

FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES
WASHINGTON 25, D. C.

IN THE MATTER OF THE CLAIM OF

FREDERICK STAFFORD
745 Fifth Avenue
New York 22, New York

BELL TEXTILE INDUSTRIES, INC.
351 Fifth Avenue
New York 17, New York

Against the Government of Rumania
Under the International Claims Settlement
Act of 1949, as amended

Claim No. RUM-30,515

Claim No. RUM-30,516

Decision No. RUM-788

Counsel for Claimants:

GPO 942329

Covington & Burling
Union Trust Building
Washington 5, D. C.

FINAL DECISION

The Commission issued its Proposed Decision on these claims on April 13, 1959, a copy of which was duly served upon the claimants.

Full consideration having been given to the objections of claimant, FREDERICK STAFFORD and to the evidence and arguments presented at the hearing held on June 8, 1959, and general notice of the Proposed Decision having been given by posting for thirty days, the Commission finds that FREDERICK STAFFORD owned directly and indirectly a total of 61.0902 per cent of Societate Pentru Industria Textila, S.A., and that the value of his interest in this company at the time of its nationalization was Two Million Five Hundred Twenty-five Thousand One Hundred Sixty-seven Dollars (\$2,525,167.00) and concludes that claimant FREDERICK STAFFORD is entitled to compensation in such amount under Section 303(2) of the Act; and it is

ORDERED that such Proposed Decision be amended in accordance with the foregoing and as so amended it hereby is entered as the Final Decision on the claims, the award being restated as follows:

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Pursuant to the provisions of the International Claims Settlement Act of 1949, as amended, an award is hereby made to FREDERICK STAFFORD in the amount of Two Million Five Hundred Twenty-five Thousand One Hundred Sixty-seven Dollars (\$2,525,167.00) plus interest thereon at the rate of 6% per annum from June 11, 1948, to August 9, 1955, the effective date of the Act, in the amount of One Million Eighty-five Thousand Four Hundred Dollars and Ninety-five Cents (\$1,085,400.95).

Payment of any part of this award shall not be construed to have divested the claimant FREDERICK STAFFORD or the Government of the United States, on his behalf, of any rights against the Government of Rumania, for the unpaid balance of the claim, if any; and it is further

ORDERED that the award granted herein be certified to the Secretary of the Treasury.

Dated at Washington, D. C.

W. H. ...
JK

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osb.

JUL 13 1959

Whitney Hilliard

Paul Pace

Robert L. Kunyig

COMMISSIONERS

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FOREIGN CLAIMS SETTLEMENT COMMISSION
OF THE UNITED STATES
WASHINGTON 25, D. C.

IN THE MATTER OF THE CLAIM OF

FREDERICK STAFFORD
745 Fifth Avenue
New York 22, New York

BELL TEXTILE INDUSTRIES, INC.
551 Fifth Avenue
New York 17, New York

Under the International Claims Settlement
Act of 1949, as amended

Claim No. RUM-30,515

Claim No. RUM-30,516

Decision No. RUM- 788

Counsel for Claimant:

GPO 942329

Covington & Burling
Union Trust Building
Washington 5, D. C.

PROPOSED DECISION

These are claims against the Government of Rumania under Section 303(2) of the International Claims Settlement Act of 1949, as amended. FREDERICK STAFFORD, a national of the United States since his naturalization in the United States on December 9, 1946, has filed claim in the amount of \$12,493,870.70 based on alleged nationalization of his asserted direct and indirect holdings of stock of Societate Pentru Industria Textila, S.A., on a debt allegedly due to him from said company, and upon a percentage of 50,000 shares of Societate Pentru Industria Textila, S.A., held by one of its subsidiaries. BELL TEXTILE INDUSTRIES, INC., has filed an alternative claim based on holdings of stock of Societate Pentru Industria Textile, S.A.

The record shows that Societate Pentru Industria Textila, S.A., had 900,000 shares of stock outstanding of which Financiere Textile Pour la France et L'Etranger, S.A., of Paris, France, owned 538,821 (or 59.869 per cent). In turn, Financiere has 180,000 shares of stock outstanding of which FREDERICK STAFFORD owns 114,154 (or 63.4188 per cent). The Commission finds that these 114,154 shares have been held for the

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account of FREDERICK STAFFORD by BELL TEXTILE INDUSTRIES, INC., a holding company with no income or other function than to hold Financiere shares, in which it has no beneficial interest. Accordingly the Commission finds that FREDERICK STAFFORD owned indirectly 37.9682 per cent of Societate Pentru Industria Textila, S.A.

The claim of BELL TEXTILE INDUSTRIES, INC., based on the 114,154 shares of Financiere Textile Pour la France et L'Etranger, S.A., which it held for FREDERICK STAFFORD, is denied for lack of beneficial ownership in the claimant corporation.

FREDERICK STAFFORD also bases his claim on 208,098 shares of stock (approximately 23.122 per cent) of Societate Pentru Industria Textila, S.A., purchased by him in 1939. The record shows that at the end of 1947 these bearer shares were sold by the claimant's agents in Rumania to the Banca Economica, allegedly under duress, to preserve the interests of Societate Pentru Industria Textila, S.A., in consideration of termination of strikes, and to secure raw material and credit to facilitate full production. Claimant contends that this alleged forced sale was a legal nullity and did not affect his ownership in said shares. It is to be noted, however, that under Rumanian law, an agreement entered into under duress is merely voidable, and not void. The Commission finds that no grounds have been established for declaring, nor indeed does it have the power to declare, the contract here in question rescinded and thus place the parties thereto in their original positions.

In view of the foregoing, the Commission finds that it has not been established that the said 208,098 shares were owned by the claimant at the time of nationalization of Societate Pentru Industria Textila, S.A., that therefore this part of the claim is not compensable, and accordingly, it is denied.

The Commission further finds that Societate Pentru Industria Textila, S.A., was nationalized without compensation by the Government of Rumania on June 11, 1948, pursuant to Law No. 119 (Monitorul Oficial No. 133), that the value of the claimant's 37.9682 per cent interest in said company was

\$1,059,764.19 and concludes that the claimant is entitled to an award under Section 303(2) of the Act.

Inasmuch as the value of claimant's interest in the corporation is determined on the basis of corporate net worth, which includes its interests in subsidiaries, no further interest in the claimant is found in 50,000 shares of stock in Societate Pentru Industria Textila, S.A., held by a subsidiary thereof.

For the reasons specified in the attached copy of the Final Decision In the Matter of the Claim of European Mortgage Series B Corporation (Claim No. HUNG-22,020) Decision No HUNG-1605, so much of this claim as is based on a debt allegedly due from Societate Pentru Industria Textila, S.A., to claimant, is denied.

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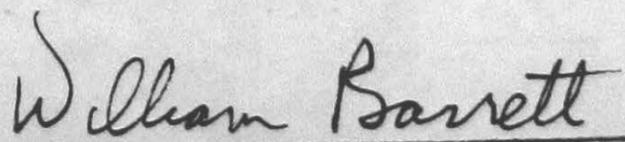
Pursuant to the provisions of the International Claims Settlement Act of 1949, as amended, an award is hereby made to FREDERICK STAFFORD in the amount of One Million Fifty-nine Thousand Seven Hundred Sixty-four Dollars and Nineteen Cents (\$1,059,764.19) plus interest thereon at the rate of 6% per annum from June 11, 1948, to August 9, 1955, the effective date of the Act, in the amount of Four Hundred Fifty-four Thousand Two Hundred Eighty-five Dollars and Fifty-seven Cents (\$454,285.57).

Payment of any part of this award shall not be construed to have divested the claimant herein or the Government of the United States, on his behalf, of any rights against the Government of Rumania, for the unpaid balance of the claim, if any.

Dated at Washington, D. C.

APR 13 1959

FOR THE COMMISSION:



William Barrett, Acting Director
Balkan Claims Division

