

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

IN THE MATTER OF THE CLAIM OF

MORLAND TRADING CORPORATION

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU - 0125

Decision No. CU - 546

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 MORLAND TRADING CORPORATION in the amount of \$6,131.78 based upon the asserted loss of payment for merchandise shipped to Cuba.

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.

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 all times between 1940 and presentation of this claim on June 24, 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 further states that its two stockholders were both nationals of the United States.

The evidence of record in support of this claim includes a shipment invoice dated May 7, 1958, a credit memo dated June 23, 1958, and an acknowledgement letter of the Cuban consignee dated September 8, 1958. These exhibits established that claimant, the MORLAND TRADING CORPORATION, negotiated an installment purchase agreement with M. Linares, Casa Toda Onda, in Camaguey, Cuba, for the sale of merchandise totalling \$8,817.35, as to which freight, shipping and other attendant fees increased the agreed total to \$9,132.74. The record further establishes that claimant received three collections totalling \$3,000.96 remitted from the Trust Company of Cuba, to the Marine Midland Trust Company of New York, which reduced the amount owed to \$6,131.78.

The remaining payments due under the terms of the installment contract, plus interest, were to be made on the first of each month, from July 1, 1959 through December 1, 1959. The letter to claimant from the Trust Company of Cuba, dated February 13, 1960, advises that the first two of these installments were paid to the Trust Company of Cuba by the consignee on October 16, 1959 and November 24, 1959, respectively; the record contains no evidence that the remaining payments were ever made. 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 not only transfers of funds to creditors abroad, but also payment to creditors within Cuba, 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; and the Claim of Etna Pozzolana Corporation, FCSC Claim No. CU-0049).

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 the dates on which payments of the first two installments were made to the Trust Company of Cuba; on September 29, 1959, with respect to the payments of principal and interest due on September 1, 1959; and on the respective due dates of those payments of principal and interest to be made subsequent to September 29, 1959, as follows:

<u>AMOUNT OF INSTALLMENT</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>DATE OF LOSS</u>
963.04	\$46.90	\$1,009.94	October 16, 1959
963.04	51.71	1,014.75	November 24, 1959
963.04	56.52	1,019.75	September 29, 1959
963.04	61.33	1,024.37	October 1, 1959
963.04	66.14	1,029.18	November 1, 1959
963.03	70.95	1,033.98	December 1, 1959

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 the Claim of Lisle Corporation, FCSC Claim No. CU-0644).

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:

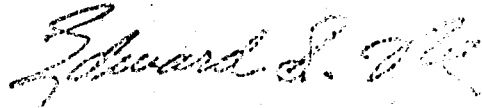
- On \$1,019.56 from September 29, 1959
- On \$1,024.37 from October 1, 1959
- On \$1,009.94 from October 16, 1959
- On \$1,029.18 from November 1, 1959
- On \$1,014.75 from November 24, 1959
- On \$1,033.98 from December 1, 1959.

CERTIFICATION OF LOSS

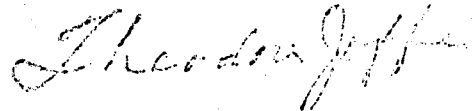
The Commission certifies that MORLAND TRADING CORPORATION suffered a loss, as a result of actions of the Government of Cuba, within the scope of Title V of the International Claims Settlement Act of 1949, as amended, in the amount of Six Thousand One Hundred Thirty-One Dollars and Seventy-Eight Cents (\$6,131.78) 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

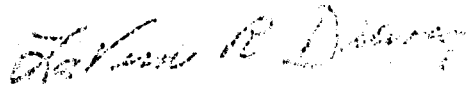
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Edward D. Re, Chairman



Theodore Jaffe, Commissioner



LaVern R. Dilweg, 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).)