

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

IN THE MATTER OF THE CLAIM OF

LIBBY ELIZABETH MEDRICH

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU -4867

Decision No. CU

1866

PROPOSED DECISION

This claim against the Government of Cuba, under Title V of the International Claims Settlement Act of 1949, as amended, was presented by LIBBY ELIZABETH MEDRICH, and is based on the asserted loss of her interest in bonds issued by the Cuba Railroad Company and by the Cuba Northern Railways Company. Claimant has been a national of the United States since her birth in the United States.

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.

On the basis of the evidence of record, the Commission finds that claimant is, and since prior to October 13, 1960, has been the owner of 5 bonds in the original face amount of \$1,000.00 each, issued by the Cuba Railroad Company and known as First Mortgage Gold Bonds, 4%, due June 30, 1970 issued under a Supplemental Indenture of July 1, 1952, with Guaranty Trust Company of New York as Trustee (formerly First Mortgage, 50 Year Gold Bonds issued September 18, 1902, 5%, due July 1, 1952, with the Morton Trust Company of New York as Trustee). The bonds in question are Nos. TRM 6226 to TRM 6230, inclusive.

Pursuant to the Supplemental Indenture of July 1, 1952, each Cuba Railroad bond is overstamped to set forth an outstanding principal balance of \$460.00, and to provide total annual interest of 4% of the outstanding principal balance.

The Commission also finds that claimant is, and since prior to October 13, 1960, has been the owner of 29 bonds in the original face amount of \$1,000.00 each, issued by the Cuba Northern Railways Company and known as "First Mortgage Gold Bonds, 4%, due June 30, 1970" (originally First Mortgage Gold Bonds, 5-1/2%, due June 1, 1942), issued under an Indenture of July 1, 1927, with the First National City Bank of New York as Trustee. The bonds in question are Nos. TRM 6096 through TRM 6105, inclusive, and Nos. M 16795, 11764, 8114, 10577, 11778, 11865, 10572, 13804, 13803, 13812, 13811, 13810, 13809, 13808, 13807, 16905, 16904, 16903 and 16717. The interest on these bonds was payable on June 1 and December 1 of each year. The last payment of interest on these bonds was made on December 1, 1958.

The record discloses that Cuba Northern Railways Company and Cuba Railroad Company were owned by Consolidated Railroads of Cuba (Ferrocarriles Consolidados de Cuba). They were listed as nationalized by Cuban Law 890, published in the Cuban Official Gazette on October 13, 1960. Consolidated Railroads and Cuba Northern Railways were organized under the laws of Cuba and neither qualifies as a corporate "National of the United States" defined under Section 502(1)(B) of the Act as a corporation or other legal entity organized under the laws of the United States, or any State, the District of Columbia or the Commonwealth of Puerto Rico, whose ownership is vested to the extent of 50 per centum or more in natural persons who are citizens of the United States. Moreover, although Cuba Railroads was organized in New Jersey, it is wholly owned by Consolidated Railroads and does not qualify as a national of the United States under Section 502(1)(B) (supra). (See Claim of Kramer, Marx, Greenlee and Backus, Claim No. CU-0105, 25 FCSC Semiann. Rep. 62 [July-December 1966].)

Therefore, claimant is entitled to file these claims based upon the bonds in question which represent debts of nationalized enterprises within the purview of Section 502(3) of the Act. (See Claim of Kentucky Home Mutual Life Insurance Co., Claim No. CU-1339, and Claim of Joseph Gans, Claim No. CU-1720.)

With regard to the value of the Cuba Railroad bonds on the date of loss, information available to the Commission discloses that no part of the outstanding principal balance was ever paid, and that the last payment of interest was made on January 1, 1959.

The Commission, therefore, finds that the amount of the unpaid indebtedness on each of claimant's Cuba Railroad Company bonds on October 13, 1960, the date of loss, was \$492.86 including the principal amount of \$460.00, and the interest due on each bond in the amount of \$32.86, for a total loss of \$2,464.30.

Evidence of record establishes that each of the subject Cuba Northern bonds had an outstanding principal balance of \$635.00 on October 13, 1960, the date of loss.

The Commission therefore finds that the amount of the unpaid indebtedness on each of claimant's Cuba Northern Railways Company bonds on October 13, 1960, the date of loss, was \$682.56, including the principal amounts of \$635.00 on each bond, and the interest due on each of the 29 bonds in the amount of \$47.56 for the period December 1, 1958 to October 13, 1960, for a total loss of \$19,794.24.

Thus, the Commission finds that claimant sustained a loss in the total amount of \$22,258.54, computed as follows:

Loss on Cuba Railroad bonds	\$ 2,464.30
Loss on Cuba Northern Railways bonds	<u>19,794.24</u>
Total	\$22,258.54

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.)

Accordingly, the Commission concludes that the amount of loss sustained by claimant shall be increased by interest thereon at the rate of 6% per annum from the October 13, 1960 date of loss to the date on which provisions are made for the settlement thereof.

CERTIFICATION OF LOSS

The Commission certifies that LIBBY ELIZABETH MEDRICH suffered a loss as a result of action 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-Two Thousand Two Hundred Fifty-Eight Dollars and Fifty-Four Cents (\$22,258.54) with interest thereon at 6% per annum from October 13, 1960 to the date of settlement.

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

MAY 15 1968

Leonard v. B. Sutton

Leonard v. B. Sutton, Chairman

Frederic Jaffe

Frederic Jaffe, Commissioner

NOTICE TO TREASURY DEPARTMENT: The above listed bonds may have been returned to claimant and no payment should be made until they are resubmitted.

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).)