

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

IN THE MATTER OF THE CLAIM OF

TEXTRON, INC.

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU -0716

Decision No. CU 541

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 TEXTRON, INC., in the amount of \$7,293.02 plus interest, 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 TEXTRON, INC. has certified that the corporation was organized in the State of Rhode Island and that at all times between the date of loss and presentation of this claim on April 22, 1966, 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 only 0.4% of its 41,616 stockholders were not nationals of the United States.

The record contains copies of claimant's invoices, as below, which reflect the sale and delivery of goods through its Homelite Division to Armando J. Valdes & Cia, of Cuba, in the amount of \$843.26. The sale in each transaction was made on open account, payment due in thirty days.

<u>Invoice Number</u>	<u>Date of Invoice</u>	<u>Amount of Invoice</u>
186428	October 1, 1958	\$ 368.86
239272	December 2, 1958	21.25
262759	December 31, 1958	37.40
262760	December 31, 1958	22.57
262761	December 31, 1958	42.56
021738	February 6, 1959	17.80
182120	September 15, 1959	140.86
006101	November 23, 1959	39.87
006031	November 23, 1959	<u>152.09</u>
Total		\$ 843.26

Against the sum of the invoices, Armando J. Valdes & Cia made payments totalling \$412.50, thus reducing the total amount due on the invoices to \$430.76.

The record also contains a copy of a letter addressed to claimant from the Chase Manhattan Bank of New York, dated July 11, 1960, informing

claimant that payment of its draft, drawn upon Armando J. Valdes & Cia in the amount of \$724.18, had been postponed by the drawee; a similar letter, dated September 14, 1960, advised claimant that payment had also been postponed, by the same drawee, on claimant's draft for \$6,138.08. Claimant states that it has never received the funds due on either the invoices or the drafts.

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 September 29, 1959, the date of Law 568, as to \$97.94 (the total amount of the invoices on which payment was due prior to that date, less the credit of \$412.50); on October 15, 1959 as to \$140.86; on December 23, 1959 as to \$191.96; and on July 12, 1960 as to \$724.18, and September 16, 1960 as to \$6,138.08, the latter two dates being the days after the respective dates of the bank letters sent to claimant.

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 losses occurred, to the date on which provision is made for the settlement thereof.

CERTIFICATION OF LOSS

The Commission certifies that TEXTRON, 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 Seven Thousand Two Hundred Ninety-Three Dollars and Two Cents (\$7,293.02) 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

OCT 25 1967

Edward D. Re
Edward D. Re, Chairman

Theodore Jaffe
Theodore Jaffe, Commissioner

Francis J. Anderson
Francis J. Anderson, Clerk of the Commission

Lavern R. Dilweg
Lavern R. Dilweg, Commissioner

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Decision on

4 DEC 1967

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).)

CU-0716