

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

IN THE MATTER OF THE CLAIM OF

WILLIAM B. LOVE
MELVIN J. REDDY
PHYLLIS C. REDDY

Claim No. CU- 1534
Claim No. CU-1535

Decision No. CU-4948

Under the International Claims Settlement
Act of 1949, as amended

Counsel for claimant WILLIAM B. LOVE:

Tracy, Thorvilson & Osgood
by Julius A. Tracy, Jr., Esq.

Appeal and objections from a Proposed Decision entered June 30, 1970.
Oral hearing requested.

Claimants WILLIAM B. LOVE and MELVIN J. REDDY appeared in their own
behalf pursuant to the Regulation of the Commission (45 C.F.R. §500.1)

FINAL DECISION

Under date of June 30, 1970, the Commission issued a Proposed
Decision on this claim finding that claimants WILLIAM B. LOVE and MELVIN
J. REDDY had an ownership interest in the Cuban entity Agricola Calidad,
S.A. and certified losses to them in the amounts of \$28,273.70 and
\$14,136.85, respectively, the interest of MELVIN J. REDDY being subject
to the community laws of Cuba. Subsequently, evidence of the United
States nationality of PHYLLIS C. REDDY was submitted and she has there-
fore been joined as a co-claimant. Further evidence was submitted and
oral testimony and arguments were presented at a hearing held on
January 6, 1971.

Upon consideration of the new evidence in the light of the entire
record, the Commission now finds that on February 10, 1961, the date of
loss, the net worth of Agricola Calidad, S.A. was \$138,920.00 and that
on that date the Cuban entity was indebted to claimant WILLIAM B. LOVE
in the amount of \$9,000.00 and to claimants MELVIN J. REDDY and his wife
in the amount of \$15,000.00.

The Commission thus finds that WILLIAM B. LOVE sustained a loss in the amount of \$50,676.00 and MELVIN J. REDDY and PHYLLIS C. REDDY each sustained a loss in the amount of \$28,338.00 within the meaning of Title V of the Act.

Accordingly, the Certifications of Loss recited in the Proposed Decision are set aside and the following Certifications of Loss will be entered, and in all other respects the Proposed Decision is affirmed.

CERTIFICATIONS OF LOSS

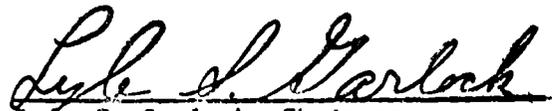
The Commission certifies that WILLIAM B. LOVE suffered a loss, as a result of actions of the Government of Cuba, within the scope of Title V of the International Claims Settlement Act of 1949, as amended, in the amount of Fifty Thousand Six Hundred Seventy-Six Dollars (\$50,676.00) with interest thereon at 6% per annum from February 10, 1961 to the date of settlement;

The Commission certifies that MELVIN J. REDDY 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 Twenty-Eight Thousand Three Hundred Thirty-Eight Dollars (\$28,338.00) with interest thereon at 6% per annum from February 10, 1961 to the date of settlement; and

The Commission certifies that PHYLLIS C. REDDY 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 Twenty-Eight Thousand Three Hundred Thirty-Eight Dollars (\$28,338.00) with interest thereon at 6% per annum from February 10, 1961 to the date of settlement.

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

JAN 20 1971


Lyle S. Garlock, Chairman


Theodore Jaffe, Commissioner

The statute does not provide for the payment of claims against the Government of Cuba. Provision is only made for the determination by the Commission of the validity and amounts of such claims. Section 501 of the statute specifically precludes any authorization for appropriations for payment of these claims. The Commission is required to certify its findings to the Secretary of State for possible use in future negotiations with the Government of Cuba.

CU-1534
CU-1535

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WILLIAM B. LOVE
MELVIN J. REDDY

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU -1534

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Decision No. CU 4948

Counsel for claimant WILLIAM B. LOVE:

Tracy, Thorvilson & Osgood
By Julius A. Tracy, Jr., Esq.

PROPOSED DECISION

These claims against the Government of Cuba, under Title V of the International Claims Settlement Act of 1949, as amended, in the aggregate amended amount of \$151,152.00, were presented by WILLIAM B. LOVE and MELVIN J. REDDY, based upon loss of their respective interests, asserted as 30 per cent each, in Agricola Calidad, S.A. Claimants have been nationals of the United States since birth. The spouse of WILLIAM B. LOVE is not a national of the United States. The nationality of the spouse of MELVIN J. REDDY is not shown.

Under Title V of the International Claims Settlement Act of 1949 [78 Stat. 1110 (1964), 22 U.S.C. §§1643-1643k (1964), as amended, 79 Stat. 988 (1965)], the Commission is given jurisdiction over claims of nationals of the United States against the Government of Cuba. Section 503(a) of the Act 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

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.

Based upon the evidence of record, the Commission finds that each claimant was the owner of a 30 per cent interest in Agricola Calidad, S.A., a Cuban enterprise. This enterprise is described as engaged in the production and sale of agricultural products, and management of others on a fee basis. The Commission finds that Agricola Calidad, S.A., formed in 1954, was confiscated by the National Institute for Agricultural Reform on February 10, 1961.

Each claim was filed originally in the amount of \$69,600.00, based on book value of the stock, said not to be the market value. In support of the claims there has been submitted a document of 107 pages, including sketch, photographs, and letter of September 14, 1967 in which the claim is increased by showing for each 30 per cent interest, \$44,376.00 of an estimated net worth, and \$31,200.00 for loans by each claimant. Later, an item of investments in an estimated balance sheet of February 10, 1961 was reduced by \$1,000.00.

The physical assets of the company are described as consisting of an office and two farms in Santiago de Cuba, the land of both farms being owned by Carlos Bosch, the third owner of Agricola Calidad, S.A., who leased it to the company. One farm produced broilers and had a small feed mill, the other produced eggs. It is said that the original operation on Cuabitas farm was for 10,000 hens in cages, and that at the time of confiscation it had 18,000 hens in production and approximately 9,500 growing pullets. The physical assets on the property, including various buildings and other accessories essential to operations, are described in detail.

The record includes Financial Reports for the period January 1, 1960 to April 30, 1960, prepared by a professional accountant; and the estimated balance sheet as of February 10, 1961, compiled by claimants.

In discussing value, claimants observe, among other things, that the farm buildings on the balance sheet represent only the cost of materials, that the labor for construction was done by employees engaged on the farm, and the entire cost written off against the farm's operations. Further, it is said the books do not include the expense which should have been capitalized for establishing markets. It is said that at the time of intervention an estimated 18,000 hens were in production, an increase of 8,000 over the 10,000 for April, 1960. It appears that claimant WILLIAM B. LOVE considered the value of his stock as approximately \$250,000.00, approximately three times the asserted book value, intended to reflect the corporation's future.

The two balance sheets are set forth below, amplified by notes to each, where appropriate:

	<u>Apr. 30,</u> <u>1960</u>	<u>Feb. 10,</u> <u>1961</u>
ASSETS		
Cash	\$ 588.75	\$ 2,500.00
Accounts Receivable	10,972.37	16,000.00
Inventories	52,984.07	104,950.00
Claims Pending	78.20	--
Investments	12,414.30	18,500.00
Fixed Assets (depreciated)		
Rolling stock	2,207.79	2,200.00
Office equipment	3,323.96	3,300.00
Buildings	66,432.20	66,500.00
Machines and equipment	9,777.24	9,800.00
Items at cost:		
Mill plans-Stivers		5,000.00
Diesel Motor		3,000.00
Freezer		6,000.00
Sewing machine and scale		2,000.00
M.J.Reddy-Venezuela		5,000.00
W.B.Love-California		3,000.00
Broiler houses		2,000.00
Feed equipment		3,000.00
Deposits	270.00	270.00
Organization Expense (amortized)	775.39	600.00
Prepaid insurance	2,482.53	2,500.00
Egg Cartons	<u>2,989.70</u>	<u>3,000.00</u>
Total Assets	\$165,296.50	\$259,120.00

	<u>Apr. 30,</u> <u>1960</u>	<u>Feb. 10,</u> <u>1961</u>
LIABILITIES		
Banco Continental Cubano Account C Overdraft	\$ 611.80	\$ --
Accounts and Notes Payable	9,769.21	
Banco Continental Cubano	15,000.00	7,000.00
Accumulated Expense (listing 18 accounts payable)	5,281.05	
Roman Martinez		700.00
Miscellaneous		500.00
Government Taxes	<u>183.14</u>	
Current Liabilities	\$ 30,845.20	\$ 8,200.00
CAPITAL ACCOUNTS		
Carlos Bosch	\$ 64,950.38	\$ 80,000.00
Melvin J. Reddy		15,000.00
William B. Love	<u> </u>	<u>9,000.00</u>
Total Capital Accounts	\$ 64,950.38	\$104,000.00
NET WORTH		
Stock Issued	\$ 50,300.00	\$ 50,000.00
Earned Surplus	<u>19,200.92</u>	<u>96,920.00</u>
Total Net	\$ 69,500.92	\$146,920.00
Total Liabilities	\$165,296.50	\$259,120.00

The Commission has considered all of the evidence of record, including the Schedules attached to the balance sheets, setting forth among other things, the assumptions for increasing the inventories of hens, broilers, feed and raw materials to \$104,950.00; the increases in investments and references in support, some of which are not readily found. Further, the items added to fixed assets include \$8,000.00 in these claimants' names, without explanation. The Commission has, of course, considered the claimants' "Justification for Estimated Balance Sheet" and the appended items, which in part appear to be production records and excerpts from letters.

The Commission is not convinced that the estimated balance sheet as of February 10, 1961 represents the true value of the enterprise. It concludes

that the balance sheet of April 30, 1960, with certain adjustments more accurately reflects the net worth of the enterprise. This adjusted balance sheet is therefore stated below:

ASSETS

Cash		\$ 2,500.00	
Accounts Receivable:			
INRA	\$2,500.00		
El Emporio	1,000.00		
Carlos Wood	5,886.49		
Mustelier	500.00		
Manacas	<u>3,500.00</u>	13,386.49	
Inventories		52,984.07	
Investments		12,414.30	
Fixed Assets		81,741.19	
Deposits		270.00	
Organizational Expense		600.00	
Prepaid Insurance		2,500.00	
Cartons		<u>3,000.00</u>	
	Total Assets		<u>\$169,396.05</u>

LIABILITIES

Accounts Payable:			
Bank	\$9,000.00		
Martinez	700.00		
Miscellaneous	<u>500.00</u>	\$10,200.00	
Capital Account-Bosch		<u>64,950.38</u>	\$ 75,150.38
NET WORTH			<u>94,245.67</u>
	Total Liabilities		<u>\$169,396.05</u>

Accordingly, the Commission concludes that at the time of loss each 30 per cent interest in Agricola Calidad, S.A. had a value of \$28,273.70. WILLIAM B. LOVE has stated that he acquired his interest prior to his

marriage. Therefore, it is not subject to the Cuban Community Property Law, and the Commission finds that claimant WILLIAM B. LOVE suffered a loss in the amount of \$28,273.70 within the meaning of Title V of the Act when the Government of Cuba confiscated Agricola Calidad, S.A. on February 10, 1961.

The record does not establish the nationality of the spouse of claimant MELVIN J. REDDY, or whether he may have acquired his stock interest prior to marriage. Accordingly, the Commission finds that MELVIN J. REDDY suffered a loss of \$14,136.85, similarly within the meaning of Title V of the Act.

The Commission has decided that in certification of losses on claims determined pursuant to Title V of the International Claims Settlement Act of 1949, as amended, interest should be included at the rate of 6% per annum from the date of loss to the date of settlement (see Claim of Lisle Corporation, Claim No. CU-0644), and in the instant case it is so ordered, as follows:

	<u>FROM</u>	<u>ON</u>
WILLIAM B. LOVE	February 10, 1961	\$28,273.70
MELVIN J. REDDY	February 10, 1961	\$14,136.85

CERTIFICATIONS OF LOSS

The Commission certifies that WILLIAM B. LOVE 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,

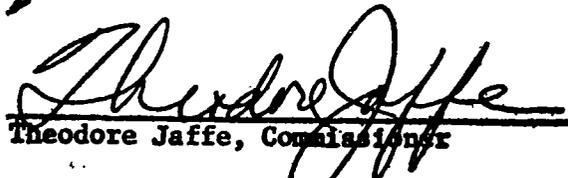
in the amount of Twenty-eight Thousand Two Hundred Seventy-three Dollars and Seventy Cents (\$28,273.70) with interest thereon at 6% per annum from February 10, 1961 to the date of settlement; and

The Commission certifies that MELVIN J. REDDY 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 Fourteen Thousand One Hundred Thirty-six Dollars and Eighty-five Cents (\$14,136.85) with interest thereon at 6% per annum from February 10, 1961 to the date of settlement.

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

JUN 3 1970


Lyle S. Garlock, Chairman


Theodore Jaffe, Commissioner


Sidney Freidberg, Commissioner

The statute does not provide for the payment of claims against the Government of Cuba. Provision is only made for the determination by the Commission of the validity and amounts of such claims. Section 501 of the statute specifically precludes any authorization for appropriations for payment of these claims. The Commission is required to certify its findings to the Secretary of State for possible use in future negotiations with the Government of Cuba.

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, the decision will be entered as the Final Decision of the Commission upon the expiration of 30 days after such service or receipt of notice, 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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