

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

IN THE MATTER OF THE CLAIM OF

ADLERTEX, INC.

Claim No. CU -0820

Decision No. CU

99

Under the International Claims Settlement
Act of 1949, as amended

PROPOSED DECISION

This claim against the Government of Cuba, under Title V of the International Claims Settlement Act of 1949, as amended, for \$18,424.38 was presented by ADLERTEX, INC. 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 New York and that at all times between June 19, 1959 and presentation of this claim on September 6, 1966, 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.

Eric Adler, the sole stockholder in claimant corporation, has been a national of the United States since his naturalization on May 25, 1944.

The record contains copies of seven invoices reflecting sales of merchandise to the following Cuban consignees (the total amounts listed include price of merchandise and shipping and other attendant fees):

<u>Consignee</u>	<u>Invoice Number</u>	<u>Amount</u>
Pernas & Compania	1147	\$ 3,958.90
Jose Matos y Compania	1146	845.55
Aguirre Villar & Cia	1071	1,842.22
Aguirre Villar & Cia	1108	4,923.03
Garcia Hnos.	1148-A	4,311.25
Aguirre Villar & Cia,	1161	788.31
Klepach & Hnos.	1101	1,755.82

Additionally, the record includes letters from the Trust Company of Cuba, The Royal Bank of Canada and Banco Continental Cubano, addressed to claimant corporation, advising that collection in the following amounts had been paid on the dates listed:

<u>Invoice Number</u>	<u>Amount</u>	<u>Date of Payment</u>
1147	\$ 3,958.90	December 11, 1959
1146	845.55	December 11, 1959
1071	1,842.22	December 24, 1959
1108	4,923.03	January 6, 1960
1148	4,311.25	December 11, 1959
1161	788.31	January 6, 1960
1101	1,755.82	December 21, 1959

Claimant states that it has not received the funds.

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 In the Matter of the Claim of The Schwarzenbach Huber Company, FCSC Claim No. CU-0019.)

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 losses occurred the days after the collections were paid to above-mentioned three banks.

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:

On \$3,958.20 from December 12, 1959
On \$ 845.55 from December 12, 1959
On \$1,842.22 from December 25, 1959
On \$4,923.03 from January 7, 1960
On \$4,311.25 from December 12, 1959
On \$ 788.31 from January 7, 1960
On \$1,755.82 from December 22, 1959

CERTIFICATION OF LOSS

The Commission certifies that ADLERTEX, INC. 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 Eighteen Thousand Four Hundred Twenty-Four Dollars and Thirty-Eight Cents (\$18,424.38) with interest 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. Re

Edward D. Re, 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).)

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