

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

IN THE MATTER OF THE CLAIM OF

SIGMUND N. PETRAITIS

Claim No. CU -5034

Decision No. CU 1830

**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, in the amount of \$5,000.00, was presented by SIGMUND N. PETRAITIS, and is based upon his interest in bonds issued by the Guantanamo and Western Railroad Company. Claimant has been a national of the United States since his birth.

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.

The record in this claim discloses, and the Commission hereby finds, that prior to October 13, 1960, claimant and his late wife, Isobel Petraitis, a national of the United States since her birth, were co-owners of three bonds in the original face amounts of \$1,000.00 each, issued by the Guantanamo and Western Railroad Company, and known as a "First Mortgage Bond, 4%, Series A, due June 30, 1970", issued under an Indenture of January 1, 1928 and Supplemental Indentures of January 1, 1952 and October 1, 1959, with the Irving Trust Company of New York as Successor Trustee. The Commission further finds that upon the death of Isobel Petraitis on September 18, 1964, claimant succeeded to her interest in the three bonds. The bonds in question are Nos. M1189 through M1191, inclusive. Additionally, the Commission finds that prior to October 13, 1960, claimant was the owner of two additional \$1,000.00 bonds of the same series, issued in bearer form. These bonds are Nos. M724 and M1324.

The Guantanamo and Western Railroad Company was organized in the State of Maine; however, 90.19% of its outstanding capital stock was owned by Consolidated Railroads of Cuba, a Cuban corporation. Guantanamo and Western Railroad Company, therefore, does not qualify as a national of the United States under Section 502(1) of the Act, which defines a "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."

The Guantanamo and Western Railroad Company, by Indenture dated January 1, 1928, issued bonds known as "First Mortgage Bonds, 6%, Series A, due January 1, 1958". Thereafter, by Supplemental Indenture dated January 1, 1952, these bonds were reissued as "First Mortgage Bonds, 4%, Series A, due July 30, 1970". As of 1952, no payment had been made against

the face amount of the bonds. A second Supplemental Indenture, dated October 1, 1959, provided for the issuance of registered bonds, but made no change in the maturity date or interest rate to be paid thereon.

The record discloses that the last payment of interest on the bonds was made on January 1, 1959, and the face amount of the bonds was never reduced by a payment against principal. The properties of the Guantanamo and Western Railroad Company were listed as nationalized by Cuban Law 890, published in the Cuban Official Gazette on October 13, 1960. The subject bonds, therefore, represented a debt which was a charge upon nationalized property, as defined in Section 502(3) of the Act.

The Commission concludes that as a result of the nationalization of the properties of the Guantanamo and Western Railroad Company, a loss was suffered in connection with the subject bonds, within the meaning of Title V of the Act. (See Claim of Olive L. Fair, Claim No. CU-8104.)

The Commission finds that the total amount of the unpaid indebtedness on the bonds on October 13, 1960, the date of loss, was \$5,356.80, including the total principal amount of \$5,000.00, and the interest due on the bonds from January 1, 1959 to October 13, 1960 in the amount of \$356.80.

It is noted that the total amount of loss found herein is in excess of the amount asserted by claimant. However, in determining the amount of loss sustained, the Commission is not bound by any lesser or greater amounts which may be asserted by claimant as the extent thereof.

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

CERTIFICATION OF LOSS

The Commission certifies that SIGMUND N. PETRAITIS succeeded to and 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 Five Thousand Three Hundred Fifty-Six Dollars and Eighty Cents (\$5,356.80) 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

8 MAY 1968

Leonard v. B. Sutton

Leonard v. B. Sutton, Chairman

Theodore Jaffe

Theodore Jaffe, Commissioner

NOTICE TO TREASURY DEPARTMENT: The bonds subject of this certification of loss may have been returned 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).)