

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

IN THE MATTER OF THE CLAIM OF

KEWANEE OIL COMPANY

Under the International Claims Settlement
Act of 1949, as amended.

Claim No. CU -2164

Decision No. CU -
4791

PROPOSED DECISION

This claim against the Government of Cuba, under Title V of the International Claims Settlement Act of 1949, as amended, for \$1,127,978.42 was presented by KEWANEE OIL COMPANY based upon asserted losses resulting from the nationalization of claimant's property in 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)(B) of the Act defines the term "national of the United States" as 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 authorized officer of the claimant company has certified that it was organized under the laws of the State of Delaware and that at all times pertinent hereto more than 50% of its outstanding capital stock was owned by United States nationals. The record further shows that on April 6, 1967 less than two-tenths of one per cent of the stock was owned by non-nationals of the United States. The Commission holds that claimant is a national of the United States within the meaning of Section 502(1)(B) of the Act.

Claimant asserts a loss in the amount of \$1,127,978.42 for the property of Kewanee Interamerican Oil Company, a Delaware corporation wholly owned by the claimant which was merged into the parent company on October 15, 1964. The Commission finds that the Cuban properties of Kewanee Interamerican Oil Company, then a national of the United States, were nationalized by the Government of Cuba on October 24, 1960 pursuant to Resolution No. 3 under Law 851.

Claim is asserted for the following assets of Kewanee Interamerican:

Cash	\$ 1,100.46
Accounts Receivable	205,815.91
Warehouse Inventory	475,416.10
Crude Oil Inventory	3,098.29
Producing Oil & Gas Properties	103,000.00
Plant & Well Equipment	29,515.40
Transportation Equipment Light	15,726.00
Transportation Equipment Heavy	84,600.00
Rotary Drilling Equipment	197,600.00
Cable Tool Equipment	9,000.00
Furniture & Equipment	790.26
Non-Producing Oil & Gas Concessions	2,136.00
Rental Property Deposits	180.00
	<hr/>
	\$1,127,978.42

In support of the amount claimed, claimant has submitted an appraisal of the oil properties and the capital equipment, a certified financial report for December 31, 1960, and other financial records from claimant's accountants concerning the unappraised properties and intangible assets.

On the basis of the entire record, the Commission finds that the value of the assets of Kewanee Interamerican Oil Company in Cuba which were taken by the Government of Cuba on October 24, 1960 was \$1,127,978.42. The Commission has consistently not reduced the value of the assets of an American enterprise in Cuba by its liabilities inasmuch as it may remain liable for the debts. However among the accounts receivable is the amount of \$2,061.41 due from a Bill King who has not been established as a non-national of the United States. Since debts owed by United States nationals may not be considered by the Commission unless they are secured by property which has been nationalized, this amount must be deducted from the allowable accounts receivable.

Accordingly, the Commission concludes that claimant succeeded to and sustained a loss in the amount of \$1,125,917.01 on October 24, 1960 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), and in the instant case it is so ordered.

CERTIFICATION OF LOSS

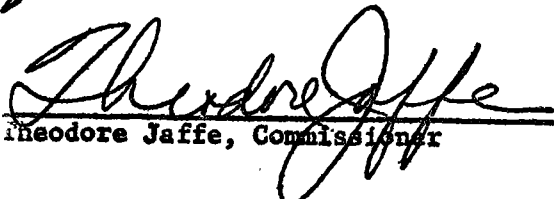
The Commission certifies that KEWANEE OIL COMPANY succeeded to and sustained a loss, as a result of actions of the Government of Cuba, within the scope of Title V of the International Claims Settlement Act of 1949, as amended, in the amount of One Million One Hundred Twenty-Five Thousand Nine Hundred Seventeen Dollars and One Cent (\$1,125,917.01) with interest at 6% per annum from October 24, 1960 to the date of settlement.

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

APR 29 1970



Lyle S. Garlock, Chairman



Theodore Jaffe, Commissioner



Sidney Freidberg, 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).)