

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

IN THE MATTER OF THE CLAIM OF

STANDARD PACKAGING CORPORATION

Under the International Claims Settlement  
Act of 1949, as amended

Claim No. CU - 2891

Decision No. CU **817**

Counsel for claimant:

Paul W. Kinneberg, Esq.

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 STANDARD PACKAGING CORPORATION in the amount of \$19,917.74 based upon the asserted loss of payment for royalties and 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 Brown & Bigelow, predecessor in interest of the claimant, was organized in the State of Minnesota on July 19, 1905; that the claimant was organized in the State of Virginia in 1919; that the claimant merged with Brown & Bigelow on April 5, 1960 acquiring all the assets of Brown & Bigelow including this claim; that thereafter claimant operated Brown & Bigelow as a division of STANDARD PACKAGING CORPORATION; and that all times between the incorporation of claimant corporation in 1919 and the presentation of this claim on April 27, 1967, more than 50% of the outstanding capital stock of the claimant and its predecessor in interest has been owned by United States nationals. The Commission holds that claimant is the legal successor to Brown & Bigelow, and that claimant and its predecessor in interest qualify as nationals of the United States within the meaning of Section 502(1)(B) of the Act.

Claimant states that less than 2% of its stockholders are residents of foreign countries and assumed to be citizens of those countries.

The record contains copies of claimant's royalties and merchandise accounts with its Cuban consignee, Publicidad Joffre, S. A., which accounts reflect the debt owed claimant: \$16,629.93 due January 1, 1960 on the merchandise account, and \$3,287.81 due August 31, 1960 on the royalties account. These account statements are supported by a copy of claimant's franchise contract with Publicidad Joffre, S. A. and by correspondence from the Cuban firm with claimant. 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 January 1, 1960, as to \$16,629.93, and on August 31, 1960 as to \$3,287.81.

The Commission has decided that in the 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.

CERTIFICATION OF LOSS

The Commission certifies that STANDARD PACKAGING 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 Nineteen Thousand Nine Hundred Seventeen Dollars and Seventy-Four Cents (\$19,917.74) 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.

14 DEC 1967

CERTIFICATION

*Edward D. Re*

Edward D. Re, Chairman

*Theodore Jaffe*

Theodore Jaffe, Commissioner

*LaVern R. Dilweg*

LaVern R. Dilweg, Commissioner

*Glenn M. ...*  
Glenn M. ...  
Clerk of the Commission

A true and correct copy of the decision of the Commission is entered as the Proposed Decision on 1-15-68

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).)