

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

IN THE MATTER OF THE CLAIM OF

RUTH ANNA HASKEW

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU-0849

Decision No. CU - 2038

Counsel for claimant:

Harry F. Fass, 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 RUTH ANNA HASKEW based upon an interest in common stock issued by Cia. Azucarera Vertientes-Camaguey de Cuba. Claimant has been a national of the United States since her 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.

On the basis of evidence of record, the Commission finds that claimant is, and since prior to August 6, 1960, has been the owner of thirty-seven (37) shares of common stock of Cia. Azucarera Vertientes-Camaguey de Cuba (Vertientes-Camaguey Sugar Company of Cuba), evidenced by certificate No. 24802.

The record discloses that Cia. Azucarera Vertientes-Camaguey de Cuba was listed as nationalized in Resolution No. 1 (pursuant to Law 851), published in the Cuban Official Gazette on August 6, 1960. This corporation was organized under the laws of Cuba and does not qualify as a corporate "national of the United States" defined under Section 502(1) (B) of the Act as a corporation or other legal entity organized under the laws of the United States, or any State, the District of Columbia or the Commonwealth of Puerto Rico, whose ownership is vested to the extent of 50 per centum or more in natural persons who are citizens of the United States. Therefore, claimant is entitled to file this claim based upon her ownership interest therein. (See Claim of Parke, Davis & Company, Claim No. CU-0180.)

Cia. Azucarera Vertientes-Camaguey de Cuba was incorporated in Cuba in 1942, as successor to Vertientes-Camaguey Sugar Company, which had been incorporated in Delaware in 1937. The latter company had acquired all the properties of Camaguey Sugar Company (incorporated in 1922) and Vertientes Sugar Company (incorporated in 1914).

The subject company was engaged in the growing of sugar cane and the manufacture and sale of raw sugar, refined sugar, blackstrap molasses and alcohol. It also engaged in cattle raising. Its properties included raw sugar producing property, including three operating mills known as Central Vertientes, Central Estrella and Central Agramonte; an alcohol distillery; a refinery at Central Agramonte and the private sub-port known as Santa Maria. The lands from which cane supply for mills was obtained was in Vertientes-Pilar, Agramonte and Estrella. It appears that in September 1959, the Company owned 134,005 acres, leased 45,892 acres; and the independent lands under grinding contracts were 82,246 acres. Additionally, it appears that the Company owned 274.6 miles of standard gauge railroad, with locomotives and railroad cars.

Its subsidiaries were Cia. General de Haciendas Azucareras, S. A. (of Cuba) (General Sugar Estates); Cia. Ganadera Agramonte (of Cuba), direct and indirect ownership, engaged in cattle raising; Corredores Independientes de Seguros, S.A. (of Cuba); Cuban Sugar Plantations, Inc. (of New York); and Vertcam, New York, Inc. (which in 1960 had been organized but its stock not then issued).

The Company's authorized capital stock was 1,500,000 shares of common stock having a par value of \$6.50 of which 1,443,921 shares were outstanding.

Although Cia. Azucarera Vertientes-Camaguey de Cuba does not qualify as a national of the United States, it has submitted a claim (CU-0624) on behalf of certain stockholders, and in this connection has submitted evidence as to the value of the Company and its properties, asserting that the properties taken by the Government of Cuba had a value of \$93,746,321.54.

The Company has asserted its losses as follows:

1) Cash in banks and on hand, in Cuba, on July 31, 1960	\$ 2,517,007.08
2) Accounts receivable for sugar shipments in liquidation at July 31, 1960	89,419.07
3) Sugar on hand at July 31, 1960	4,640,755.73
4) Accounts receivable for molasses shipments in liquidation at July 31, 1960	916,716.94
5) Molasses on hand at July 31, 1960	202,751.62
6) Accounts receivable from sources in Cuba	67,395.42
7) Deposits and advance payments	63,517.76
8) Investments	179,900.00
9) Work animals and other livestock	641,546.03
10) Property, plant and equipment	<u>84,427,311.89</u>
Total	\$ 93,746,321.54

The Act provides in Section 503(a) that in making determinations with respect to the validity and amount of claims and value of properties, rights, or interests taken, the Commission shall take into account the basis of valuation most appropriate to the property and equitable to the claimant, including but not limited to fair market value, book value, going concern value, or cost of replacement.

The question, in all cases, will be to determine the basis of valuation which, under the particular circumstances, is "most appropriate to the property and equitable to the claimant." The Commission has concluded that this phraseology does not differ from the international legal standard that would normally prevail in the evaluation of nationalized property and that it is designed to strengthen that standard by giving specific bases of valuation that the Commission shall consider; i.e., fair market value, book value, going concern value, or cost of replacement.

In its Annual Report for the year ended September 30, 1960, filed with the United States Securities and Exchange Commission, the Company included a Consolidated Statement of Net Assets. This reflects assets in Cuba of \$21,799,219, net \$19,441,408; and assets in the United States of \$2,621,011, net \$1,360,465. The statement follows:

	<u>Net assets in Cuba</u>	<u>Net assets in the United States</u>
CURRENT ASSETS:		
Cash	\$ 2,518,207	\$ 4,861
Cash held by Temporary Receiver of New York Assets		40,371
U.S. Government securities		2,573,130
Accounts receivable, advance payments, etc.	185,028	88
Raw and refined sugar on hand and in liquidation, less estimated expenses of shipping	4,629,495	
Molasses on hand and in liquidation, less estimated expenses of shipping	1,119,469	
Materials and supplies on hand and in transit, at average cost	<u>1,521,817</u>	
Total Current Assets	\$ 9,974,016	\$ 2,618,450
INVESTMENTS IN CANE, COLONOS ACCOUNTS, LIVESTOCK, ETC.:		
Administration cane, less reserve for amortization, \$1,143,916	\$ 1,521,397	
Accounts receivable from Colonos	12,666	
Livestock	485,691	
Stock of Ferrocarriles Occidentales de Cuba, S.A., at cost	179,900	
Miscellaneous investments	<u>43,586</u>	<u>2,000</u>
	\$ 2,243,240	\$ 2,000
PROPERTY, PLANT AND EQUIPMENT	15,161,039	3,102
Less - Depreciation	<u>6,020,465</u>	<u>2,541</u>
	\$ 9,140,574	\$ 561
DEFERRED CHARGES:		
Prepaid taxes, insurance, rents, etc.	105,493	
Dead season expenses, consisting of net operating and financial charges subsequent to June 30	321,521	
Other deferred charges	<u>14,375</u>	
	<u>441,389</u>	
Total Assets	\$ 21,799,219	\$ 2,621,011
DEDUCT - LIABILITIES:		
Accounts payable to Colonos	\$ 1,015,535	
Other accounts payable	535,355	34,558
Accrued taxes, insurance, wages and rents	709,868	607
Balance of claim proceeds not yet used		
Cuban profits tax	97,053	
Dividend payable to United States stockholders of record on November 4, 1959		<u>1,225,381</u>
	<u>2,357,811</u>	<u>1,260,546</u>
NET ASSETS	<u>\$ 19,441,408</u>	<u>\$ 1,360,465</u>

In support of its statement of loss, the Company has submitted an unaudited summary of assets located within the territories of the Republic of Cuba, prepared by a firm of Certified Public Accountants familiar with the annual published financial statements of the Company. It is stated therein that Items 1, 4, 5, 6, 7, 8 and 9 were prepared without change from unaudited financial statements and summaries.

Item 2, it is said, was prepared from said financial statements but was adjusted to eliminate from the total certain shipments for which the companies had received cash payments in the United States, which payments had not been reflected in the accounting records in Cuba.

Item 3 was similarly prepared from said financial statements, but was adjusted to reflect a reduction in the value of unsold sugar on hand for export from the previous market value to the lower price decreed by the Cuban Government for export sales subsequent to July 31, 1960.

With respect to Item 8, the Commission is informed that stock of Ferrocarriles Occidentales de Cuba, S.A. was held by the Cuban Government and private capital; that certain taxes were forgiven those who subscribed to shares of Ferrocarriles Occidentales de Cuba, S.A.; that the Havana Branch of the First National Bank of Boston, in response to annual inquiries, stated that said stock had no official quotation or trading during the year, and that such was the reply for the year 1959. (See the Claim of United Fruit Sugar Company, FCSC Claim No. CU-2776.) Examination of a number of other claims before the Commission discloses that this stock was carried on the books of the claimants at cost.

There remains for discussion Item 10 of the Company's asserted losses. The Statement of September 30, 1960 (supra) reflects a gross value for property, plant and equipment of \$15,161,039, depreciated by \$6,020,465 to

\$9,140,574. Note 5 appended to that Statement reflects that property, plant and equipment existing in 1937 was recorded at values then established in connection with a plan of reorganization, which values, it is said, were considerably lower than those carried in the accounts of predecessor companies; and that subsequent additions have been recorded at cost.

The notes accompanying the September 30, 1959 balance sheet set out property, plant and equipment as follows:

Lands	\$ 1,438,188
Buildings	1,738,656
Machinery and Equipment	6,583,180
Railroad and rolling stock	2,408,343
Irrigation system and water supply	2,344,015
Other	<u>649,737</u>
	\$ 15,162,119

Excluding the figure for land, the total is seen to be \$13,723,931.

Against this is set the depreciation figure of \$5,716,688, leaving a net book value of \$8,007,243.

Related State Department files reflect that in 1959 and 1960 the Government of Cuba took over control of various Vertientes assets in Cuba, prior to publication of Resolution 1 (supra). These actions were reported to the United States Embassy and on April 26, 1960, the Company submitted to the Embassy comprehensive information as to the properties of the Company in Cuba.

In summary, the report of April 26, 1960 (submitted in Claim No. CU-0624) follows:

Lands	\$ 21,787,000
Improvements and equipment	42,592,989
Crops	8,600,000
Livestock	652,000
Improvements on leased lands	<u>418,205</u>
Total	\$ 74,050,194

The President of the Company, in his affidavit dated September 26, 1961, has said of the valuations in the Report of April 26, 1960, that said valuations were prepared by persons connected with the Company, who

do not claim the experience and professional skill in such matters possessed by Parajon e Hijo, who prepared the appraisals which are the basis for Item 10 of the Company's asserted losses.

A study of this material indicates that two appraisals are involved: One dated August, 1960 covers field properties including lands, buildings, planted cane, pastures and planted grass in the Vertientes, Agramonte and Estrella zones; the other, dated May 1961, covers manufacturing and industrial properties and related properties (other than field properties) at Centrals Vertientes, Agramonte and Estrella, and the sub-port of Santa Maria, together with the Company's railroad lines. It is said that the values are as of the last weeks of 1958. These appraisals are summarized below.

	<u>Parajon e Hijo</u> <u>Valuation</u>
Property on Owned Land:	
Lands	\$ 18,095,301.29
Pastures	462,787.11
Cane Stools	4,094,176.90
Farm Buildings	1,352,326.80
Constructions and Installations	823,222.00
Agricultural Implements and Equipment	78,643.00
Irrigation System	2,285,395.00
Cane Carts	68,563.00
Miscellaneous property	1,232.00
Fences, corrals, watering stations, etc.	<u>238,043.50</u>
Total	\$ 27,499,690.60
Property on Leased Land:	
Buildings and other property	499,877.06
Cane stools	1,210,021.70
Pasture grass	<u>35,936.53</u>
Total	\$ 1,745,835.29
Manufacturing properties:	
Central Vertientes	24,956,415.00
Central Agramonte	13,561,800.00
Central Estrella	12,354,720.00
Santa Maria Cove	397,750.00
Miscellaneous	<u>3,911,101.00</u>
Total	\$ 55,181,786.00
	<u><u>\$ 84,427,311.89</u></u>

The August, 1960 appraisal consists of some 47 pages of summary and the May, 1961 appraisal consists of some 139 pages of summary listing and describing the property. The appraisals are accompanied by certain maps and plans. The item "Miscellaneous", valued at \$3,911,101 is further described as telephone system, office and laboratory furniture and fixtures, materials, supplies, parks, streets, sidewalks, distillery, tarpaulins, tractors and other automotive equipment.

These appraisals were stated to have been made on the basis of actual inspections over a period of years. The values for the land, cane stools and pasture grass are based upon the sugar cane yield and type of grass. Livestock values are based upon the market value at the time of loss. The values reported for the industrial properties and buildings are stated to be replacement costs and do not reflect any depreciation of those properties for the period of time used.

It should be noted that, according to the affidavit of Philip Rosenberg, President of Cia. Azucarera Vertientes-Camaguey de Cuba, the factory at Central Vertientes was constructed in 1921 and enlarged in 1925, the factory at Central Estrella was constructed in 1918, and the factory at Central Agramonte was constructed in 1915, rehabilitated in 1946 after being out of operation from 1932 to 1945, and the refinery and distillery at Central Agramonte had new equipment installed in 1945 and 1946, but the distillery had been inactive since 1951 due to lack of demand for export alcohol.

In addition to the foregoing valuations, the record for Claim No. CU-0624 contains a statement by Parajon e Hijo concerning the depreciated values for the manufacturing properties as follows:

Manufacturing properties:	
Central Vertientes	\$13,359,384.00
Central Agramonte	7,764,705.00
Central Estrella	6,789,764.00
Santa Maria Cove	290,450.00
Miscellaneous	3,080,230.00
	<hr/>
	\$31,284,533.00

The record also contains copies of balance sheets for the Cuban enterprise for the years 1957, 1958, 1959, and 1960, with the annual report to stockholders for those years, the evaluations of the Company's assets filed with the United States Securities and Exchange Commission in 1960 and the affidavit of the President of the Company. On the basis of all the evidence of record, the Commission finds the value of the Cuban assets of Cia. Azucarera Vertientes-Camaguey de Cuba on the date of loss as follows:

Cash in banks and on hand in Cuba		\$ 2,517,007.08
Accounts receivable for sugar shipments		89,419.07
Sugar on hand		4,640,755.73
Accounts receivable for molasses shipments		916,716.94
Molasses on hand		202,751.62
Accounts receivable from sources in Cuba		67,395.42
Deposits and advance payments		63,517.76
Investments		179,900.00
Farm Properties		
Land, cane stools, pastures	\$ 22,652,265.30	
Cane stools, pasture grass (on leased land)	1,245,958.23	
Farm buildings	1,352,326.80	
Construction & installation	823,222.00	
Agricultural Implements and equipment	78,643.00	
Irrigation and water systems	2,285,395.00	
Livestock	641,546.03	
Cane carts	68,563.00	
Fences, Corrals, etc.	238,043.50	<u>29,385,962.86</u>
Manufacturing Properties		
Central Vertientes	13,359,384.00	
Central Agramonte	7,764,705.00	
Central Estrella	6,789,764.00	
Santa Maria Cove	290,450.00	
Miscellaneous	<u>3,080,230.00</u>	<u>31,284,533.00</u>
	Total	\$ 69,347,959.48

The valuations for land, cane stools, pasture grass, farm buildings, farm equipment, irrigation systems, cane carts and fences are based upon the appraisal of farm properties by Parajon e Hijo; the valuations of current assets and livestock are based upon the adjusted statement of the Company's assets; and the values of the manufacturing properties are based upon the depreciated values as reported by Parajon e Hijo since those values reflect the age of the manufacturing plants and their equipment. The item "Miscellaneous" valued at \$3,080,230.00

is further described as telephone system, office and laboratory furniture and fixtures, materials, supplies, parks, streets, sidewalks, distillery, tarpaulins, tractors and other automotive equipment.

On the basis of the entire record, the Commission finds that the value of the assets of Cia. Azucarera Vertientes-Camaguey de Cuba, in Cuba, taken by the Government of Cuba was \$69,347,959.48. According to the balance sheet of September, 1960, the corporation's liabilities in Cuba were \$2,357,811.00, making the net value of the assets in Cuba \$66,990,148.48. Thus the total loss sustained by the corporation was \$66,990,148.48, and the loss per share for each of the 1,443,921 shares of common stock held in Cia. Azucarera Vertientes-Camaguey de Cuba was \$44.3169.

Accordingly, the Commission finds that claimant, as holder of thirty-seven shares of common stock of Cia. Azucarera Vertientes-Camaguey de Cuba, suffered a loss as a result of the taking by the Government of Cuba of the assets of Cia. Azucarera Vertientes-Camaguey de Cuba, in the amount of \$1,639.73, within the meaning of Title V of the Act.

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 the loss sustained by claimant shall be increased by interest thereon at the rate of 6% per annum on \$1,639.73 from August 6, 1960 to the date on which provisions are made for the settlement thereof.

It will be noted that the total amount of loss found herein is in excess of the amount asserted by claimant. However, in determining

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

IN THE MATTER OF THE CLAIM OF

RUTH ANNA HASKEW

Under the International Claims Settlement
Act of 1949, as amended

Claim No. CU -0849

Decision No. CU -2038

Counsel for claimant:

Harry F. Fass, 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 RUTH ANNA HASKEW based upon an interest in common stock issued by Cia. Azucarera Vertientes-Camaguey de Cuba. Claimant has been a national of the United States since her 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.

On the basis of evidence of record, the Commission finds that claimant is, and since prior to August 6, 1960, has been the owner of thirty-seven (37) shares of common stock of Cia. Azucarera Vertientes-Camaguey de Cuba (Vertientes-Camaguey Sugar Company of Cuba), evidenced by certificate No. 24802.

The record discloses that Cia. Azucarera Vertientes-Camaguey de Cuba was listed as nationalized in Resolution No. 1 (pursuant to Law 851), published in the Cuban Official Gazette on August 6, 1960. This corporation was organized under the laws of Cuba and does not qualify as a corporate "national of the United States" defined under Section 502(1)(B) of the Act as a corporation or other legal entity organized under the laws of the United States, or any State, the District of Columbia or the Commonwealth of Puerto Rico, whose ownership is vested to the extent of 50 per centum or more in natural persons who are citizens of the United States. Therefore, claimant is entitled to file this claim based upon her ownership therein. (See Claim of Parke, Davis & Company, Claim No. CU-0180.)

Cia. Azucarera Vertientes-Camaguey de Cuba was incorporated in Cuba in 1942, as successor to Vertientes-Camaguey Sugar Company, which has been incorporated in Delaware in 1937. The latter company had acquired all the properties of Camaguey Sugar Company (incorporated in 1922) and Vertientes Sugar Company (incorporated in 1914).

The subject company was engaged in the growing of sugar cane and the manufacture and sale of raw sugar, refined sugar, blackstrap molasses and alcohol. It also engaged in cattle raising. Its properties included raw sugar producing property, including three operating mills known as Central Vertientes, Central Estrella and Central Agramonte; an alcohol

distillery; a refinery at Central Agramonte and the private sub-port known as Santa Maria. The lands from which cane supply for mills was obtained was in Vertientes-Pilar, Agramonte and Estrella. It appears that in September 1959, the Company owned 134,005 acres, leased 45,892 acres; and the independent lands under grinding contracts were 82,246 acres. Additionally, it appears that the Company owned 274.6 miles of standard gauge railroad with locomotives and railroad cars.

Its subsidiaries were Cia. General de Haciendas Azucareras, S.A. (of Cuba) (General Sugar Estates); Cia. Ganadera Agramonte (of Cuba), direct and indirect ownership, engaged in cattle raising; Corredores Independientes de Seguros, S.A. (of Cuba); Cuban Sugar Plantations, Inc. (of New York); and Vertcam, New York, Inc. (which in 1960 had been organized but its stock not then issued).

The Company's authorized capital stock was 1,500,000 shares of common stock having a par value of \$6.50 of which 1,443,921 shares were outstanding.

Although Cia. Azucarera Vertientes-Camaguey de Cuba does not qualify as a national of the United States, it has submitted a claim (CU-0624) on behalf of certain stockholders, and in this connection has submitted evidence as to the value of the Company and its properties, asserting that the properties taken by the Government of Cuba had a value of \$93,746,321.54.

The Company has asserted its losses as follows:

1) Cash in banks and on hand, in Cuba, on July 31, 1960	\$ 2,517,007.08
2) Accounts receivable for sugar shipments in liquidation at July 31, 1960	89,419.07
3) Sugar on hand at July 31, 1960	4,640,755.73
4) Accounts receivable for molasses shipment in liquidation at July 31, 1960	916,716.94
5) Molasses on hand at July 31, 1960	202,751.62
6) Accounts receivable from sources in Cuba	67,395.42
7) Deposits and advance payments	63,517.76
8) Investments	179,900.00
9) Work animals and other livestock	641,546.03
10) Property, plant and equipment	<u>84,427,311.89</u>
TOTAL	\$93,746,321.54

The Act provides in Section 503(a) that in making determinations with respect to the validity and amount of claims and value of properties, rights, or interests taken, the Commission shall take into account the basis of valuation most appropriate to the property and equitable to the claimant, including but not limited to fair market value, book value, going concern value, or cost of replacement.

The question, in all cases, will be to determine the basis of valuation which, under the particular circumstances, is "most appropriate to the property and equitable to the claimant." The Commission has concluded that this phraseology does not differ from the international legal standard that would normally prevail in the evaluation of nationalized property and that it is designed to strengthen that standard by given specific bases of valuation that the Commission shall consider; i.e., fair market value, book value, going concern value, or cost of replacement.

In its Annual Report for the year ended September 30, 1960, filed with the United States Securities and Exchange Commission, the Company included a Consolidated Statement of Net Assets. This reflects assets in Cuba of \$21,799,219, net \$19,441,408; and assets in the United States of \$2,621,011, net \$1,360,465. The statement follows:

	<u>Net Assets in Cuba</u>	<u>Net Assets in the United States</u>
CURRENT ASSETS:		
Cash	\$ 2,518,207	\$ 4,861
Cash held by Temporary Receiver of New York Assets		40,371
U.S. Government securities		2,573,130
Accounts receivable, advance payments, etc	185,028	88
Raw and refined sugar on hand and in liquidation, less estimated expenses of shipping	4,629,495	
Molasses on hand and in liquidation, less estimated expenses of shipping	1,119,469	
Materials and supplies on hand and in transit, at average cost	<u>1,521,817</u>	
TOTAL CURRENT ASSETS	\$ 9,974,016	\$2,618,450
INVESTMENTS IN CANE, COLONOS, ACCOUNTS, LIVESTOCK, ETC.:		
Administration cane, less reserve for amortization, \$1,143,916	\$ 1,521,397	
Accounts receivable from Colonos	12,666	
Livestock	485,691	
Stock of Ferrocarriles Occidentales de Cuba, S.A., at cost	179,900	
Miscellaneous investments	<u>43,586</u>	<u>2,000</u>
	\$ 2,243,240	\$ 2,000
PROPERTY, PLANT AND EQUIPMENT	15,161,039	3,102
Less - Depreciation	<u>6,020,465</u>	<u>2,541</u>
	\$ 9,140,574	\$ 561
DEFERRED CHARGES:		
Prepaid taxes, insurance, rents, etc.	105,493	
Dead season expenses, consisting of net operating and financial charges subsequent to June 30	321,521	
Other deferred charges	<u>14,375</u>	
	<u>441,389</u>	
TOTAL ASSETS	\$ 21,799,219	\$2,621,011
DEDUCT - LIABILITIES:		
Accounts payable to Colonos	1,015,535	
Other accounts payable	535,355	34,558
Accrued taxes, insurance, wages and rents	709,868	607
Balance of claim proceeds not yet used		
Cuban Profits tax	97,053	
Dividend payable to United States stockholders of record on November 4, 1959		<u>1,225,381</u>
	<u>2,357,811</u>	<u>1,260,546</u>
NET ASSETS	\$ 19,441,408	\$1,360,465

In support of its statement of loss, the Company has submitted an unaudited summary of assets located within the territories of the Republic of Cuba, prepared by a firm of Certified Public Accounts familiar with the annual published financial statements of the Company. It is stated therein that Items 1, 4, 5, 6, 7, 8 and 9 were prepared without change from unaudited financial statements and summaries.

Item 2, it is said, was prepared from said financial statements but was adjusted to eliminate from the total certain shipments for which the companies had received cash payments in the United States, which payments had not been reflected in the accounting records in Cuba.

Item 3 was similarly prepared from said financial statements, but was adjusted to reflect a reduction in the value of unsold sugar on hand for export from the previous market value to the lower price decreed by the Cuban Government for export sales subsequent to July 31, 1960.

With respect to Item 8, the Commission is informed that stock of Ferrocarriles Occidentales de Cuba, S.A. was held by the Cuban Government and private capital; that certain taxes were forgiven those who subscribed to shares of Ferrocarriles Occidentales de Cuba, S.A.; that the Havana Branch of the First National Bank of Boston, in response to annual inquiries, stated that said stock had no official quotation or trading during the year, and that such was the reply for the year 1959. (See the Claim of United States Fruit Sugar Company, FCSC Claim No. CU-2776.) Examination of a number of other claims before the Commission discloses that this stock was carried on the books of the claimants at cost.

There remains for discussion Item 10 of the Company's asserted losses. The Statement of September 30, 1960 (supra) reflects a gross value for property, plant and equipment of \$15,161,039, depreciated by \$6,020,465 to \$9,140,574. Note 5 appended to that Statement reflects that property,

plant and equipment existing in 1937 was recorded at values then established in connection with a plan for reorganization, which values, it is said, were considerably lower than those carried in the accounts of predecessor companies; and that subsequent additions have been recorded at cost.

The notes accompanying the September 30, 1959 balance sheet set out property, plant and equipment as follows:

Lands	\$1,438,188
Buildings	1,738,656
Machinery and Equipment	6,583,180
Railroad and rolling stock	2,408,343
Irrigation system and water supply	2,344,015
Other	<u>649,737</u>
	\$15,162,119

Excluding the figure for land, the total is seen to be \$13,723,931. Against this is set the depreciation figure of \$5,716,688, leaving a net book value of \$8,007,243.

Related State Department files reflect that in 1959 and 1960 the Government of Cuba took over control of various Vertientes assets in Cuba, prior to publication of Resolution 1 (supra). These actions were reported to the United States Embassy and on April 26, 1960, the Company submitted to the Embassy comprehensive information as to the properties of the Company in Cuba.

In summary, the report of April 26, 1960 (submitted in Claim No. CU-0624) follows:

Lands	\$21,787,000
Improvements and equipment	42,592,989
Crops	8,600,000
Livestock	652,000
Improvements on leased lands	<u>418,205</u>
TOTAL	\$74,050,194

The President of the Company, in his affidavit dated September 26, 1961, has said of the valuations in the Report of April 26, 1960, that said valuations were prepared by persons connected with the Company, who

do not claim the experience and professional skill in such matters possessed by Parajon e Hijo, who prepared the appraisals which are the basis for Item 10 of the Company's asserted losses.

A study of this material indicates that two appraisals are involved: One dated August, 1960 covers field properties including lands, buildings, planted cane, pastures and planted grass in the Vertientes, Agramonte and Estrella zones; the other, dated May, 1961 covers manufacturing and industrial properties and related properties (other than field properties) at Centrals Vertientes, Agramonte and Estrella, and the sub-port of Santa Maria, together with the Company's railroad lines. It is said that the values are as of the last weeks of 1958. These appraisals are summarized below.

	<u>Parajon e Hijo</u> <u>Valuation</u>
Property on Owned Land:	
Lands	\$18,095,301.29
Pastures	462,787.11
Cane Stools	4,094,176.90
Farm Buildings	1,352,326.80
Constructions and Installations	823,222.00
Agricultural Implements and Equipment	78,643.00
Irrigation System	2,285,395.00
Cane Carts	68,563.00
Miscellaneous property	1,232.00
Fences, corrals, watering stations, etc.	<u>238,043.50</u>
TOTAL	\$27,499,690.60
Property on Leased Land:	
Buildings and other property	499,877.06
Cane stools	1,210,021.70
Pasture grass	<u>35,936.53</u>
TOTAL	\$ 1,745,835.29
Manufacturing properties:	
Central Vertientes	24,956,415.00
Central Agramonte	13,561,800.00
Central Estrella	12,354,720.00
Santa Maria Cove	397,750.00
Miscellaneous	<u>3,911,101.00</u>
TOTAL	\$55,181,786.00
	<u><u>\$84,427,311.89</u></u>

The August, 1960 appraisal consists of some 47 pages of summary and the May, 1961 appraisal consists of some 139 pages of summary listing and describing the property. The appraisals are accompanied by certain maps, and plans. The item "Miscellaneous", valued at \$3,911,101 is further described as telephone system, office and laboratory furniture and fixtures, materials, supplies, parks, streets, sidewalks, distillery, tarpaulins, tractors and other automotive equipment.

These appraisals were stated to have been made on the basis of actual inspections over a period of years. The values for the land, cane stools and pasture grass are based upon the sugar cane yield and type of grass. Livestock values are based upon the market value at the time of loss. The values reported for the industrial properties and buildings are stated to be replacement costs and do not reflect any depreciation of those properties for the period of time used. It should be noted that, according to the affidavit of Philip Rosenberg, President of Cia. Azucarera Vertientes-Camaguey de Cuba, the factory at Central Vertientes was constructed in 1921 and enlarged in 1925, the factory at Central Estrella was constructed in 1918, and the factory at Central Agramonte was constructed in 1915, rehabilitated in 1946 after being out of operation from 1932 to 1945, and the refinery and distillery at Central Agramonte had new equipment installed in 1945 and 1946, but the distillery had been inactive since 1951 due to lack of demand for export alcohol.

In addition to the foregoing valuations, the record for Claim No. CU-0624 contains a statement by Parajon e Hijo concerning the depreciated values for the manufacturing properties as follows:

Manufacturing properties:	
Central Vertientes	\$13,359,384.00
Central Agramonte	7,764,705.00
Central Estrella	6,789,764.00
Santa Maria Cove	290,450.00
Miscellaneous	<u>3,080,230.00</u>
	\$31,284,533.00

The record also contains copies of balance sheets for the Cuban enterprises for the years 1957, 1958, 1959 and 1960, with the annual report to stockholders for those years, the evaluations of the Company's assets filed with the United States Securities and Exchange Commission in 1960 and the affidavit of the President of the Company. On the basis of all the evidence of record, the Commission finds the value of the Cuban assets of Cia. Azucarera Vertientes-Camaguey de Cuba on the date of loss as follows:

Cash in banks and on hand in Cuba		\$ 2,517,007.08
Accounts receivable for sugar shipments		89,419.07
Sugar on hand		4,640,755.73
Accounts receivable for molasses shipments		916,716.94
Molasses on hand		202,751.62
Accounts receivable from sources in Cuba		67,395.42
Deposits and advance payments		63,517.76
Investments		179,900.00
Farm Properties		
Land, cane stools, pastures	\$22,652,265.30	
Cane stools, pasture grass (on leased land)	1,245,958.23	
Farm buildings	1,352,326.80	
Construction & installation	823,222.00	
Agricultural Implements and equipment	78,643.00	
Irrigation and water systems	2,285,395.00	
Livestock	641,546.03	
Cane carts	68,563.00	
Fences, Corrals, etc.	238,043.50	<u>29,385,962.86</u>
Manufacturing Properties		
Central Vertientes	13,359,384.00	
Central Agramonte	7,764,705.00	
Central Estrella	6,789,764.00	
Santa Marie Cove	290,450.00	
Miscellaneous	3,080,230.00	<u>31,284,533.00</u>
	TOTAL	\$ 69,347,959.48

The valuations for land, cane stools, pasture grass, farm buildings, farm equipment, irrigation systems, cane carts and fences are based upon the appraisal of farm properties by Parajon e Hijo; the valuations of current assets and livestock are based upon the adjusted statement of the Company's assets; and the values of the manufacturing properties are based upon the depreciated values as reported by Parajon e Hijo since those values reflect the age of the manufacturing plants and their

equipment. The item "Miscellaneous" valued at \$3,080,230.00 is further described as telephone system, office and laboratory furniture and fixtures, materials, supplies, parks, streets, sidewalks, distillery, tarpaulins, tractors and other automotive equipment.

On the basis of the entire record, the Commission finds that the value of the assets of Cia. Azucarera Vertientes-Camaguey de Cuba, in Cuba, taken by the Government of Cuba was \$69,347,959.48. According to the balance sheet of September, 1960, the corporation's liabilities in Cuba were \$2,357,811.00, making the net value of the assets in Cuba \$66,990,148.48. Thus the total loss sustained by the corporation was \$66,990,148.48, and the loss per share for each of the 1,443,921 shares of common stock held in Cia. Azucarera Vertientes-Camaguey de Cuba was \$46.3946.

Accordingly, the Commission finds that claimant, as holder of thirty-seven shares of common stock of Cia. Azucarera Vertientes-Camaguey de Cuba, suffered a loss as a result of the taking by the Government of Cuba of the assets of Cia. Azucarera Vertientes-Camaguey de Cuba, in the amount of \$1,716.60 within the meaning of Title V of the Act.

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 the loss sustained by claimant shall be increased by interest thereon at the rate of 6% per annum on \$1,716.60 from August 6, 1960 to the date on which provisions are made for the settlement thereof.

It will be 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.

CERTIFICATION OF LOSS

The Commission certifies that RUTH ANNA HASKEW 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 One Thousand Seven Hundred Sixteen Dollars and Sixty-Cents (\$1,716.60) with interest thereon at 6% per annum from August 6, 1960 to the date of settlement.

Dated at Washington, D. C.,
and entered as the Proposed
Decision of the Commission

June 26, 1968

Leonard v. B. Sutton

Leonard v. B. Sutton, Chairman

Theodore Jaffe

Theodore Jaffe, Commissioner

This Decision was entered as the Commission's
Final Decision on SEP 12 1968

Francis Hartman

Clerk of the Commission

Sidney Freidberg

Sidney Freidberg, Commissioner

SEP 12 1968

NOTICE TO TREASURY: The above-referenced security may not have been submitted to the Commission or if submitted, may have been returned; accordingly, no payment should be made until claimant establishes retention of the security or the loss here certified.

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).)