son in 1947 at Schofield Barracks, Ha-
waii. As a member of the Armed Forces, the
beneficiary had been convicted of
housebreaking by a court-martial, sen-
tenced to 5 years' confinement, and
given a suspended dishonorable dis-
charge. While confined in a post stock-
ade he was shot and killed during an
abortive jailbreak. It was subsequently
determined that the decedent was not
involved in the attempted escape in any
way, and his death was declared to have
occurred in line of duty. On the basis
of this determination the beneficiary
was paid the usual 6 months' death
gratuity.

Earlier in his military career the ben-
eficiary's son had taken out a policy
of national service life insurance, des-
ignating his mother as beneficiary, and
paying the premiums on his policy by
alotments from his pay. However,
since he had forfeited all pay and al-
locments while in confinement his allotment
became ineffective, causing the policy to
lapse for lack of premium payment. When
the beneficiary made application after
the son's death for regular monthly
payments under the policy, the Veterans'
Administration made such payments to
her over a period of several years in an
aggregate amount of $4,224.50 before dis-
covering that the policy had not actually
been in effect at the time of the son's
death. Under discretionary authority
which it possesses, the Veterans' Admin-
istration waived recovery of the amount
thus erroneously paid to the beneficiary
administration that this insurance had
been in effect at the time of the son's
death in line of duty but also be-
cause neither she nor her son was ever
designated as beneficiaries. To accom-
mplish this purpose the bill would require
that all claims be passed through the
Court of Claims to determine the
eligibility of the beneficiary. The
administration waived recovery of the amount
which matured prior to August 1,
1946, and further, that the Government
failed to advise the insured properly con-
cerning classes of eligible beneficiaries.
Favorable action appears to have been
predicated on a belief that because the
restriction concerning the permitted
classes of beneficiaries has been removed to
as national service life insurance ma-
turing on and after August 1, 1946, pay-
ment should be made to an ineligible beneficiary involving insurance
which matured prior to August 1,
1946, and further, that the Government
failed to advise the insured properly con-
cerning classes of eligible beneficiaries.
As stated on previous occasions, I am
withholding my approval from the bill, H. R.
6529, 83d Congress, for the relief of
Raleigh Hill.

The bill would authorize and direct the
Administrator of Veterans' Affairs to pay the proceeds of national service life
insurance of Walter H. Nichols, Jr., to
Raleigh Hill, uncle of the insured and
designated principal beneficiary of such
insurance.

National service life insurance in the
amount of $10,000 matured on August
20, 1945, the date of death in service of
H. R. 6529.

The correctness of the Veterans' Admin-
istration denied the claim of his
uncle, Raleigh Hill, the designated prin-
cipal beneficiary, on the ground that he
did not stand in loco parentis to the in-
jured and was not within an enrolled class of
permitted classes of beneficiaries, a stat-
utory requirement applicable to national
service life insurance maturing prior to
August 1, 1946. The correctness of the
Veterans' Administration's determination
under the applicable law is not disputed.

The only question presented by this
case is whether its special facts warrant
the additional relief which the bill would
afford the beneficiary. It might be ar-
gued that such relief is warranted not
only because the beneficiary, apart from
the issue of dependency, is ineligible for
benefit under her son's death for service rendered by the
Veterans' Administration even though
her son died in line of duty but also be-
cause neither she nor her son was ever
specifically notified by the Veterans' Ad-
mintistration that because neither
her nor her son was ever
she be the steadfast rule if the Federal programs for veterans
and their beneficiaries are to be operated
succeesfully. Approval of H. R. 6529
would not be in keeping with these prin-
ciples.
with Kempen or the cotton sales, Ger-
mann & Co., had been lost through im-
proper administration by the Alien Pro-
cury Custodian. The amounts payable by the
German debtors on the breaches of con-
tract, as determined by judgments and
negotiated settlements, could not be
paid through the subsequent period be-
cause of German foreign exchange controls, and, as a
result, the trust association lost money
on the transactions. These losses would be paid by the United States if this bill
were enacted although it is clear that
the United States bears no moral or legal
liability for the transactions which re-
sulted in the losses in question.

The method of payment proposed by the bill raises serious questions of
propriety. The matter involving Ger-
mann & Co. has no relationship to the
claim which the Kempen Trust Asso-
ciation could not be paid. During World War I the Alien Property Custodian had
seized the property of Germann & Co.,
a firm in the Philippines, as enemy prop-
erty. When the property was returned
to Germany, however, precludes Germann
& Co. from asserting any claim against the
United States on account of the
seizure of its property or any losses dur-
ing it was held by the United States. There is, therefore, no valid
claim to be asserted by Germann & Co.
as the basis for the proposed determina-
tion by the Court of Claims. Even if such
a claim existed, however, the proposed
payment of its proceeds to the Kempen
Trust Association instead of to Germann
& Co. would not appear to be a proper
distribution of the rights of the latter
company.

Furthermore, the bill confers upon the
United States Court of Claims jurisdic-
tion to sit in judgment upon the acts of the
Government with respect to acts committed in Germany. I
am informed that this would be con-
tary to a well-recognized principle of
international law and practice.

For these reasons, the purpose and
method of payment would not appear justified. Moreover, enactment of this
bill would establish an undesirable prece-
dent for the assumption by the United
States of the commercial losses of Amer-
ican citizens, even where no governmen-
tal sponsorship of the commercial ven-
ture appeared. It would also set an un-
derirable precedent for the use of the
German property custodian proceed-
during World War II for commercial losses suffered during peacetime in lieu of
their present use through the war claims fund and used to com-
 waits, claims against the Kempen Trust Association to the extent of its loss.

Following World War I the Kempen
Trust Association through subsidiary
 corporations entered into contracts for
the purchase of cotton with a number of
German textile manufacturers for fu-
ture delivery. A fall in cotton prices be-
fore delivery led the German firms to
breach their contracts with the associa-
tion. The amounts payable by the Ger-
man debtors are not only the result of
breaches of contract as determined by
judgments and negotiated settlements,
but also of the fact that the German
firms were unable to divert water from
Lake Michigan to the Illinois Waterway.

The bill would authorize the State of
Illinois and the Sanitary District of Chi-
cago, under the supervision and direc-
tion of the Secretary of the Army, to help con-
trol the lake level of Lake Michigan by
d diverting water from Lake Michigan into
the Illinois Waterway.

The bill would also direct the Secretary
of the Army to study the effect of the improve-
ment in conditions in the Illinois Water-
way by increased diversion, and to report to the Congress as to the
results of the study on or before January 1, 1957, with his recommen-
dations as to the increased diversion
authorized.

The bill specifies that the diversion
would be authorized in order to regulate
and promote commerce, to protect, im-
prove, and promote navigation in the
Illinois Waterway and the Mississippi Val-
ley, to help control the lake level, to af-
ford protection to property and shores
along the Great Lakes, and to provide
for a navigable Illinois Waterway. No
mention is made of possible improve-
ment of sanitary conditions or increase
in hydroelectric power generation on the
waterway.

I am unable to approve the bill because
(1) existing diversions are adequate for
legal purposes, (2) methods of control of
lake levels and protection of property on the Great Lakes should be
considered before arbitrarily proceeding
with the proposed increased diversion,
(3) the diversions are authorized with-
out reference to negotiations with Can-
da, and (4) the non-legitimate interests of
other States affected by the diversion
may be adversely affected. I wish to
comment briefly on each of these points.

For these reasons, I have withheld my ap-
proval from H. R. 3300, as modified by
H. R. 9728.

The bill should be modified to correct
the defects noted above. I do not believe
the bill should be approved as
approved.

The bill should be returned to the Con-
gress without my approval. I do not believe
the bill should be approved as
approved.