

FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES
WASHINGTON, D.C. 20579

IN THE MATTER OF THE CLAIM OF

STANDARD OIL COMPANY
OF CALIFORNIA

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU-0557

Decision No. CU- 75

PROPOSED DECISION

This claim against the Government of Cuba, under Title V of the International Claims Settlement Act of 1949, as amended, for \$10,141.77 was presented by STANDARD OIL COMPANY OF CALIFORNIA, based upon the asserted loss of payment for merchandise shipped to Cuba.

Under Section 503 of the International Claims Settlement Act of 1949, as amended (64 Stat. 12; 69 Stat. 562; 72 Stat. 527; 78 Stat. 1110; 79 Stat. 988), the Commission is given jurisdiction over claims of nationals of the United States against the Government of Cuba. That section provides that the Commission shall receive and determine in accordance with applicable substantive law, including international law, the amount and validity of claims by nationals of the United States against the Government of Cuba arising since January 1, 1959 for

(a) . . . losses resulting from the nationalization, expropriation, intervention or other taking of, or special measures directed against, property including any rights or interests therein owned wholly or partially, directly or indirectly at the time by nationals of the United States, . . .

Section 502(3) of the Act provides:

The term 'property' means any property, right or interest including any leasehold interest, and debts owed by the Government of Cuba or by enterprises which have been nationalized,

expropriated, intervened, or taken by the Government of Cuba and debts which are a charge on property which has been nationalized, expropriated, intervened, or taken by the Government of Cuba.

Section 502(1) of the Act defines the term "national of the United States" as ". . . . (B) a corporation or other legal entity which is organized under the laws of the United States, or of any State, the District of Columbia, or the Commonwealth of Puerto Rico, if natural persons who are citizens of the United States own, directly or indirectly, 50 per centum or more of the outstanding capital stock or other beneficial interest of such corporation or entity."

An officer of the claimant corporation has certified that the claimant was organized in the State of Delaware and that at all times between 1959 and presentation of this claim on November 8, 1965, more than 50% of the outstanding capital stock of the claimant has been owned by United States nationals. The Commission holds that claimant is a national of the United States within the meaning of Section 502(1)(B) of the Act.

Claimant states that over 99% of its stockholders were residents of the United States and assumes that substantially all of them were United States nationals.

The record contains copies of claimant's invoices Nos. X-747, X-1185, and X-1187 reflecting sales to Cia. Thomas F. Turull S.A. of Havana, Cuba, of goods which, including freight, shipping, and other attendant fees, amounted to \$3,147.28, \$5,086.02, and \$2,842.30.

Additionally, the record includes a letter from the Crocker-Anglo National Bank of San Francisco, California, in which it was stated that the consignee (Cia. Thomas F. Turull S.A.) had made payments to the

CU-05577

Royal Bank of Canada in Havana, Cuba, on each of the invoices as follows:

| <u>Invoice</u> | <u>Amount</u> | <u>Payments</u> |
|----------------|---------------|--|
| X-747 | \$3,147.28 | \$3,147.28 on December 31, 1960 |
| X-1185 | \$5,086.02 | \$1,695.34 on December 31, 1960 1,695.34 on January 15, 1961 1,695.34 on February 15, 1961 |
| X-1187 | \$2,842.30 | \$ 947.44 on December 31, 1960 947.43 on January 30, 1961 947.43 on February 28, 1961 |

Claimant was further informed that the Cuban bank was awaiting authorization to effect reimbursement. Claimant states that it has not received the funds.

The record also includes memoranda issued by the claimant which indicate a credit of \$933.83 to the consignee herein for freight allowances for shipments made prior to December 31, 1960, which amount should be deducted from the sums owed claimant on that date.

The Government of Cuba, on September 29, 1959, published its Law 568, concerning foreign exchange. Thereafter the Cuban Government effectively precluded transfers of funds, in this and similar cases, by numerous, unreasonable and costly demands upon the consignees, who were thus deterred from complying with the demands of the Cuban Government. The Commission holds that Cuban Law 568 and the Cuban Government's implementation thereof, with respect to the rights of the claimant herein, was not in reality a legitimate exercise of sovereign authority to regulate foreign exchange, but constituted an intervention by the Government of Cuba into the contractual rights of the claimant, which resulted in the taking of American-owned property within the meaning of Section 503(a) of the Act. (See the Claim of The Schwarzenbach Huber Company, FCSC Claim No. CU-0019.)

CU-0557

Accordingly, in the instant claim, the Commission finds that claimant's property was lost as a result of intervention by the Government of Cuba and that, in the absence of evidence to the contrary, the loss occurred on January 1, 1961 as to \$5,790.06 less the credit of \$933.83 or \$4,856.23; on January 16, 1961 as to \$1,695.34; on January 31, 1961 as to \$947.43; on February 16, 1961 as to \$1,695.34; and on March 1, 1961 as to \$947.43, the days after the collections were received by the Royal Bank of Canada in Havana, Cuba.

The Commission has decided that in payment of losses on claims determined pursuant to Title V of the International Claims Settlement Act of 1949, as amended, interest should be allowed at the rate of 6% per annum from the date of loss to the date of settlement (See the Claim of American Cast Iron Pipe Company, FCSC Claim No. CU-0249).

Accordingly, the Commission concludes that the amount of the loss sustained by claimant shall be increased by interest thereon at the rate of 6% per annum from the dates on which the loss occurred, to the date on which provisions are made for the settlement thereof, as follows:

CERTIFICATION OF LOSS

The Commission certifies that STANDARD OIL COMPANY OF CALIFORNIA suffered a loss, as a result of actions of the Government of Cuba, within the scope of Title V of the International Claims Settlement Act of 1949, as amended, in the amount of Ten Thousand One Hundred Forty-One Dollars and Seventy-Seven Cents (\$10,141.77) with interest

CU-0557

thereon at 6% per annum from the respective dates of loss to the date of settlement.

Dated at Washington, D. C., and entered as the Proposed Decision of the Commission

JUN 28 1967

Edward D. Be...

Edward D. Be... Chairman

Theodore Jaffe

Theodore Jaffe Commissioner

LaVern R. Dilweg

LaVern R. Dilweg, Commissioner

NOTICE: Pursuant to the Regulations of the Commission, if no objections are filed within 15 days after service or receipt of notice of this Proposed Decision upon the expiration of 30 days after such service or receipt of notice, the decision will be entered as the Final Decision of the Commission, unless the Commission otherwise orders. (FCSC Reg., 45 C.F.R. 531.5(e) and (g) as amended, 32 Fed. Reg. 412-13 (1967).)

CERTIFICATION
This is a true and correct copy of the decision of the Commission which was entered as the final decision on JUL 28 1967

Wanda...
Clerk of the Commission

CU-0557