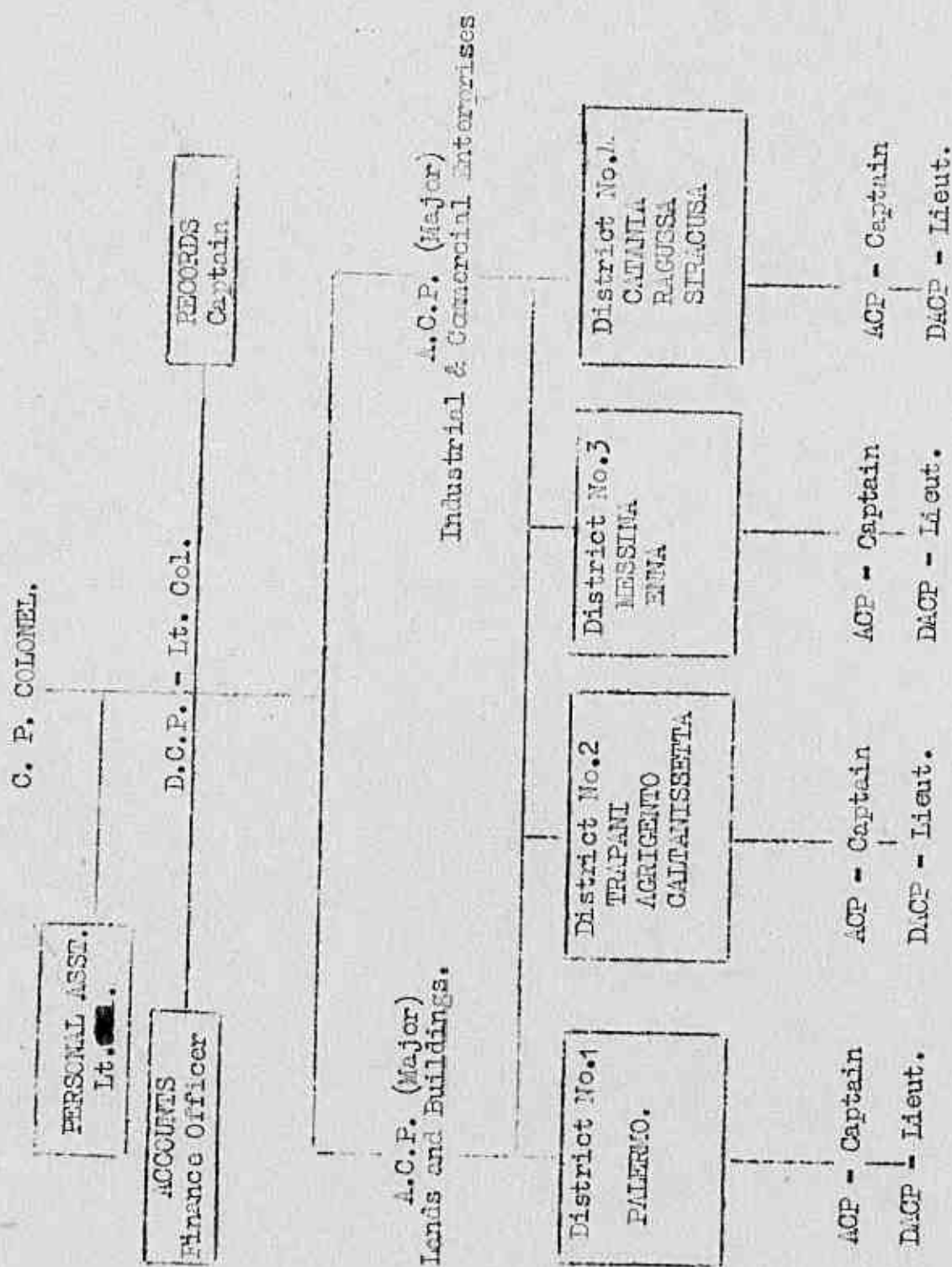
32. In respect of the semistatal enterprises, the control of which is not handed over to other Divisions of AMOT, the C.F. may, as directed by the C.C.A.O., either (a) himself assume the management of the enterprise, or (b) lease the enterprise to a third party, or (c) place it on a care and maintenance basis. In all cases he will compile careful records of the property taken over, such as inventories, balance sheets, notes on the condition of the property, etc. and in the case of (b) require from the lessee such periodical returns as he may think fit. Should the C.C.A.O. desire that any semistatal undertaking which normally works at a loss, shall be continued to be operated by the P.C. for the benefit of the Occupied Territory, the P.C. will arrange with the C.F.O. for such financial assistance as may be necessary and will report to C.F.O. at frequent intervals concerning the financial position of the undertaking.

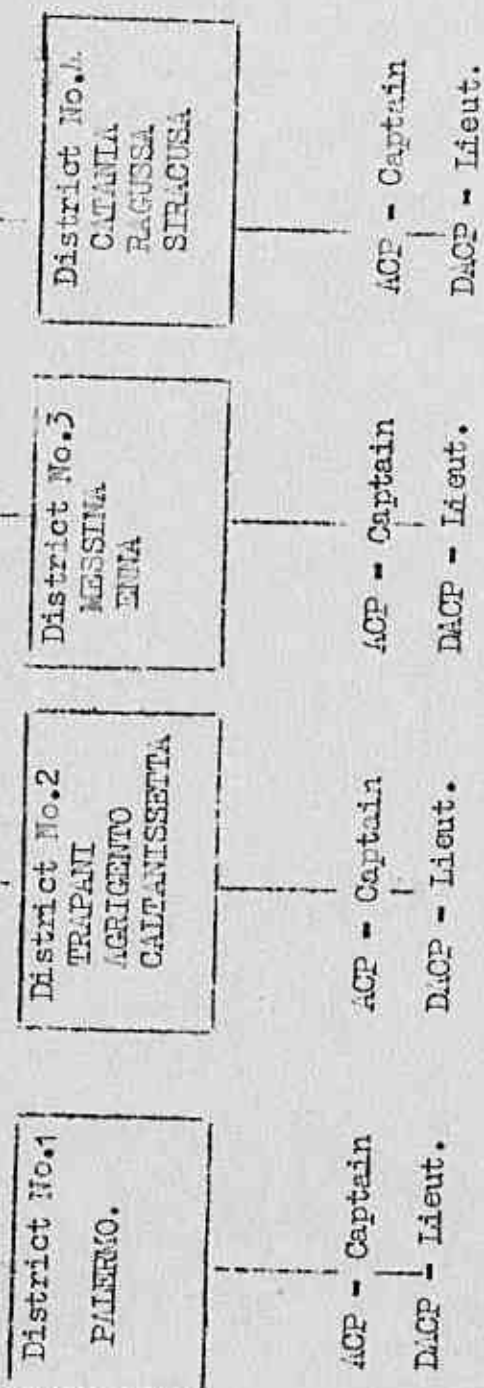
33. Any doubt as to the semistatal character of any enterprise will be referred to the Legal Division, e.g., schemes for land improvement, colonization, etc. It may be found that some of them are essentially "mixed" in character, whereas in others the participation of the state is limited to loans and subsidies for specific purposes. The former should be treated as State property, the latter as private, but in all cases decision should be referred to the Legal Division.

34. ORGANIZATION AND PERSONNEL.

The C.P. Division will be divided at HQ into two main Sections, one dealing with real property and the other with industrial and commercial business and enterprises. Each of the divisions will be in the charge of a A.C.P. (Major). Territorially HORRIFIED will eventually be divided into 4 Divisions each in charge of an A.C.P. (Captain) assisted by a Lieut. Records will be collated at the HQ of the Division in a section under a A.C.P. (Captain). This will entail the increase of the existing W.R. and T.O. by 3 Lieutenants.

The attached chart shows the proposed initial layout.





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