

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

IN THE MATTER OF THE CLAIM OF

BROWN SHOE COMPANY, INC.

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU-0459

Decision No. CU - 889

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 BROWN SHOE COMPANY, INC. in the amount of \$6,973.82, and is 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 New York and that all times between July 26, 1959 and presentation of this claim on September 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 states that more than 99 per cent of its outstanding capital stock is held by nationals of the United States.

The record includes copies of correspondence from banks and consignee business enterprises in Cuba, copies of invoices, and other evidence concerning shipments of merchandise to Cuban business firms, listed hereafter as the consignees. This evidence discloses that the purchase price of goods and accompanying charges for one of such shipments was paid on a specific date by the consignee to a local Cuban bank and that the dollar release or authorization was never granted by Cuban governmental authorities. Claimant asserts that the other collections were also paid by the consignees to local Cuban banks; however, claimant has not submitted documentary evidence establishing the dates or amounts of such payments. All shipments were made under terms stated as either "Net 45 Days" or "Draft 45 Days". In the absence of evidence to the contrary, the Commission finds that these collections were due 45 days after the respective invoice dates.

The following list of shipments to Cuban consignees by claimant includes the invoice dates and numbers, the amount due (total invoice amount less any

subsequent credits), and date payment was due or actually made to the collecting Cuban banks:

<u>Consignee</u>	<u>Invoice Date and Number</u>	<u>Amount Due</u>	<u>Date of Payment or Date Due</u>
Muniz Hno. & Co. Santa Clara, Cuba	October 16, 1959 24118-2	\$1,282.14	December 4, 1959 (paid)
Gregorio Gandarillas & Co., Havana, Cuba	October 26, 1959 24917-2	689.63	December 11, 1959 (due)
Herrero y Cia. Havana, Cuba	October 13, 1959 22980-1	741.00	November 28, 1959 (due)
	October 30, 1959 76931-2	884.16	December 15, 1959 (due)
M. Diaz y Cia. Havana, Cuba	November 18, 1959 30250-2	3,376.89	January 3, 1960 (due)

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 day after payment by Muniz Hno. & Co., and on the days on which payments were due from the other consignees.

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 \$ 741.00 from November 28, 1959
On 1,282.14 from December 5, 1959
On 689.63 from December 11, 1959
On 884.16 from December 15, 1959
On 3,376.89 from January 3, 1960

CERTIFICATION OF LOSS

The Commission certifies that BROWN SHOE COMPANY, 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 Six Thousand Nine Hundred Seventy-Three Dollars and Eighty-Two Cents (\$6,973.82) 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

JAN 10 1968

COMMUNICATION
THIS IS A COPY AND SOURCE COPY OF THE DECISION
OF THE COMMISSIONER WHICH WAS RECORDED IN THE
OFFICE OF THE SECRETARY OF STATE ON FEB 19 1968

Edward D. Re

Edward D. Re, Chairman

Theodore Jaffe

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.

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).)