

UNITED NATIONS



NATIONS UNIES

LAKE SUCCESS, NEW YORK • FIELDSTONE 7-1100

REFERENCE: **AF-C**

31 March 1948

Dear Mr. Eccles,

Mr. Price has requested that I forward to you the attached statements as to the purpose and position of various endowment funds at present in the custody of the United Nations.

We have received your letter designating Mr. Rounds as your representative at the first session of the Investments Committee and have sent him copies of these statements.

Very truly yours,

A handwritten signature in cursive script, reading "H. C. Elvins".

H. C. Elvins,  
Comptroller

Attachments

Mr. Marriner S. Eccles  
Chairman pro tem of the Board of Governors  
Federal Reserve System of the  
United States of America  
Washington 25, D. C.

LIBRARY ENDOWMENT FUND  
AND OTHER SPECIAL FUNDS

Memorandum by the Secretary-General

	<u>Page</u>
<u>History, Present Status and Resources of the Funds:</u>	
Library Endowment Fund	1
Darling Foundation	2
Leon Bernard Fund	3
International Press House Fund	4

Information Annexes:

- A. Protocol of Transfer - Library Endowment Fund
- B. Rules for the Administration of the Library Endowment Fund - SGB/76
- C. Details of Investments held by the Funds at 31 December 1947
- D. Protocol of Transfer - Darling Foundation
- E. Protocol of Transfer - Leon Bernard Fund

LIBRARY ENDOWMENT FUND

History and Present Status of the Fund

The Library Endowment Fund was originally established by Mr. John D. Rockefeller, Jr., to provide for the maintenance of a library in the care of the League of Nations in Geneva. The Fund was transferred to United Nations by the League with effect from 1 August 1946, under the terms of a protocol<sup>(1)</sup> dated 14 April 1947, and is required to be administered in accordance with specific rules<sup>(2)</sup>, acceptance of which by the Secretary-General was a condition precedent of the transfer.

These rules provide, inter alia, that:

- (a) the capital of the Fund is to be established on the basis of the assets transferred by the League as of 1 August 1946, to which may be added additional gifts, etc., subject to adjustment in respect of profits or losses on realization of investments;
- (b) income accruing to the Fund is to be used for Library purposes only, and is available for such purposes, under budgetary processes, without limitation of time;
- (c) investments shall be made by the Secretary-General in consultation with a committee of three members who shall be appointed by the Secretary-General, subject to confirmation by the General Assembly. In this connection the terms of the covering SGB/76 provide that:

"The Investments Committee appointed in connection with the Joint Staff Pension Scheme is designated as the Committee with which the Secretary-General will consult on investment matters in accordance with the provisions of Section 3(ii) of these Rules."

Resources of the Fund

As of 31 December 1947, the capital of the Fund consisted of investments as detailed in the annexed schedule, valued at approximately \$240,000<sup>(3)</sup>, and uninvested cash, \$307,800. Undistributed income cash amounted to \$12,600.

- (1) Attached hereto as Annex A.
- (2) The Rules for the Administration of the Library Endowment Fund (SGB/76) are set out in Annex B.
- (3) Details of investments are set forth in Annex C.

History and Present Status of the Foundation

The Darling Foundation was established in 1935 by the Health Committee of the League of Nations, with a capital of S.f. 10,000, obtained by voluntary subscriptions. The purpose of the Foundation is to provide a prize consisting of a bronze medal and S.f. 1,000, for an original work on malaria, to be awarded whenever accumulated interest permits.

In accordance with the terms of a protocol<sup>(1)</sup>, dated 27 June 1947, the League of Nations transferred to United Nations the assets of the Foundation and the responsibility for its interim administration, on the understanding that the Secretary-General of United Nations accepted the transfer as temporary custodian of the assets which should be transferred to World Health Organization as soon as that Organization became legally competent to accept the transfer. In the meantime, the Secretary-General is to hold and administer the assets of the Foundation for the purpose for which it was created and the Statutes of the Foundation are to continue to apply "mutatis mutandis".

The administration of the Foundation is governed not only by its Statutes but by a Deed of Foundation which was recorded in the Geneva Commercial Register, and it is therefore subject to the processes of Swiss Civil law. The Statutes are concerned principally with the membership of the Committee and procedure for making the awards, but the Deed of Foundation, in addition to providing for an Administrator and a Trustee as officers of the Foundation, contains some important provisions affecting financial administration:

Article 7. The Administrator shall audit and approve the accounts kept by the Trustee.

Article 8. The Funds of the Foundation shall be entrusted to Lloyds and National Provincial Foreign Bank Limited....".

Article 9. The Trustee shall have the rights and duties of such an officer. He shall follow the principle that the Foundation's funds are to be invested in gilt-edged securities.

In 1940, however, the League Treasury took over the management of funds from Lloyds and National Provincial Foreign Bank Ltd., but apparently without any legal modification of the Deed of Foundation. The Treasurer thus assumed a control for which he had no legal basis, and it would therefore appear open to question as to precisely what authority the Secretary-General of United Nations derives from the protocol of transfer. Further, it should be noted that there exists some doubt as to whether the appointment of the previous administrator (Dr. Yves Biraud, now of World Health Organization) is still valid and effective and, if so, just what control that officer would have over changes in investments.

Resources of the Foundation

As of 31 December 1947, the capital of the Foundation consisted of investments valued at \$2,336.49<sup>(2)</sup>, and uninvested cash \$737.50. Accumulated income held in cash amounted to \$49.13.

(1) Attached hereto as Annex D.

(2) Details of investments are set forth in Annex C.

## LEON BERNARD FUND

### History and Present Status of the Fund

The Leon Bernard Fund was established in 1937 under authorization of the Council of the League of Nations, for the purpose of providing at regular intervals an award (a bronze medal and Swiss francs 1,000.00) for work in the field of social medicine. Funds were obtained through voluntary subscriptions.

In accordance with the terms of a protocol<sup>(1)</sup>, dated 27 June 1947, the League of Nations transferred to United Nations the assets of the Fund and the responsibility for its interim administration, on the understanding that the Secretary-General of United Nations accepted the transfer as temporary custodian of the assets which should be transferred to World Health Organization as soon as that Organization became legally competent to accept the transfer. In the meantime, the Secretary-General is to hold and administer the assets of the Fund for the purpose for which it was created and the Statutes of the Fund are to continue to apply "mutatis mutandis".

Although the Statutes refer in places to a "Deed of Foundation", no such official deed was drawn up, and consequently the Fund was never registered in the Geneva Commercial Register. The legal problems which affect the administration of the Darling Foundation (q.v.) do not therefore appear to apply to the Leon Bernard Fund. The League Supervisory Commission has stated that "the property of the Fund is administered by the Treasury of the League of Nations", and it can be assumed that the Secretary-General has assumed these rights. Although the Statutes provide for a Committee, there is no indication that this Committee need be consulted on investment matters.

### Resources of the Fund

As of 31 December 1947, the capital of the Fund consisted of investments valued at \$1,208.02<sup>(2)</sup>, and uninvested cash \$2,548.84. Accumulated income held in cash amounted to \$25.88.

- (1) Attached hereto as Annex E.
- (2) Details of investments are set forth in Annex C.

INTERNATIONAL PRESS HOUSE FUND

History and Present Status of the Fund

The Fund was established by voluntary contributions of Swiss francs 5,000.00 each from fourteen member states, and a similar amount from the International Association of Journalists accredited to the League of Nations, a total of Swiss francs 75,000.00. The purpose of the Fund was to provide an International Press House near the Palais des Nations for the International Association. The Secretary-General of the League acted as custodian of the Fund, pending the acquisition by the Association of juridical status, which has in fact never been acquired.

The resolution of the League Assembly as to the disposition of this Fund did not specifically provide for its transfer to United Nations, but indicated that United Nations might be willing to take over the Fund. As the Secretary-General of the League took the view that the Fund could only be transferred subject to the original terms of establishment, i.e., for providing an International Press House near the Palais des Nations, the Fund was accepted on such terms.

There is no requirement for segregation of income and capital.

Resources of the Fund

As of 31 December 1947, the assets of the Fund consisted of two gold bars held in London, having a weight of 726.804 fine ounces, valued in the accounts at \$25,340.12, together with uninvested cash of \$274.06.

P R O T O C O L

Concerning the Transfer of the Administration  
of the Library Endowment Fund from the League of Nations  
to the United Nations

Mr. SEAN LESTER, Secretary-General of the League of Nations, and Mr. WLODZIMIERZ MODEROW, Director of the European Office of the United Nations, representing the Secretary-General of the United Nations:

Considering

that Mr. John D. Rockefeller, Jr., made a gift to the League of Nations for the establishment of a library in an appropriate building which would be an integral part of the Palais des Nations at Geneva;

that by a resolution of September 25th, 1929, the Assembly of the League of Nations accepted this gift by the means of which a Library Endowment Fund was created, and at the same time laid down rules for the administration and utilization of this Fund;

that the Common Plan, approved by a resolution of the General Assembly of the United Nations of February 12th, 1946, and by a resolution of the Assembly of the League of Nations of April 18th, 1946, provided for the transfer to the United Nations by the League of Nations of the Library Building erected by the means of the said gift;

that in pursuance to the said resolution of its Assembly the Board of Liquidation of the League of Nations has decided on July 24th, 1947, that it is right and proper that the Library Endowment Fund which forms part of the said "gift shall be transferred to the United Nations subject to steps being taken to ensure that the object for which the said Fund was designed and its characteristic features be maintained";

that at the Second Part of its First Session the General Assembly of the United Nations has agreed to accept the Library Endowment Fund and authorized the Secretary-General to draw up, after consultation with the Secretary-General of the League of Nations, rules for the administration of the said Fund which would ensure it being earmarked permanently for the purpose for which it was given by Mr. John D. Rockefeller, Jr.;

agree that:

(a) the transfer of the Library Endowment Fund to the United Nations shall be effected on April 15th, 1947, with effect as from August 1st, 1946;

(2) the transfer of the balance of the Library Building Fund which shall become part of the Library Endowment Fund shall be effected as soon as possible thereafter;

(3) on August 1st, 1946, the Library Endowment Fund consisted of securities, the cost price of which amounted to Swiss francs 1,706,371.79 and of U.S. \$98,457.06 in cash; and that

(4) the administration, utilization, and control of the Library Endowment Fund by the United Nations shall be governed by the Provisional Rules of the Administration of the Library Endowment Fund the text of which is attached and which have been agreed to by the parties hereto, or by such rules or regulations as the Secretary-General of the United Nations may issue in substitution of the said Provisional Rules and in accordance with the purpose of the said Fund.

Done in Geneva, on April 14th, 1947

(signed) S. Lester

" W. Moderow.



SECRETARY-GENERAL'S BULLETIN NO. 76

To: Members of the Staff of United Nations

Subject: RULES FOR THE ADMINISTRATION OF  
THE LIBRARY ENDOWMENT FUND

1. The attached Rules have been adopted for the Administration of the Library Endowment Fund, which was transferred to United Nations from the League of Nations.
2. These Rules constitute the appropriate authority for definition of the purpose and limits of the Fund in accordance with the Provisional Financial Regulations.
3. The Investments Committee appointed in connection with the Joint Staff Pension Scheme is designated as the Committee with which the Secretary-General will consult on investment matters in accordance with the provisions of Section 3(ii) of these Rules.

By direction of the Secretary-General  
(Signed) Byron Price  
BYRON PRICE

Assistant Secretary-General for  
Administrative and Financial Services

RULES FOR THE ADMINISTRATION OF THE LIBRARY ENDOWMENT FUND

1. Application of Rules

These rules shall govern the administration and control of the Library Endowment Fund transferred in accordance with its decision of 24 July 1946 by the Board of Liquidation of the League of Nations and accepted by the United Nations in accordance with a decision of its General Assembly taken at the Second Part of its First Session.

2. Purpose of the Fund

The general purposes for which the fund is established shall include:

(a) The custody and control of the investments and uninvested cash funds transferred by the League of Nations as at 1 August 1946, together with such other sums derived from the League of Nations as may be designated for the purposes of the Library, and all gifts, bequests or other allocations of money or property which may from time to time be received for such purposes.

(b) The collection of income accruing to the fund and the allocation of such income for the purposes of the Library in connection with the acquisition of books, maps, periodicals, equipment and shelving, and for printing and other related expenditures.

3. Capital and Investments

(i) The capital value of the fund shall be established on the basis of the market value of the investments transferred as at 1 August 1946, together with the total of all cash funds and other monetary rights transferred, converted into United States dollars at the mean rate of exchange for Swiss francs on 1 August 1946. Gifts, bequests, and other allocations of money or property received by the fund from other parties subsequent to 1 August 1946 shall be added to the capital of the fund and valued on the basis of the market value of the investments or other property received as at the effective date of the transfer to United Nations. Items expressed in other currencies shall be converted into United States dollars at the mean rate of exchange as at the transfer date. All investments purchased by the fund shall be recorded at cost.

(ii) The capital of the fund shall be invested by the Secretary-General in consultation with a Committee of three members who shall be appointed by the Secretary-General subject to confirmation by the General Assembly.

- (iii) Additional investments (including the investment of income monies not currently required for Library purposes), and changes in investments may be made by the Secretary-General in consultation with the Committee subject always to the provisions of the Financial Regulations of the United Nations.
- (iv) Any profit on sale or other disposition of investments shall be added to the capital of the fund, and any loss on sale shall be charged against the capital of the fund.

4. Income and Expenditure

- (i) The income of the fund shall be used only for the purpose of the Library. The whole accumulated income of the fund shall be available for such purposes as authorized in the appropriation approved by the General Assembly, and any balance of income not expended in any year shall be carried forward to the following year and remain available without limitation of time.
- (ii) The Budget estimates annually submitted to the General Assembly shall show in sufficient detail all expenditure which it is proposed to meet from the income of the fund in the year in question, and a proposed appropriation in aid from the said income equal to the total amount of such proposed expenditure. Such expenditures and appropriations shall be voted by the General Assembly.
- (iii) If the appropriation made in any year is not utilized for the authorized purposes, the balance shall be retained in the fund as unexpended income and remain available for future appropriations.
- (iv) No monies may be withdrawn from the fund except to meet expenditures actually incurred in accordance with the Budget.

5. Accounts

- (i) Separate accounts shall be maintained to record the capital and income transactions of the fund, and the assets of the fund shall be segregated from the general assets of United Nations as funds held in trust.
- (ii) The annual accounts of the United Nations shall include in respect of the Library Endowment Fund:
  - (a) a statement as to the investment of the fund
  - (b) a statement showing the application of the income of the fund against expenditures,which statements shall be audited in the same manner as the general accounts of the United Nations.

DETAILS OF INVESTMENTS AT 31 DECEMBER 1947Library Endowment Fund

7% German External Loan, 1924	\$ 1.00
7% Greek Government Loan, 1964	4,200.00
5-1/2% Government of Denmark, 1925-1955	10,225.00
3-3/8% Commonwealth of Australia, 1962	13,974.63
2-1/2% U.S. Treasury Bonds, 1967-1972 (J&D)	40,598.59
2% U.S. Treasury Bonds, 1962	17,463.15
3% Government of Sweden, 1941-1946	103,045.00
3% Town Mortgage Bank, Kingdom of Sweden, 1947-1977	30,635.00
2-3/4% Bank of Canton of Berne, 1949	4,680.00
2-1/2% Swiss Federal Loan, 1942-1949	15,210.00
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	\$240,032.37
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Darling Foundation

3% Swiss Federal Railways, 1938-1973 (Conversion)	<u>\$2,336.49</u>
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Leon Bernard Fund

3% Swiss Federal Railways, 1938-1973 (Conversion)	\$ 968.76
3% Swiss National Defence Bonds, 1936	239.26
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	\$1,208.02
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P R O T O C O L

Concerning the Transfer of the Administration  
of the Darling Foundation from the League of Nations  
to the United Nations

Mr. SEAN LESTER, Secretary-General of the League of Nations,  
and Mr. WLODZIMIERZ MODEROW, Director of the European Office of  
the United Nations, representing the Secretary-General:

Pursuant to the decision<sup>o</sup> adopted by the Assembly of the  
League of Nations on April 18th, 1946, at its Twenty-first and  
Final Session, for the transfer of the administration of the  
Darling Foundation to the Secretary-General of the United Nations:

And

Pursuant to instructions received by Mr. Wlodzimierz Moderow  
from the Secretary-General of the United Nations concerning the  
transfer of the administration of the said Foundation.

Have agreed as follows:

- (1) The transfer of the administration of the Darling Foundation  
to the Secretary-General of the United Nations shall be effected  
on June 28th, 1947, and the transfer of the balance remaining in  
the account of the Foundation shall be effected on the same date.
- (2) The Secretary-General of the United Nations shall accept the  
transfer of the said Foundation on the understanding that he will  
act as temporary custodian of its assets, which he shall transfer  
to the World Health Organization as soon as possible after the  
final establishment of the said Organization.
- (3) It is understood that in accepting the administration of the  
said Foundation, the Secretary-General of the United Nations, and  
subsequently the World Health Organization, will hold and administer  
the assets of the Foundation for the purpose for which it was created,  
and that the present Deed of Foundation and Statutes of the Founda-  
tion shall continue to apply mutatis mutandis.
- (4) The necessary action for the modification of the Deed of Founda-  
tion registered with the Conseil d'Etat of the Republic and Canton  
of Geneva shall be taken at the earliest possible moment by the  
World Health Organization after the transfer of the Foundation from  
the Secretary-General of the United Nations to the World Health  
Organization.
- (5) The balance-sheet of the said Foundation as at June 27th, 1947  
is shown in the schedule attached hereto.

Done in duplicate at Geneva, June 27th, 1947.

(sgd) Sean Lester  
  
Secretary-General  
of the League of Nations

(sgd) W. Moderow  
  
Director of the European  
Office of the United Nations,  
representing the Secretary-  
General of the United Nations.

Read and approved Dr. Yves Biraud

Administrator of the Darling Foundation