

Bátor Victor

See: Eckhardt

Memorandum for the files

Ad hoc unit

May 21, 1942

Memorandum of conference in the office of Mr. Brodnitz on May 15, 1942.

Present: - Dr. Victor Bator, 785 Park Avenue, New York City, and Messrs. Brodnitz and Rosebery for Foreign Funds Control.

Dr. Bator is seeking generally licensed status or more generous Treasury Department licenses. With this in mind, Dr. Bator had requested a conference to discuss again his record and activities. The following points were discussed: -

BATOR'S RELATIONSHIP WITH HUNGARIAN INTERESTS:
Bator explained at some length his relations with Hungarian interests since his arrival in this country in the spring of 1939. He set forth how, because of his connections of long standing with the Hungarian banking world and his special knowledge of American and British affairs, he became on his arrival in this country, the unofficial consultant of various Hungarian interests in the United States and of American interests in Hungary. His role was not that of official representative, but rather that of go-between. In this way, Mr. Bator explained, he really represented American interests just as much as Hungarian interests. He pointed out, for instance, that he was definitely not in the employ of the Hungarian Commercial Bank after entering the United States. On the other hand, he was once actually retained by the New York Trust Company in a contemplated negotiation of the "Standstill Agreement" between Hungarian borrowers and American banks, which however, never materialized. He was once even accused

by other Hungarians in this country of not having acted in the best interests of his native land. At the same time, Bator re-emphasized that he did, for example, assist Hungarian banks in the payment of minor outstanding checks when the deposits of such banks in this country were attached (in connection with the "Standstill" episode) by allowing these institutions to set up an account in his name to take care of items of this type. However, Mr Bator pointed out that he never received compensation for this intervention which involved some work. Other prospective negotiations mentioned by Bator concerned the flotation of a loan in this country in favor of Hungary, to be secured by oil barges on the Danube - a grotesque proposition as Bator himself pointed out - and the contemplated exportation of tires to Hungary through the Goodrich Company which never materialized. Mr. Bator represented himself as a man, who, because of his position as an expert in Hungarian-American affairs, was frequently solicited in 1939-40-41 to handle such matters but because of the times little came to fruition. The one outstanding exception was a leather deal in which Bator assisted the Hungarian Government in realizing a stock of leather acquired by it in this country. It was from this deal he received last year a fee of \$15,000.

THE FIRST NATIONAL BANK, NEW BEDFORD, MASSACHUSETTS EPISODE:- Mr. Bator stated readily enough that his fees on the leather deal were paid in two checks, one for \$5,000 and the other for \$10,000 which were placed to the credit of an account with the First National Bank at New Bedford, Massachusetts. He advised that this account was opened in New Bedford because he was living there at the time. When Bator was first asked why these monies were not placed in a blocked account, he countered

that he did not at that time deem himself personally a national. He admitted that P and NY was blocked but that was one situation - the New Bedford account was another.

The sense of the subsequent question was whether this distinction between monies vested in P and NY and other assets might stem from any doubt regarding the quality of his title to the property held by P and NY. Bator promptly replied that such most emphatically was not the case and that P and NY monies were completely and irrevocably his property. He later frankly admitted that he did not advise the First National Bank at New Bedford, Mass. that this minor account with them should be blocked because of the unpleasantness which such status involved. These monies withdrawn from this account were used for living expenses.

Consideration paid for assets in P. and NY, Ltd.: This matter was discussed in considerable detail, Bator repeating in its main lines the story he has already made available to Foreign Funds Control. He explained how the owners of the Mendelssohn and Co. claim were first and foremost anxious to be dissociated with it; how they were more than satisfied with the consideration he had paid them. ~~How- ever as to the items and market value of such consideration, Bator made statements which, to this writer's recollection, he has not made heretofore.~~ Bator again referred to 4000 shares of Hungarian Commercial Bank stock but further to a cash pengoes contribution. He estimated this total consideration had a then market worth of about \$100,000 - \$125,000, although he admitted his appraisal of the worth of the stock and the pengos rate of exchange used as a basis in his calculation might be subject to discussion. Bator set forth that, at that time, pessimists thought Mendelssohn and Company might pay five cents on the dollar, optimists twenty five cents. It is to be noted

the alleged consideration paid by Bator approximated what Bator himself described as a then optimistic evaluation of ultimate worth. Eventually, of course, Bator received 38% in the Mendelssohn liquidation. He admitted that this was for him a most happy venture. However he did not feel that he had profited grossly. The sellers were men of large means and he had rendered them a great service. However, Bator added, if the original holders of the claim were now in this country as penniless refugees, he himself would feel morally obliged to help them.

P. and NY Ltd.: Bator advised that he now wished to consume the funds in P and NY in (1) the acquisition of real estate (2) the purchase of life insurance (3) the creation of a trust fund in favor of his children. He further added that there was no longer any reason to maintain P and NY as a corporate entity - this was an unnecessary expense - and that he contemplated liquidation. At no time did he speak as if holding these assets intact and in trust pending the end of the war, was either a consideration of his or anybody else's. According to Bator, the \$3,400 recently charged to P and NY's account with the Manufacturers Trust Co. in favor of the Collector of Internal Revenue represented his personal income tax for 1941. Bator's income last year consisted chiefly, if not wholly, of the leather fee. Whether interest and dividends from securities held with P and NY were properly included in Bator's return was not ascertained. Clearly no tax was paid last year on any capital gain to Bator resulting from the liquidation of the Mendelssohn claim.

Data to be supplied by Bator:- Bator agreed to make available to the Treasury Department a record of his assets in Hungary. These

he advised were not as large as they would normally have been because he liquidated his Hungarian affairs in 1938. He did not say where these assets were transferred. He then gave assurance that he would submit a statement covering all withdrawals from his account with the First National Bank at New Bedford, Mass. and answer a green slip dispatched by Foreign Funds Control on May 4th calling for all data regarding Bator's assets in this country. Bator's last comment was that he wished to withdraw for living expenses about \$1500 monthly although in a recent application he had specified \$800.

Association with Tiber Eckhardt:- According to Bator, Eckhardt comes from a family long distinguished in Hungarian political life. The end of the First World war found Eckhardt as a minor official in the Hungarian Government. He played no active part in the White Terror which prevailed at that time. However, like most traditionalist Hungarians, Eckhardt had deeply resented Bela Kun's red revolution which had swept Hungary. He was admittedly antisemitic in those days. Communism and Judaism were then considered synonymous. As the years went by, however, Eckhardt came to realize that anti-semitism was not the solution to the Hungarian problems. Although not generally realized, it was only in the middle twenties that Eckhardt himself became associated with the "Awakening Magyars", a reactionay Hungarian group. By this time the "Awakening Magyars" became relatively sedate. Eckhardt's role was first to purge a few remaining hotheads, then to liquidate the party. In 1929, Eckhardt was elected to Parliament as a member of the Peasant Agrarian Party. He remained through the thirties in opposition to the Government. His program called for the abolishment of landless proletariat but it was conservative in the sense that it was

agrarian. Eckhardt was a staunch advocate of reforms but not in a revolutionary sense, although once, in 1938, Eckhardt threatened violent action unless solutions were found for Hungary's problems.

In the summer of 1930, Eckhardt was in this country lecturing under the auspices of the Carnegie Foundation. Although he had met him previously, it was then that Bator came to know Eckhardt more intimately. He collaborated with him on a memorandum covering Hungarian problems which was submitted to the State Department. Eckhardt then returned to Hungary where he felt he belonged, but fled that land, when a Nazi coup was imminent (Note: this word is spelled in the original: eminent) in the spring of 1941. He departed via Yugoslavia where he was assisted by American Minister Lane, left Athens for Cairo and then with the help of the British made his way to Capetown and the U.S.A.

Since his return to this country (spring 1941) Eckhardt has headed the "Movement for an Independent Hungary". In this movement, he has had as his associates John de Pelenyi, former member of the Hungarian Legation here, Anton de Balazsi, another former legation official, Francis Deak, Professor of Law at Columbia University, John Zsitvay (?) now in London, and Bator himself. Deak, Bator expalined, was only at one moment considered an official agent of the ~~Serbian~~ Hungarian Government because he represented Hungary on the International Law Review. He resigned when Germany joined the axis. (Note: Germany is in original text.) According to Bator, Deak is very much persona grata with the State Department. Eckhardt, according to Bator has only most modest means in this country. These will soon have been consumed. At the moment, Bator proposes himself to assist Eckhardt financially. In this he hopes perhaps to be helped by such men as Nicholas Roosevelt and Montgomery, former American Minister, to

Hungary who, Bator says, have esteem for Eckhardt. Bator was questioned regarding the opposition to the "Movement for an Independent Hungary" which has recently developed. This stemmed, Bator replied, from Czechoslovakian groups. Regarding other "free" Hungarians who do not endorse the Eckhardt Movement, he referred chiefly to Vambery whom he described as declassé, and emigrant completely out of touch with his homeland and therefore unacceptable. Bator said he intended to continue to support Eckhardt. He is presently preparing a memorandum to refute the attack which has been made on the Movement. Bator himself has given the Movement small financial support by making available to it the services of his secretary and he will continue to do so. In all, the Movement so far has had expenses of about \$1,500. However, if the opposition to Eckhardt should become so strong that Eckhardt's presence would become a liability rather than an asset, then arrangements have been made for Eckhardt to resign in favor of Bela Bartok, the great Hungarian composer, already secretly a member of the Movement but who is irrefutably above suspicion and who it is hoped will become Hungary's Paderewski.

CC: Mr. Schmidt
 Mr. Day
 Mr. Seibel
 Mr. Kerekes, Gabor
 Mr. Brodnitz
 Mr. Kehl

FDRosebery:evb 5.21.42.