

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C.**

**REPORT BASED ON  
INVESTIGATION OF  
SOCIETE FINANCIERE DE TRANSPORTS  
ET D'ENTREPRISES ("SOFINA")**

**PUBLIC UTILITIES DIVISION**

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## CONTENTS

	<u>Page</u>
<b>A. THE INITIATION AND CONDUCT OF THE INVESTIGATION.....</b>	<b>1</b>
1. Information Leading Up to the Formal Inquiry.....	1
Communications from Logan of Mokam.....	1
Questions Raised.....	2
Public Ownership League Report.....	3
Conferences with Mokam Representatives.....	4
2. Issuance of the Order of Investigation.....	5
3. Conduct of the Investigation.....	5
<b>B. WHAT IS SOFINA? .....</b>	<b>7</b>
1. Introductory.....	7
Assets and Income.....	7
2. Financial Growth of Sofina.....	8
3. Dannie Heineman.....	10
4. Sofina's Principal Subsidiary-Company Interests.....	10
5. Control of Sofina.....	12
(a) By the Preferred Stock Held Within the System.....	13
(b) By the Distribution of the Ordinary Shares.....	14
6. Sofina's Board of Directors.....	16
7. Placement of Sofina Personnel in Managed Subsidiaries...	20
Argentina.....	20
Mexico.....	21
Cuba.....	21
Lisbon.....	21
Barcelona.....	22
<b>C. SOFINA'S MOVES TO ESCAPE THE IMPACT OF THE WAR.....</b>	<b>23</b>
1. Caelectra Investment Company, Ltd. ....	23
2. Securitas, Ltd. ....	24
3. The Trust Agreement.....	27
4. Assets and Income Held and Received by Securitas.....	30
5. Service Companies.....	31
Anitas, Ltd. ....	35
6. Loyalties, Ltd. and Foracmo, Ltd. ....	36
7. The Chade Situation.....	37
Origin of Sofina's Interest in Chade.....	38
The Formation of Sodec.....	40
The Option Agreement of September 5, 1939.....	41
Provisions of the Option Agreement.....	42
The Committee of Seven.....	45
8. Implications in the Chade Situation.....	48
9. Present Sources and Handling of Sofina Income.....	50
In General.....	50
Transfers of Argentine Balances.....	51
Securitas, Ltd. ....	52
Other Transfers.....	52
<b>D. SOFINA'S INTEREST IN AMERICAN INVESTMENTS.....</b>	<b>53</b>
1. Introductory.....	53
2. The Middle West Corporation Investment.....	53
3. The Panhandle Situation.....	57
4. Other American Investments.....	61
<b>E. AXIS RELATIONSHIPS OF SOFINA AND ITS MANAGEMENT.....</b>	<b>63</b>

## INDEX OF EXHIBITS

- A. Chart showing Existing Control of Sofina's Assets
- B. Chart Showing Existing Control of Chade's Assets
- C. Chart of the Sofina Holding Company System
- D. Chart Showing Ownership of Sofina Stock
- E. Portfolio of Sofina's American Investments as of June 30, 1941
- F. Securities of Sofina Held in Trust by Securitas, Ltd., Indicating Physical Location Thereof
- G. Securitas, Ltd. as Trustee for Cobti --  
Schedule One -- Statement of Trust Assets  
Schedule Two -- Statement of Securities Held in Trust,  
Indicating Physical Location Thereof.
- H. Securitas, Ltd. as Trustee for Cie, Generale de Tramways de Buenos Aires  
Schedule One -- Statement of Trust Assets  
Schedule Two -- Statement of Securities Held in Trust, Indicating  
Physical Location Thereof
- I. Securitas, Ltd. as Trustee for Sidro --  
Schedule One -- Statement of Trust Assets  
Schedule Two -- Statement of Securities Held in Trust,  
Indicating Physical Location Thereof.
- J. Analysis of Sofina Income for 1937, 1938, and 1939.
- K. Analysis of Sofina Service Fees (Income) for the Year 1939
- L. Detail of Payment of Sofina Dividend Coupons in 1939
- M. Members of Underwriting Syndicate in Distribution of Ordinary Shares of Sofina in 1928 Reorganization.
- N. List of Paying Agents for Chade Dividends.
- O. Statement of "Bons de Caisse" Issued by Chade in Payment of 1940 Dividend.
- P. Securitas, Ltd. Balance Sheet as of November 15, 1941
- Q. Securitas, Ltd.--Receipts and Expenditures for Period from January 1, 1941 to November 15, 1941.
- R. Amitas, Ltd.--Statement of Profit and Loss for Six Months Ended June 30, 1941.
- S. Officers and Directors of Cade
- T. Index of Financial Statements and Similar Materials Extracted by Commission from Books at Sofina's Offices at 50 Broadway, New York City (Available as Working Papers in Commission's Files)
- U. Schedule of Financial Statements as of June 30, 1941 for Sofina Companies Incorporated in Delaware (Available in Commission's Files)
- V. List of Documents and Other Materials Concerning Sofina and Affiliates Acquired in Course of the Investigation.
- W. Amitas, Ltd. Balance Sheet as of June 30, 1941

## A. THE INITIATION AND CONDUCT OF THE INVESTIGATION\*

On September 17, 1941 the Commission issued an order under the Holding Company Act directing that there be conducted an investigation of Societe Financiere de Transports et d'Entreprises Industrielles, a Belgian corporation commonly known as "Sofina", and its relationships (a) to The Middle West Corporation, (b) to any other registered holding companies and their subsidiaries, and (c) to other public utility companies in the United States.

### 1. INFORMATION LEADING UP TO THE FORMAL INQUIRY

#### *Communications from Logan of Mokan*

For the most part, the investigation was begun as the result of certain statements made to the Commission by representatives of the Missouri-Kansas Pipe Line Company, commonly known as "Mokan". On or about August 1, 1941 Arthur G. Logan, counsel for Mokan, spoke to James J. Treanor, Jr., director of the Commission's Trading and Exchange Division, concerning certain matters allegedly related to an attempt of outsiders to wrest control of the management of Mokan. These charges were set forth in writing in a letter of August 5, 1941 addressed to Mr. Treanor. Attached was a copy of a letter dated July 21, 1941 regarding the same subject which Logan had addressed to Edward Foley, Jr., general counsel of the Treasury Department. These letters stated in substance:

1. Prior to the last stockholders' meeting on December 3, 1940, a group was formed in opposition to the management of Mokan. The principal backer of the group was Sofina. Mokan owns 42% of the stock of Panhandle Eastern Pipe Line Company, which owns and operates one of the largest natural gas pipe lines in this country, transporting gas from Texas to points in the northern part of the country and ultimately the city of Detroit. Sofina's interest in Mokan is based on the desire to control Panhandle. For more than a year Sofina had been buying "heavily" into the Mokan stock. J. Donald Duncan, its counsel, had stated Sofina intended to continue buying until it had acquired at least 500,000 shares (approximately one-third of shares outstanding) provided they could be acquired at \$5 per share or less. At first Sofina had purchased common stock of Columbia Oil & Gasoline Company, which owns 51% of Panhandle's stock. Logan had been "advised" that approximately 200,000 shares (about 9%) of Columbia Oil had been acquired. It was also stated that approximately 100,000 shares of Mokan had been acquired at the time of the annual meeting of December 3, 1940. None of this stock, it was stated, has been placed in Sofina's name, but is registered in the names of nominees or the vendors.

\*NOTE - This report is confidential and for official use only. One of its purposes is to furnish information obtained by the Commission to other interested agencies of the government, several of whom received many of the same charges relating to Sofina as instigated the Commission's investigation. Those charges are recited in some detail in section "A" of the report merely to inform such other agencies, who might otherwise cover the same ground, of the extent of the Commission's inquiry.

2. Sofina, the letters continued, is a foreign investment trust originally organized under the laws of Belgium, but which, "we understand", has been re-organized since under the laws of some other European country, "probably for the purpose of evading the provisions of the freezing orders concerning foreign funds". The company's interests are in German, French, Belgian, and Italian public utilities; its board of directors is composed of primarily German, French and Belgian nationals. The management is directed by Dannie Heineman -- "we understand he is a German" --, presently in this country. Its financial adviser, Jean Ehrlich, is known as "Herr Doctor Von Ehrlich".
3. Logan further stated that in December of 1940 Duncan, member of the legal firm of Auchincloss, Alley & Duncan, advised Logan that Sofina proposed to acquire control of Columbia Oil by advancing \$10,000,000 to the company for a controlling block of its stock. That opportunity was expected to arise out of a proposed plan in certain anti-trust proceedings aimed to sever the Panhandle pipeline from the Columbia Gas and Electric Company holding company system, in which Columbia Oil is a subsidiary. In those proceedings, if not also in other matters, Columbia Oil was represented by Duncan's firm. Gordon Auchincloss, partner of the firm, was believed to be a director of Sofina. Logan stated that it was his understanding the firm became counsel for Columbia Oil after Sofina first showed an interest in that company and determined to buy into it. Duncan, he alleged, had been personally handling many of the purchases of the large blocks of Mokon stock.
4. This effort to obtain control by Sofina, it was alleged, extended to "a desperate attempt" to acquire a block of approximately 125,000 shares of Mokon stock held in England. Sofina brought pressure to bear in London to have the British Government requisition the English holdings for their sale to Sofina.
5. The most recent incident in this program, Logan's letter continued, was a campaign conducted by a so-called Independent Stockholder's Committee, the purpose of which was to obtain proxies in the fight for control and to keep down the market price of Mokon stock for more favorable purchases thereof. Sofina, it was alleged, financed the activities of this committee, which consisted principally of the mailing to all Mokon stockholders of a letter containing false and misleading statements in disparagement of the Mokon management. By this means it hoped to facilitate further favorable purchases of Mokon stock by depressing the market, which had otherwise been rising as a result of Sofina's purchases and also by reason of an impending settlement with the Columbia interests as to the future of the Panhandle Company.

Questions Raised.

These allegations raised the following bases of possible Commission jurisdiction or other inquiry:

1. The activities of the so-called Independent Committee may have constituted the use of the mails to defraud Moran stockholders by inducing them to sell their stock at artificially reduced prices, violations of Section 9 (a) of the Securities Exchange Act of 1934 and Section 17 of the Securities Act of 1933. This suggested, initially, the appropriateness of a manipulation inquiry by the Trading and Exchange Division, and possibly enforcement action thereafter by the General Counsel's Office.
2. The Commission already knew that Sofina admittedly owns almost 5% of the stock of The Middle West Corporation, a registered holding company, and has a representative on the Middle West board of directors. It was known that Sofina had in the past desired to purchase additional large amounts of the Middle West stock and also was generally interested in investing substantial amounts in certain other public utility holding company situations. In view of these known holdings and interest in American utilities, together with the possibility — in the light of the foregoing allegations — that additional shares of Middle West and other utilities might have been acquired and not disclosed, it was pertinent to inquire whether Sofina's holdings were such as to constitute it an affiliate or holding company as to any companies subject to the Commission's jurisdiction under the Holding Company Act. If more than 5% of the stock of Middle West or any other registered holding company were owned by Sofina, Rule U-5 of the Holding Company Act had been violated, whose provisions exempt foreign holding companies only if their holdings are confined to 5% or less of a registered holding company or public utility company.
3. In the light of the existing international situation, it appeared to be extremely pertinent to know the truth of the allegations as to Sofina's Axis connections. These and other aspects might lead to recommendations by the Commission to the Congress for further legislation concerning the matters to which the Holding Company Act relates. The Commission is specifically directed to investigate for such purposes (Section 18 (a).)

#### *Public Ownership League Report*

On or about September 10, 1941, the Commission received a letter from Carl D. Thompson, secretary and founder of the Public Ownership League of America, Chicago. The letter enclosed a report, entitled "The Sofina Case", submitted by its co-counsel Meyer Fink, dated August 22, 1941. In substance the report stated that on the basis of certain information received by the League, it appeared that "a scheme is being promoted" intended to bring the Panhandle pipeline under the control of a European utility trust — namely Sofina. Thompson inquired whether it would not be appropriate to examine the pertinent phases of the report in connection with the Commission's hearings beginning the following September 16 involving the proposed plan devised in the anti-trust proceedings. The League's principal interest, it appears, has been support of the Government's action to bring about an independence of operation of the Panhandle Company. Thompson was accordingly solicitous that a program would not be devised to insure

a secret control of the Panhandle pipeline by Columbia Gas through Sofina and Auchincloss, Alley & Duncan.

The report contained copies of various documents and other materials tending to show that the group which had been attempting to wrest control of Mokon is backed by Duncan and Sofina. It was later learned in the course of the investigation that all of these materials were furnished to the Public Ownership League by an employee of Mokon. Thus it was eventually realized that the two sources of information were identical.

Subsequently, after the investigation had actually been started, communications were received from Representatives John M. Coffee (6th District of Washington) and Jerry Voorhis of California, urging the Commission, on the basis of the information which independently had been supplied them by The Public Ownership League, to investigate the Sofina-Panhandle matter. It is also understood that other Congressmen have urged the individual Commissioners to inquire into the matter.

#### *Conferences with Mokon Representatives*

It was determined that further inquiry was necessary. A conference was held on September 9, 1941 with representatives of the following governmental agencies: Foreign Funds Control division of the Treasury Department, and Alien Property and Anti-Trust divisions of the Department of Justice. There was available but meager information as to Sofina's activities. On September 12, 1941 information was received from William G. Maguire, president of Mokon, that Phillip Gossler, president of Columbia Gas, had just sold his Columbia Oil stock (approximately 100,000 shares) to Gude, Winmill & Co. Since Mokon had reported that Gude, Winmill & Co. had been effecting substantial purchases of Mokon for Sofina, the inference was made that this Columbia Oil stock had also been bought by Sofina.

Accordingly, representatives of Mokon were invited to furnish any additional information to the Commission's staff. On September 16 Maguire and his counsel, Richard E. Hand, conferred with the staff at length, in the course of which there was furnished certain information tending to support the statements in Logan's letter:

As to the Axis aspects of Sofina, Dannie Heineman, its head, was born in North Carolina of German parents; Count Volpi di Misurata, listed as a director of Sofina, is closely associated in an official capacity with Mussolini; Heineman left Belgium after the invasion with many millions of dollars in cash and securities, escorted by German troops "under personal orders of der Fuhrer"; in connection with ex-Senator Robert J. Bulkley's trip to Germany (in 1938?) he had been given introductory letters to German brokers by Heineman; and Sofina's Italian subsidiaries are large, furnishing electric power to the Italian Government railways. Principal basis for the belief of Maguire *et al.*, that Sofina owned approximately 200,000 shares of Mokon was the fact that that number of shares had been voted by the group opposing the management at the stockholders' meeting on December 3, 1940 in the election of Kelleher as director. It also appeared that on more than one occasion Duncan had claimed that his clients, at least one of whom was known to be Sofina,

represented very large interests in both Mokon and Columbia Oil and intended to increase them to the extent of acquiring control of the pipeline. Further, it was stated that counsel for the securities firm of Scherk, Richter & Co. (St. Louis), which had been taking the nominal lead for the opposition group, was known to have been previously associated with Duncan's firm; Gordon Scherk had stated Duncan was financing the group's activities (which included, it was alleged, a stockholders' suit against Mokon's officers and directors). Following Kelleher's election to the Mokon board, he had requested access to all the records and books of Mokon, which was allegedly looked upon as an attempt to obtain information for possible Axis use concerning the strategic Panhandle pipeline.

Further conferences were held on the following day (September 17) with Mokon representatives. Geoffrey R. Mellor, vice president and director of Mokon representing English stockholders, told why he thought Sofina had backed pressure brought to force the sale of the English stock, inferred mainly from the known interest of Sofina in that situation. Count Castellane, a friend of Logan's, told of his meeting a Sofina engineer (one Paul Dellis) on a recent trip by boat from Lisbon. Dellis stated that Sofina was buying electrical equipment in the United States for its Mexican and Argentine properties, purchases being made through a company named Amitas, a small American company now representing Sofina in this country. There is "nothing left of Sofina in Belgium", Dellis stated.

## 2. ISSUANCE OF THE ORDER

The Commission was quite aware that Maguire has his own ends to serve by causing, if he can, any embarrassment or other difficulty for persons who might be opposing him and his management of Mokon in the fight for control of Panhandle. His fight with Columbia Gas is of two or more years' standing. Nevertheless, the charges made were so serious in character it was deemed imperative that the Commission determine the facts for itself by independent inquiry. Accordingly, the order for investigation previously referred to was issued under Section 18 of the Holding Company Act on September 17, 1941, thereby invoking the Commission's powers to compel the production of records, subpoena witnesses, and take their testimony under oath, for the purpose of assembling the relevant facts in the inquiry.

## 3. CONDUCT OF THE INVESTIGATION

Most of the investigation was conducted in the city of New York. At 50 Broadway are the headquarters of Sofina's American agencies and the offices of several of its principal executives, including Helkman. At that address are the offices of the company's American counsel, Auchincloss, Alley & Duncan. There are located extensive records for both the American agencies and some of Sofina itself which have been transferred from Brussels. Numerous files were examined by the Commission's accountants and lawyers, approximately half of which consisted of writing in the French language, some in Spanish. An examination of all the files would have required six or more months, so judicious sampling was required. Attached as exhibits hereto are indexes of documentary materials obtained in the course of the investigation. In addition several persons were examined under oath, the written transcript of each examination comprising approximately 500 pages.

Use was made of the broker-dealer regulation machinery of the Commission's New York office in a check of transactions by a select group of financial houses during the past year in several pertinent issues of securities. Four banks in New York were subpoenaed for information concerning the owners of certain stocks held by their nominees. These inquiries served as checks on what the Sofina records themselves showed and on allegations which had been made as to ownership of American securities.

An investigator from the Commission's Chicago office interviewed in St. Louis, Mo. persons closely identified with the so-called Independent Stockholders Committee of Mogan stock, which allegedly was acting as a front for Sofina. Private records and files of those persons were examined. Likewise, the secretary of the Committee was interviewed in New York City.

Reference has already been made to the fact that the head of the Public Ownership League and its counsel were examined under oath in Chicago as to the nature and source of their information.

Access was also gained to such information as was in the possession of the following governmental agencies:

Office of Export Control (Board of Economic Warfare)  
Foreign Funds Control (Treasury)  
Internal Revenue (Treasury)  
State Department

The actual inquiry was conducted in the space of approximately five to six weeks, occupying practically the entire time of two persons and the part time of four others. Later an additional ten days were required for certain supplementary materials. Starting from scratch, the Commission's staff was able to obtain in the relatively short time indicated a comprehensive and relatively detailed grasp of the complex Sofina system and its sundry relationships extending over three continents.

The Commission's experience in investigations of this type has demonstrated to it that in ascertaining the corporate and business relationships of control, it is necessary to inquire into all aspects of a particular company's financial, business, and personnel connections. Thus, although the Commission was primarily interested in Sofina's activities in their relation to American utilities and subsidiaries of registered holding companies, it was realized that these could be comprehended only by a thorough examination into the full scope of Sofina's business interests and those responsible for its management -- even though it might involve inquiry into matters seemingly related to foreign transactions only. As the investigation progressed, this latter phase of the inquiry assumed an increasingly larger aspect. But it was determined that whether or not any of that information was ultimately found to relate to the particular subject matter of the Holding Company Act, it might be of considerable importance to other branches of the government in the light of the then-existing and present state of the international situation.

Accordingly, the account of the investigation which follows indiscriminately tells the substance of the whole story learned about Sofina.

## B. WHAT IS SOFINA?

### I. INTRODUCTORY

Sofina is a holding, engineering, and service company. Its full name is Societe Financiere de Transports et d'Entreprises Industrielles. A Belgian corporation organized in 1928, its predecessor of the same name was formed in 1898, also in Belgium. The domicile and headquarters of the company and its predecessor have always been in Brussels, but since the invasion of the low countries in May, 1940, the domicile has legally followed that of the Belgian government to London and the principal offices are in Lisbon and New York.

As will be seen, Sofina's activities have not been confined to interests in Belgium. Although some outsiders have been prone to exaggerate the international scope of the Sofina system, nevertheless it admittedly has today important subsidiary interests in Belgium, France, Spain, Portugal, Germany, Argentina and Mexico. In addition, Sofina has minor investment interests in the United States, Italy, Luxembourg, the United Kingdom, Algeria and the other countries previously named.

#### Assets and Income

The last published balance sheet of Sofina, for the year 1939, states corporate assets as of December 31 at 2,126,865,476 Belgian francs, equivalent (at the rate of 30 francs to one U. S. dollar) to approximately \$71,000,000. "Income" in 1939 from "shares and participations, interests, commissions and sundries", according to published information, amounted to 154,749,202 Belgian francs, equivalent at the same rate to about \$5,150,000. The following table is an approximate breakdown of this income by countries from which derived:

#### Corporate Income 1939

	<u>Belgian Francs</u>	<u>U. S. A. \$</u>	<u>%</u>
Belgium	14,154,000	471,800	9.2
Switzerland	507,000	16,900	.3
Argentina	103,127,000	3,437,567	66.7
England	75,000	2,500	-
France	7,501,000	250,033	4.8
Spain	2,150,000	71,667	1.4
Portugal	9,356,000	311,867	6.1
United States	3,468,000	115,600	2.2
Germany	7,442,000	248,067	4.8
Mexico	2,235,000	74,500	1.4
Others	4,736,000	157,867	3.1
<b>Total</b>	<b>154,751,000</b>	<b>\$5,158,368</b>	<b>100.0%</b>

It is apparent that the Argentine properties of the system have been of predominant importance. In 1939, the most recent year which may be considered near normal, 67% of the income was derived from the South American interests. Total income was severely reduced in 1940 to 105,919,405 B.F. (approximately \$3,500,000) as a result of the war, but

### 3. DANNIE HEINEMAN

Heineman was born in Charlotte, North Carolina on November 23, 1872. His father, James Heineman, was born in Bangor, Maine and was a chewing tobacco manufacturer. He died in Winston-Salem and is buried in Charlotte. Heineman's grandparents, on his father's side, are said to have been American citizens. His mother was an American citizen but was born in Germany of German parentage.

Heineman lived in North Carolina until the age of about 12, when he was sent to Europe for his education, obtained in Germany, Switzerland and Belgium. There he studied mathematics, physics, and engineering. Schooling completed, Heineman was employed as an engineer with General Electric Company's subsidiary or affiliated concerns in Berlin and Paris: the French company called Thompson-Houston, and the German company called Union Elektrizitaets-Gesellschaft, Berlin. In 1898 he was chief engineer in charge of building railways in Naples. He also built street railways in Liege, (Belgium): power stations in Coblenz (Germany), Brussels, and Ghent, (Belgium).

In 1905 Heineman joined Sofina. It was then a small investment company with interests in utility properties and coal mines in Belgium, Russia and other places. Although Heineman professes no special training in business or finance, nevertheless he has been in charge of all phases of Sofina's affairs -- engineering, finance, and management.

During most of his thirty-five years with the company, Heineman has been the "Managing Director" of Sofina, a title which is apparently analogous to that of president of an American corporation. There can be no doubt that he has exercised fully all of the powers attached to such an office. In 1938 Heineman relinquished that post, retaining his office as Chairman of the Standing Committee of the board of directors. A majority of the committee's members are officers active in the management of the company. Apparently this change in position was for the purpose of enabling two younger men in the organization - Raoul Richard and Henri Speciael - to move up and assume more of the active direction of the company's affairs. There is little doubt, if any, however that Heineman continues to be the active executive head of the company despite his 69 years. In both mind and body he appears to be still extremely healthy.

### 4. SOFINA'S PRINCIPAL SUBSIDIARY-COMPANY INTERESTS

The investigation did not attempt to ascertain in detail how and when Sofina acquired its principal subsidiary interests. The manner in which capital was raised for such growth has been related. Generally speaking, Sofina has not been interested in an investment except where its interest could be substantial enough to have representation on the company's board, and usually also a contract to manage or furnish services. True, Sofina's portfolio includes numerous miscellaneous investments; nevertheless, the following fifteen companies or situations constitute the principal interests of the system, representing in excess of 90% (in dollar value) of the company's assets:

the proportion from Argentina has increased. Income and other financial information, to the extent available, is discussed hereinafter in connection with a description of the transfer of a major portion of Sofina's activities to the United States. <sup>1/</sup>

In accordance with European custom, Sofina has never consolidated its assets or earnings. However, based on the KWH output and installed capacity of the electric properties in the system, total assets controlled are probably substantially in excess of \$1,000,000,000. Annual output of the "associated" electric power companies totaled over 7,500,000,000 KWH in 1939, and their installed capacity (water and steam) was between 3,000,000 and 4,000,000 KW. This indicates a system whose size is in excess of any American utility holding company.

Any effort to comprehend Sofina requires also some knowledge of its dominant personality, Dannie Heineman, who has been its executive head since 1905 and under whose regime the company has grown to its present size. However, the company's history first will be briefly traced, which is also a good portion of the story of Heineman.

## 2. FINANCIAL GROWTH OF SOPINA

As has been said, the original Sofina company was formed in Belgium in 1898. At the outset it was relatively small in size. In 1905 its capitalization was not more than 15,000,000 francs. It appears that two classes of stock were originally issued - capital shares and founders' shares. The latter did not represent tangible contributions to the company and, as their name suggests, were issued to the incorporators. Among these were Cassel, of Cassel & Company, Belgian bankers; Baron Allard, also a Belgian banker; a French company; and others. The Cassel and Allard interests were apparently among the most important.

The company's early activities did not include that of servicing or managing its subsidiary interests but were confined to the making of investments. When Heineman joined the organization in 1905, its offices were small and its personnel consisted of a manager, bookkeeper, and office boy. By that time its regular capital shares were listed on the Brussels Stock Exchange and the principal holders of its stock consisted of Brussels and French bankers, some French holding companies, the "Gesfurel" (a German company), and the public. Heineman states that in 1905 the company was in a "precarious" situation, indicated by the fact that its 500 franc par value shares were quoted at 250 francs on the exchange. Heineman's entry into the organization was the spark which set off the company's rapid growth; he has been its driving force throughout.

Heineman is an engineer, interested in building and managing operating properties. For example, not long after his connection with the company he persuaded it to acquire, in conjunction with English and Belgian financiers, three traction companies in Barcelona - English, German and Belgian companies. A syndicate was formed to consolidate and recapitalize these properties, Sofina taking a 15 to 20% interest in the common

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<sup>1/</sup> Exhibit J shows Sofina income for 1937, 1938 and 1939 with a breakdown of dividends, service fees, etc.

stock of the new company and acquiring a contract to manage and supervise its affairs. The properties were rehabilitated and combined into a single system, Sofina in later years selling its interest. This is said to be an example of the type of undertaking in which Sofina has been interested. It has been a combined managing, construction, and investment company.

It is to be noted that Sofina — in this instance and in most others <sup>1/</sup> — limited its equity participation to substantially less than 100%. It has generally owned only a minority interest in the stock of enterprises in which it has invested, whereas American holding companies have generally endeavored to own a full 100% of the common equity.

In 1913 and 1914 cash subscriptions increased Sofina's capital to 25,000,000 francs. New capital shares issued in exchange for founders' shares increased the capital to 31,250,000 francs in 1920. Again in 1922 the capitalization was increased to 33,250,000 francs by the issuance of shares to acquire a controlling interest in Societe Generale d'Entreprises, French utility holding and construction company. Also, during this period prior to 1928, debentures in the amount of 25,000,000 francs were issued.

In 1928 the original company was liquidated, and its assets transferred to a newly formed company bearing the same name. The common capital was increased from 33,250,000 to 100,000,000 francs, consisting of 200,000 shares of 500 francs each. Of these 200,000 shares, 68,162-1/2 were exchanged for the old capital shares (share for share) and the few founders' shares still outstanding (1.6625 new shares for each founders' share). Of the remaining 131,837-1/2 new shares, 102,243-3/4 were offered to old shareholders at a price of 8,350 francs per share; and the balance of 29,597-3/4 shares was subscribed by a banking syndicate at a price of 25,600 francs per share. The syndicate was composed of bankers in Belgium, England, United States, Switzerland, France, Spain, Italy and Austria. <sup>2/</sup> At the same time the new company issued 200,000 preference shares of 500 francs each, which were subscribed by four affiliated companies in the Sofina system. Since only 20% of the subscriptions for preference stock was paid, the shares have since been proportionately reduced in number to 40,000. They are still held within the system.

As of today the capitalization remains substantially as set up by the 1928 reorganization, namely: 200,000 ordinary shares of 500 francs par value each and 40,000 preference shares of 500 francs par value each. <sup>3/</sup> Since all of the debentures were retired with cash obtained in the 1928 reorganization, Sofina has no funded debt.

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<sup>1/</sup> The chart on Exhibit C indicates the percentages of interest held in the various subsidiaries.

<sup>2/</sup> The list of members of the 1928 syndicate is attached as Exhibit M.

<sup>3/</sup> Preference stock is entitled to a 5% dividend, not cumulative, and to its par value upon voluntary or involuntary liquidation.

- (1) *Compania Hispano-Americana de Electricidad (CHADE)* - A Spanish holding company controlling important utilities in Buenos Aires, Argentina, and vicinity, principally the electric utility in Buenos Aires. Sofina holds a 14.75% interest and furnishes technical and financial management services to Chade and its subsidiaries. Chade is Sofina's most important subsidiary interest.
- (2) *Societe Internationale d'Energie Hydro-Electrique (SIDRO)* - A Belgian holding company which controls utilities in Barcelona, Spain and in Mexico City, managed by Sofina. Sofina owns a direct 33% interest in Sidro; Chade owns a 17% interest.
- (3) *Societe d'Electricite d'Rosario (ROSARIO)* - An electric operating company in the city and province of Rosario, Argentina, in which Sofina holds a 31-1/2% interest.
- (4) *Compagnies Reunis Gaz et Electricite (LISBONNE)* - An electric and gas operating utility in Lisbon, Portugal, in which Sofina has a 30% interest.
- (5) *Transports, Electricite et Gaz (T.E.G.)* - A Belgian holding company in which Sofina holds a 30% interest. In 1938 the company's three main subsidiaries - utility operating properties in Turkey - sold their assets to the Turkish Government. Hence, T.E.G. is in the process of liquidation, its principal assets being 20-year bonds of the Turkish Government.
- (6) *Compagnie Generale de Tramways de Buenos-Ayres* (known as "TRAM.B.A." or "CIE GENERALE") - A Belgian holding company which controls Anglo-Argentine Tramways, Ltd. The latter owns 32-1/2% of the stock of The Transport Corporation of the City of Buenos Aires, which owns and operates the entire transportation system of that city. Sofina's interest in the parent company is 15% and it also has a service contract.
- (7) *Centrales Electriques de l'Entre-Sambre-Neuse et de la Region de Namedy, Avelais (ESMA)* - A Belgian electric utility and holding company. Sofina's interest is 29%.
- (8) *Societe Centrale pour l'Industries Electrique (CENTRALE INDUSTRIE ELECTRIQUE)* - French holding or investment company which has various investments in French utilities and owns a few shares of Sofina, Sofina owns a 21% interest.
- (9) *Compagnie Centrale d'Energie Electrique, Paris* - An operating utility in Rouen, France, which also holds a substantial interest in Forces Motrices d'Algerie, electric utility in Algeria. Sofina holds a 29% interest.
- (10) *Societe Generale d'Entreprises, Paris* - A French construction and holding company which controls and manages two utilities in France. Sofina holds a 20% interest.
- (11) *Societe des Forces Motrices de La Truyere, Paris (F. M. TRUYERE)* - A large hydro-electric generating company near Paris, constructed by Sofina and in which it holds a 20% interest.

- (12) *Compagnie Electrique de la Loire et de Centre, Paris (LOIRE ET CENTRE)* - An electric operating utility in France in which Sofina holds an 11% interest. A substantial portion of these shares are also held by Societe Generale d'Entreprise (above).
- (13) *Energie Electrique du Nord de la France, Paris (NORD DE LA FRANCE)* - An operating utility in France which also owns an interest in Loire et Centre (see above). Sofina owns a 4-1/2% interest, and an indirect interest through Societe Generale d'Entreprises.
- (14) *Compagnie General d'Entreprises Electriques et Industrielles (ELECTROBEL)* - A Belgian holding and investment company which has subsidiary operating companies in Belgium and Spain. Sofina owns a 9% interest.
- (15) *Berliner Kraft-und Licht (Jewag) A.G., Berlin ("BEWAG" or "BKL")* - An electric operating company in Berlin in which Sofina owns an 8% interest.

A corporate chart of the Sofina system is attached hereto as Exhibit C. In addition to the above companies, it shows a number of other minor subsidiaries and investment interests of the Sofina system.

#### 5. CONTROL OF SOFINA 1/

One of the more difficult phases of the investigation was the ascertainment of what persons, companies, or interests control Sofina. At the outset answers to inquiries of this nature were generally to the effect that nobody knows who owns Sofina's stock because all ordinary shares are in bearer form. However, after considerable inquiry it was concluded that the management itself controls Sofina.

It will be recalled that Sofina has outstanding 200,000 shares of ordinary stock and 40,000 shares of preference stock. Both classes of stock vote at the rate of one vote per share. The ordinary shares are bearer in form. Preference shares, although bearer in form, are held by companies within the system, represent approximately 16% of all outstanding shares, and may not be transferred without the consent of Sofina.

For the purposes of an ordinary meeting of the shareholders, generally held but once a year, no quorum is required. Heineman testified that in recent years not more than 25,000 to 30,000 shares have been represented at such annual meetings. They are normally held for the purpose of electing directors and approving the company's accounts. "Extraordinary" meetings of shareholders—held, for example, to increase the capital or change the by-laws—require that 51% of each class of outstanding stock be represented at the "first meeting" called for such a purpose. The majority of the shares represented will then carry any of the decisions at such "first meeting". If, however, 51% of either class is not "deposited" (represented) at the first meeting, a "second meeting" can be held within a short time thereafter and, irrespective of the number of shares represented, the proposed action can be passed by a three-fourth's majority of the shares represented at such second meeting.

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1/ The ownership of Sofina's stock is diagramed on a chart attached hereto as Exhibit D, discussed in this section of the memo.

No matter how large his individual holding may be, a single shareholder is allowed to vote at a meeting not more than one-fifth of the total number of outstanding shares, and not more than two-fifths of the shares represented at the particular meeting. Thus, theoretically a single shareholder alone can not carry a particular resolution, though in almost all instances he can block any important measure. Moreover, nothing apparently prevents affiliated holders from combining their blocks to defeat the intended effect of these two limitations.

The Sofina management has assured itself of control in two ways:

(a) *By the Preferred Stock Held Within the System.* It will be recalled that the preference stock was originally issued in 1928 in the total amount of 200,000 shares to four companies within the system:

	<u>Shares</u>
SIDRO	40,000
ESMA	40,000
SEPBA	60,000
ROSARIO	<u>60,000</u>
	200,000

Heineman testified that the purpose of this issuance was to assure the continued control of Sofina by the management itself, to protect against its seizure by certain bankers. 1/ Although the preference shares were paid up only to the extent of 20%, the minimum required by Belgian law, they could vote equally on a share-for-share basis with the fully paid-up ordinary shares. They thus represented 50% of the total voting power. In 1930 two or three Belgian and French banks which held substantial amounts of the Sofina ordinary shares sold their stock in order to raise cash. This may have removed the potential threat of banker control. It has been said that Sofina has so many banks behind it that it is independent of all banks. In any event, not long after 1930 the management determined that it was unnecessary (and perhaps also unfair) to continue to vest in the preference shares a full vote per share when they were not fully paid up. Accordingly, the number of shares was reduced to 40,000 (20% of 200,000). However, their power of potential control continues. For by breaking up the 40,000 preference shares into four blocks, the effect of the aforesaid one-fifth and two-fifths limitations on voting power applicable to any one holder was circumvented, even though the holders were affiliated. At any time when there may be an outside threat to obtain control, one or more of the four blocks can be deposited at the meeting. The 40,000 shares of preferred alone would constitute at least 50% of the votes at any meeting at which as many as 40,000 ordinary shares might be represented, and they could block, of course, any important measure at a meeting where as many as 100,000 ordinary shares might be represented. This power can be augmented by the combination of the preferred stock with blocks of ordinary shares held by owners associated with the management (referred to below).

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1/ The late Lowenstein, match king, is alleged by Heineman to have attempted to seize control of Sofina before 1928, and even to have tried to buy control of the Bank of Brussels, knowing it had shares of Sofina.

Today, as a part of the program whereby substantially all of Sofina's portfolio has been transferred to entities in this country (as described hereinafter), the preferred shares are held by the following three Delaware corporations controlled by persons in the management and created solely to hold this stock:

<u>Company</u>	<u>Shares</u>
Loyalties, Ltd.	<u>18,000</u>
Formemo, Ltd.	<u>14,000</u>
Securitas, Ltd.	<u>8,000</u>
	40,000

An affidavit of Securitas, Ltd. states that Mr. Heineman has said "it was the intention of the Sofina company to retire the preference shares had it not been for the threatening state of international affairs as a result of which he felt it advisable to keep said shares in existence and transfer them . . . [to three Delaware companies, as described below] in order to have their voting strength available in the event that such action was necessary to protect Sofina against any possible damaging action by hostile international interests".

To date the preference stock has not been voted since its issuance, the explanation given being that the management has never found it necessary to do so.

(b) *By the Distribution of the Ordinary Shares.* Sofina's ordinary stock is widely held, for the most part. A recent affidavit of Securitas, Ltd. <sup>1/</sup> states that prior to the invasion it is believed the ordinary shares were largely held by owners in Belgium, England, France, Switzerland, Spain, and to a very small extent in the United States. Since they are bearer in form, however, knowledge of the particular owners is disclaimed except for certain blocks which will be referred to shortly.

Bearer shares are common for European corporations. This appears to be due to the fact that European security holders, for tax reasons, are anxious that there be as few records of ownership as possible. Accordingly, when an issuer has declared a dividend, it appoints one or more banks or other financial institutions to act as its paying agents. Notice is published instructing shareholders to deposit their shares -- or the designated coupon attached thereto -- with one of the paying agents, who will then forward the coupons to the issuer for payment of the dividend. Thus only the paying agents, in a confidential capacity, may have knowledge of who are the issuer's security holders. Shares are even deposited in similar fashion for voting purposes at regular shareholders' meetings.

This method is employed by Sofina. Exhibit L lists the paying agents and the amounts paid thereby for Sofina's 1939 dividend. It indicates that 89% of the coupons were presented for payment in Belgium.

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<sup>1/</sup> Securitas, Ltd. is a Delaware corporation controlled by persons in the Sofina management.

To some extent, one might suppose it possible to roughly identify the stockholders as clients of the particular banks effecting payment. This is alleged to be not a reliable method as applied to Sofina, because the management has learned that a number of non-Belgian banks have been accustomed to present their customers' coupons for payment to one of the Brussels banks; accordingly, the proportion of Belgian holders is not as high as Exhibit L might indicate.

Heineman is currently endeavoring to obtain additional information, concerning the identity of the company's stockholders, from certain individuals now in the United States who have been connected with some of the Belgian paying agents. He has promised to supply this information to the Commission's staff.

Of the total of 200,000 outstanding ordinary shares, the largest known block is 10,137 shares, beneficially owned by Chade, the Spanish holding company in which Sofina owns a 15% interest. Sofina has contracts to furnish financial, technical, and managing services to Chade and its important Argentine subsidiaries, and Heineman has always been an influential figure in Chade's affairs. Today Chade's assets are held in trust by a Panamanian company, Sovalles, Inc., which is controlled by persons closely identified with Sofina's management, as described in detail elsewhere herein. Thus this block may be said to be under the control of the Sofina management.

At regular annual meetings of Sofina's stockholders, holders of but 25,000 to 30,000 shares are generally represented. Obviously a block of 10,137 shares is significantly large under such conditions. In addition to the Chade block there are the following smaller holdings by persons or companies closely associated with the management:

	<u>No. of Shs.</u>
Societe Centrale pour l'Industries Electrique	3,000
Societe Generale d'Entreprises	500
Societe Financiere International d'Energie Hydro Electrique (SIDRO)	1,041
Compagnie Generale Belge de Travaux Industrielles (COBTI)	1,000
D. N. Heineman	857
Five members of the Sofina management	<u>511</u>
	6,909
Add Chade block	<u>10,137</u>
Minimum total affiliated with management	17,046 <sup>1/</sup>

In addition it is known that Banque Allard and Cassel & Cie., Brussels banks whose proprietors were among the founders of Sofina, today own 1500 and approximately 3500 shares each, respectively. Other identifiable shares are the 20 qualifying shares which, of the 33 Sofina directors, must hold.

<sup>1/</sup> All of these shares -- except the block of 3000 listed -- are held in physical custody in New York by Securitas, Ltd.

Heineman testified there has never been an instance of opposition by stockholders to the management. The preference shares have never been "deposited" by the affiliated holders for purposes of a meeting. Since quorums are not ordinarily required, there has never been a general solicitation of proxies by the management in advance of a meeting. Stability of management also results from the fact that directors serve six-year staggered terms.

#### 6. SOFINA'S BOARD OF DIRECTORS

The last published report of Sofina was submitted to the shareholders' meeting of April 25, 1940, at Brussels, and covers the calendar year 1939. That was the last of such meetings held to date. The report contains, among other things, a list of the names of the Board of Directors, thirty-three in number. As elsewhere described herein, less than a month after that meeting Sofina transferred outside of Belgium a major portion of its activities and substantially all of its assets. Since then its corporate activities have been more or less suspended. But officially the Board of Directors remains the same today.

Shareholders elect both the directors and the members of the "Management," or officers. Apparently this is a European practice. The precise division of authority and lines of responsibility as between the board and the management are not known. Technically the board has power to take all decisions affecting the general management of the company's assets. It is understood, however, that there exists more independence or autonomy in the management than would result if it were elected by the board.

As will appear from the following, members of the Sofina board represent a wide variety of interests, but, insofar as could be ascertained, do not in many instances represent particular stockholders or others with pecuniary interests in the Sofina system. It is believed that in some respects the Sofina Board is not unlike that of one or more of the large mutual American insurance companies where, by reason of a wide distribution of voting power, the management is more or less self-perpetuating and invites influential and prominent citizens to sit on its board.

Necessarily, a board as large as Sofina's has an organization within itself. The board has delegated its powers to a Standing Committee chosen from among its own members. Chairman of the Committee is Heineman. Only three of the eight members are not full-time officers of the management. To all intents and purposes the Standing Committee not only runs the company but determines the make-up of the Board itself.

By reason of the altered conditions brought about by the invasion of Belgium, it does not appear today that Sofina's board performs any significant or important functions. Nevertheless it is interesting and helpful to review its make-up. Each member will be discussed below. The first eight listed comprise the Standing Committee.

Vicente Van de Vyvere - Chairman of the Board and a member of the Standing Committee. Van de Vyvere held cabinet posts in Belgium for many years and was at one time Prime Minister. He was Minister of Finance during the last war. He left Belgium May 10, 1940, proceeding to

Lisbon with the intention of continuing either to Canada or the Belgian Congo. He finally decided to come to New York, where he is at present. Although never active in the management of Sofina's affairs, since arriving in New York he has been paid by Amitas, Ltd., one of Sofina's American agencies, for legal services.

*Dannie Heineman* - Chairman of the Standing Committee. Heineman is, and has been since 1905, the executive head of Sofina and its dominating personality. Until 1936 he was also its Managing Director, but relinquished that title in order to allow two younger men in the organization to move up and become Managing Directors jointly. Heineman has been in New York since the summer of 1940. He was born in North Carolina and educated in Europe, where he took up and has continued his business associations. His biography is discussed in detail elsewhere herein.

*Charles de Le Hoye* - Member of the Standing Committee. One of Sofina's two "Director-Managers" (equivalent to vice-president). Apparently the one important Sofina officer who remained in Brussels after the invasion in May, 1940; with the Sofina organization thirty years. By a Belgian law of February 2, 1940, all members of the board of directors or authorized officers of Belgian corporations resident within territory occupied by the enemy are deprived of their authority over any of such companies situated outside of the occupied territory.

*Lucien Janlet* - Member of the Standing Committee. One of the two "Director-Managers" (see above) of Sofina; formerly head of the construction department. He is now stationed at Lisbon in charge of Sofina's office or agency, and the service company known as SET. Nationality, Belgian; has been with Sofina thirty years.

*Max Horn* - Member of the Standing Committee. A Belgian who is presently in the United States, primarily as a representative or agent of the Belgian Congo, in which capacity he is said to enjoy a diplomatic status. Although a member of the Standing Committee, he has never been an executive of Sofina. He is said to have been prominent in Belgian government and banking circles.

*Raoul Richard* - Member of the Standing Committee and one of the two "Managing Directors" of Sofina (next under Heineman). Richard, a Belgian engineer, has been a part of the Sofina management for at least twenty-five years, but apparently devotes a large portion of his time at present to matters connected with the Belgian Government in London, particularly as vice-president of the Commission for the Study of Post War Problems. For a short time prior to the invasion he was a member of the Belgian cabinet. Lately he has travelled considerably between London, New York and Lisbon. He is a director of many of the Sofina subsidiaries and also holds certain offices and directorships in Securitas, Ltd. and other of the American entities which have been established as part of the war-protection scheme.

*Henri Special* - Member of the Standing Committee and the other of the two Managing Directors. Special, also a Belgian engineer, has been in the Sofina organization for at least twenty-five years. He has had particular responsibility for the Spanish, Mexican, and Argentine subsidiaries. Both he and Richard have maintained their headquarters in New York since the invasion.

*David-Nichel Van Bueren* - Member of the Standing Committee. Van Bueren has not been part of the management, but was a partner of Cassel and Company, a Brussels bank which was one of the original subscribers to the old Sofina company and has always been one of the larger holders of Sofina stock. He left Belgium for "obvious reasons," 1/ and presently is in the United States looking after his own funds and investments here.

*Gerrit Auchincloss* - Senior partner of the law firm of Auchincloss, Alley and Duncan, 30 Broadway, New York, American counsel for Sofina. Auchincloss worked in the State Department during the period of World War I, was Colonel House's secretary at the peace conferences in 1919. 2/ He has also been Director of "Chade," most important subholding company in the Sofina system, and is on the board and is a member of the executive committee of the Chase Bank in New York. The firm's practice is said to be very substantial and lucrative, and includes a number of foreign clients.

*Gaston Barbanson* - A Belgian or Luxembourger, Barbanson has remained in France. His residence was in Luxembourg.

*Rodolphe G. Bindschedler* - Associated with Credit Suisse, an important bank in Zurich, Switzerland, where Bindschedler has remained. Sofina has occasionally done business with Credit Suisse, which business has sometimes been important. Bindschedler is director of various European companies. As a director of Chade, most important subsidiary in the Sofina system, he represents influential interests other than Sofina's in that company. His nationality is said to be Swiss. He is not an executive in the Sofina system.

*Gaston Blaise* - A Belgian who has remained in that country. He is one of the executives of Societe Generale de Belgique.

*Haurice Bock* - A Belgian engineer, with Sofina since 1909. From 1920 to 1936 he was general manager of Sofina's electric utility subsidiary in Buenos Aires. Presently located at the Lisbon offices.

*Francisco de A. Cambo Y Batlle* - A Spaniard who is Chairman of the Board of Chade, the important sub-holding company controlling utility subsidiaries in Argentina. Sofina has a 15% interest in Chade and services its subsidiaries. Cambo has been more or less permanently located in Buenos Aires since 1940. He has held important positions in the Spanish government as a member of the Catalan party.

*Baron Cassel* - Chief partner of Cassel & Company, a private bank in Brussels which was one of the founders of Sofina and has always been one of the large stockholders. Nationality Belgian. He is presently in New York.

*Marques de Foronda* - A Spaniard who is a director of Chade and presently located in Lisbon or Spain. Not a member of the Sofina organization proper, but has been active in Buenos Aires on behalf of the Anglo-Argentine Tramways Company, Sofina subsidiary which owns a one-third interest in the unified transportation system of Buenos Aires.

1/ Wilmer's testimony, transcript p. 101, probably referring to Van Bueren's race.

2/ Married to Colonel House's daughter.

*Comte de Patoul* - A Belgian who is in Brussels and was Chamberlain to the late King Albert. Said to have occupied "a rather important position" in Belgium.

*Jules Descamps* - A Belgian who has remained in that country. Not a member of the management of Sofina. Connections not known.

*Albert D'Heur* - A Belgian who has remained in that country. Not a member of the management of Sofina. Connections not known.

*Sir Bernard Docker, K. B. E., J. P.* - An Englishman associated with Metropolitan Vickers, English industrialists who manufacture electrical equipment and today probably armaments also. Docker is said to be a large stockholder of the Midland Bank, London, with which Sofina maintains rather important banking relationships and which has interests in certain of the sub-holding companies in the system. He also controls The Electric Railway and Finance Corporation, Ltd., British holding and investment company in which Sofina has an interest.

*Gen. Sir Hugh Elles, K. C. B., K. C. M. G., K. C. V. O., D. S. O.* - An Englishman also associated with Metropolitan Vickers.

*Rt. Hon. Sir George Grahame, G. C. V. O., G. C. M. G.* - Deceased. Former British ambassador to Madrid, Brussels, and Buenos Aires. A career diplomat.

*Fernand Hautain* - Presently in Belgium. Connections not known.

*Maurice Hermans* - A Belgian lawyer who was the principal or general counsel of Sofina. Has remained in Brussels.

*Rt. Hon. Reginald McKenna, P. C.* - An Englishman who is Chairman of the Midland Bank and formerly Chancellor of the Exchequer.

*Andre Meyer* - Formerly a partner of Lazard Freres, Paris. Has never been a part of the Sofina management, but is presently in New York. His nationality is said to be French, but it is also understood that he has recently been deprived of that nationality.

*Maurice Pesson-Didion* - A Frenchman who is understood to have been a partner of Morgan, Harges, in Paris, where he has remained.

*Maurice Soesman* - A Belgian who was formerly Managing Director of the Banque de Bruxelles, a Belgian bank. Presently located in New York, but not a part of the Sofina management.

*Frederic G. Steiner* - A Frenchman who was formerly manager of Dillon, Read in Paris and has recently become associated with the investment firm of Arnhold & S. Bleichroeder, New York, of which it is reported he is Chairman. Has not been a member of the Sofina management.

*Rt. Hon. Viscount Simon, G. B. E., K. C.* - A former British Minister who is still in London and presumed to be a member of the Sofina management.

*Conte Volpi di Misurata* - An Italian connected with *Societa Adriatica di Eletticitá*, a utility company in Italy. In the past year Sofina has sold a substantial portion of its stock in that company, from which no income has been received for a considerable period. An unconfirmed report is to the effect that Volpi has occupied an important position in the Italian Government close to Mussolini.

*Louis Nibratte* - A Frenchman who has remained in France. Connections not known.

*Rt. Hon. Lord Nigram, P. C., G. C. B., G. C. V. O., C. S. I.* - An Englishman who was formerly Lord Chamberlain "or something" to King George V. Other connections, if any, not known.

#### 7. PLACEMENT OF SOFINA PERSONNEL IN MANAGED SUBSIDIARIES

Generally, Sofina has placed one or more members of its Belgian staff in charge of each of the several companies it manages. That is, these men have been permanently stationed at the scenes of operations; contact with the holding company's headquarters has been maintained by the usual means of written and telephonic communication plus periodic visits of supervisors and other technicians from Brussels.

*Henri Speciael*, Managing Director, has had charge of the Mexican, Argentine and Spanish properties. *Raoul Richard*, other Managing Director, has looked after most of the French, Belgian, and German interests.

The persons referred to hereinafter are those whom the Sofina management has placed at the several points to actively manage the properties. Most of them were at one time attached to Sofina's main office at Brussels. The Commission's files contain lists of the officers and directors for all of the principal operating companies as of recent dates.

#### *Argentina*

*Rene Brosens*, a Belgian engineer formerly attached to the Brussels staff, since 1936 has been general manager of *Cade*, largest and most important operating unit of the system. *Heineman* looks to Brosens to carry out his wishes as to most of the system's affairs in Buenos Aires. Brosens also consults generally as to the affairs of *Rosario*, Argentine utility subsidiary located about 150 miles northwest of Buenos Aires on the *Parana* River. Brosens is further discussed subsequently herein.

There are five so-called managers of *Cade*, of which Brosens is the chief. They direct the various phases of its operations. The other four:

*Marcel Dechamps* - Belgian engineer formerly at Brussels, sent to Buenos Aires several years ago to build a new power station, now in charge of *Cade's* technical department.

*Andres Bausili* - A Spaniard who joined the *Chade* organization in 1920, placed in Buenos Aires in 1936 by *Heineman* to be head of the commercial department.

*Zacarias Kurnberg* - An electrical engineer, Russian by birth, but now an Argentine citizen. In Buenos Aires since 1928. Heads the Customers Department, dealing with rates, markets, research, etc.

Maurice Bonc - engineer formerly in Buenos Aires  
John de Stoop - lawyer; head of the Lisbon light and power company  
("Lisbonne"), Sofina subsidiary.

Edmond Pencin  
Elio Sturbois  
Marques de Foronda.

*Barcelona*

F. Fraser Lawton, a British subject, is general manager of the  
Barcelona companies.

### C. SOFINA'S MOVES TO ESCAPE THE IMPACT OF THE WAR 1/

Heineman is exceedingly well informed of the course of international affairs. Sofina's preparation to meet the impact of World War II is indicative of his foresight and the ingenuity of the company's management and counsel. Heineman expected trouble, and knew pretty well about when it would come. His staff has been quite clever in devising schemes to meet the sundry contingencies anticipated.

Heineman expected war for quite some time, including the probable invasion of Belgium. Not later than the early part of 1939 definitive discussions took place between American, Canadian, British counsel and the company's own Belgian counsel, as to appropriate measures. The first concern was that of transferring securities and credit balances outside of continental Europe for safekeeping purposes.

#### 1. CANELECTRA INVESTMENT COMPANY, LTD.

Canada was first seriously considered in this respect. Certain of the Sofina companies are incorporated under Canadian laws, there are several English directors of Sofina, tax laws in the United States were considered possibly unfavorable - all these were factors which first suggested Canada as a place for safekeeping. Very early in 1939 Charles K. Wilmers, then director of The Middle West Corporation and representing Sofina in America, conferred with Sofina's Canadian counsel, Messrs. Blake, Lash, Anglin & Cassels, of Toronto. A new corporation, Canelectra Investment Company, was formed under Dominion laws, on March 2, 1939, with its domicile in Prince Edward Island. Its capitalization of \$50,000 was subscribed in the entirety by Sofina and the original ten directors. The latter were seven 2/ members of the Sofina management and Wilmers, Gordon Auchincloss and J. Donald Duncan, the latter two being American legal counsel of New York.

The original plan was for Canelectra to rent a vault in a Canadian bank in Prince Edward Island, in which would be stored Sofina's portfolio, to be held under a trust arrangement. Various questions as to taxation, rental costs, access to the vault, and others were discussed at length. Canelectra itself was to be nominally an investment company, for tax reasons, and it immediately bought some American securities as part of that front. 3/

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1/ The protective scheme for Sofina's assets is diagramed on charts attached hereto as Exhibits A and E.

2/ Speciael, de le Hoye, Ehrlich, Janlet, Ronge, Vannieuwenhoven, and A. Pierrard, all of Brussels.

3/ These were Middle West securities, later sold, as described hereinafter. They never aggregated more than approximately \$45,000 worth. Bank of Nova Scotia, Charlottetown, P. E. I., was designated custodian of these investments, which were registered in the names of the bank's nominees.

### C. SOFINA'S MOVES TO ESCAPE THE IMPACT OF THE WAR 14

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<sup>2/</sup> Speciael, de la Hoye, Ehrlich, Janiet, Ronje, Vannieuwenhoven, and A. Pierrard, all of Brussels.

<sup>3/</sup> These were Middle West securities, later sold, as described hereinafter. They never aggregated more than approximately \$45,000 worth. Bank of Nova Scotia, Charlottetown, P. E. I., was designated custodian of these investments, which were registered in the name of the bank's nominee.

Canelectra's stock was in bearer form, but it was a definite part of the plan, of course, that it should be held within the Sofina family. The company's letters patent provided no person might acquire shares of Canelectra without the approval of a vice president of the company unless the acquirer were one of the original stockholders. <sup>1/</sup> Moreover, a voting trust for all of the stock was set up.

Bank accounts were opened at the Chase and Guaranty banks in New York and safe deposit space rented at the former. Prince Edward Island Trust Company was engaged to keep the stock books and act as transfer agent. Canadian counsel kept most other records, copies of which were sent to Brussels.

In spite of all these preparations, it was decided somewhat later in 1939 not to use Canelectra for the purpose for which it had been created. <sup>2/</sup> It was apparently determined that an entity in the United States would be safer because that country would likely enter the impending war, if at all, at a later date than Canada. It is not unlikely, also, that the influential New York counsel may have been anxious to have the principal scene of activities closer to their sphere of operations and influence.

## 2. SECURITAS, LTD.

Accordingly, Securitas, Ltd. was incorporated under the laws of Delaware on June 6, 1939. <sup>3/</sup> It is the most important of the corporate entities in the Sofina picture today, holding in trust a large portion of Sofina's assets. At the outset, however, it acted only as custodian, for safekeeping purposes.

Securitas' stock was originally issued to Canelectra, <sup>4/</sup> but very shortly thereafter (August 1939) was transferred to a "depository" <sup>5/</sup> under a voting trust agreement, the purpose of which was stated to be to

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<sup>1/</sup> A restriction evidently required by Canadian law in order to qualify Canelectra as a private company, apparently also for tax reasons.

<sup>2/</sup> Canelectra subsequently sold its investments in American securities and retired all but \$5,000 of its capital stock. That stock is now owned by Securitas, Ltd., a Delaware corporation (discussed hereinafter). Canelectra is today dormant, owning about \$10,000 in funds.

<sup>3/</sup> Address 317-25 So. State St., Dover, Del. (Office of Corporation Trust Company). Incorporators: C. R. Cummins, E. G. Salmons, and J. A. Crandaniel, of Delaware.

<sup>4/</sup> 1,000 shares, no par, issued July 21, 1939 for \$25,000, the necessary funds for the purchase having been advanced to Canelectra by Sofina.

<sup>5/</sup> The "depository" is the law firm of Auchincloss, Alley and Duncan, which exercises functions under the agreement similar to a transfer agent.

insure "a continuous policy and suitable management in the affairs of the corporation". Seven voting trustees were designated by the agreement:<sup>1/</sup>

D. Heineman  
Henri Speciael ( Managing directors  
Raoul Richard ( of Sofina  
Jean Ehrlich ( Important officers of  
Jean Vannieuwenhoven ( the Sofina management  
Gordon Auchincloss - New York Counsel  
Charles K. Wilmers - Sofina employee

Except for Auchincloss - American legal counsel - all of these trustees are persons who have been full-time officers of Sofina and represent the management. The voting trustees possess the full powers of absolute owners of the Securitas stock, except that they may not sell it. Heineman, Speciael and Auchincloss are "managing voting trustees" as opposed to "ordinary voting trustees", and as such have certain special powers, including the right to terminate, by unanimous action, the trust at any time prior to its normal expiration in 1949. The voting trust agreement further provides that if at any time a voting trustee has his regular domicile or residence in a place occupied by armed forces of a country hostile to the state of his regular residence at the time of execution of the agreement, he automatically ceases to be voting trustee. A communication to such effect by any three of the following persons is conclusive as to such status: <sup>2/</sup>

Heineman  
Speciael  
Richard  
Ehrlich  
Kongé  
Vannieuwenhoven  
Auchincloss

This provision is practically identical to one which appears in each of several voting trust agreements, and by-laws, for companies which have recently been created as part of the protection scheme, as described hereinafter. It also appears in the very important trust agreement of February 27, 1940 between Sofina and Securitas, Ltd. under which the latter holds in trust most of Sofina's cash and securities.

The Securitas non-voting trust certificates are held or owned by Heineman, Auchincloss and Duncan, <sup>3/</sup> but as holders they possess no

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- <sup>1/</sup> Heineman, Richard, Speciael and Auchincloss are particularly discussed in the section herein dealing with Sofina's board of directors; Wilmers under Middle West Corporation investments; Ehrlich and Vannieuwenhoven are officers of the Sofina management.
  - <sup>2/</sup> Kongé is one of the top officers of Sofina. The others have been previously identified.
  - <sup>3/</sup> Since Heineman, Auchincloss and Duncan are American citizens, it is possible to state that "the owners of Securitas are all American citizens". Such was done by Wilmers in a letter of June 19, 1940 to Canadian authorities in connection with clearing the funds of Canalectra with the enemy property custodian, Canalectra's stock having been transferred to Securitas by that time.

substantial rights except to receive such dividends as may be declared by Securitas.

In view of the voting trust arrangement it is perhaps not significant who are officers and directors of Securitas. The officers are a group almost identical to the voting trustees, 1/ and the twelve directors include these same individuals, four other Sofina officers, and the third partner of the Auchincloss firm. 2/

Shortly after the formation of Securitas, Sofina investment securities and funds were transferred to it in custody for safe-keeping, being actually stored or deposited, for the most part, with New York banks. Thus by September 30, 1939 there was \$20,824,539.10 of funds held in custody by Securitas, on deposit in three banks, 3/ of which \$17,942,861.35 was for the account of Sofina, \$2,384,335.73 for the account of Sidro, 4/ and \$459,342.02 for the account of Compagnie Generale de Tramways de Buenos Aires. 5/ By that date, also, the bulk of Sofina's investment portfolio had been placed in Securitas' custody, as well as certain investment securities of the other two associated companies named. This general situation continued to May 5, 1940, when these assets were taken over in trust by Securitas, pursuant to the provisions of a trust agreement dated February 27, 1940 between Sofina and Securitas and similar agreements for the two associated companies named.

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<u>1/</u>	Heineman	- President
	Speciael	- First Vice President
	Richard	- Second Vice President
	Auchincloss	- Third Vice President
	Wilmers	- Treasurer
	Duncan	- Secretary
	Ronge	-

(all as of July 3, 1941, and at least to October 28, 1941)

2/ Terms expiring March 21, 1944: Janlet, James E. Alley, Ehrlich, Ronge; March 21, 1943: Vannieuwenhoven, Praet, Duncan, Wilmers; March 21, 1942: Heineman, Speciael, Richard, Auchincloss. Terms are for 3 years, staggered as indicated. This is the board as constituted October 29, 1941 and as originally elected except that Alley has replaced de le Hoye, who remained in Brussels.

3/ At Bankers Trust, \$4,000,000; Chase National, \$11,824,539; and at Guaranty Trust, \$5,000,000. The \$18,000,000 for the account of Sofina is stated to be the company's working capital, traceable to the increase in capital in 1928 when approximately \$60 millions of new money were put into the company. The present balance of \$16,000,000 cash, Heineman states, "I regard as the minimum of cash resources which Sofina should hold with a view to meeting future requirements."

4/ Belgian sub-holding company controlling utilities in Mexico and Spain.

5/ Belgian sub-holding company which owns indirect interest in Buenos Aires transportation system.

### 3. THE TRUST AGREEMENT

The management's concern was not only with respect to physical safe-keeping of funds and securities. It also wished to assure that in the event of enemy penetration of Belgium and confiscation of the company's affairs, legally there would have been removed from the control of Sofina itself the means whereby it administered the affairs of its various subsidiaries and performed important service agreements with others. The trust agreement with Securitas was the principal means whereby this protection was achieved.

A first trust agreement was executed in September of 1939, superseded by an agreement executed February 27, 1940 (effective February 29, 1940) incorporating certain perfecting details. A long and involved document, it provides in substance that upon the happening of certain "operative events" - principally associated with the imminence or outbreak of war - the trust could be declared operative, whereupon Securitas would assume and exercise broad and comprehensive duties and powers with respect to the specified assets.

Specifically, the agreement provides that upon the happening of any of the "operative events", all of Sofina's assets situate outside of Belgium 1/ - excluding the service agreements with subsidiary companies - should transfer in trust to Securitas. In addition to the cash funds previously referred to, those assets consisted principally of the securities in the following important companies in the system:

- Chade 2/* - Spanish holding company with subsidiaries in Buenos Aires.
- Rosario* - Argentine subsidiary.
- Tramways of Buenos Aires* - Holding company with interest in Buenos Aires transportation system.
- Sidro* - Holding company with Mexican and Spanish subsidiaries.
- Electrobel* - Belgian holding company with Belgian and Spanish subsidiaries.
- Esma* - Belgian utility and holding company.
- Lisbonne* - Portuguese utility.

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1/ Bearer securities (defined in general as all instruments whose title would pass by delivery) were deemed to be located where the document of title was physically situated. There were technical reasons for not attempting transfer of securities of Belgian corporations when such had to be noted on the issuer's records.

2/ Generally throughout this memorandum the short or contracted names of companies have been used. See Exhibit C for their full names.

TEG - Holding company with utility interests in Turkey.

Other miscellaneous securities. 1/

The "operative events" were defined as the invasion or occupation of "the agglomeration bruxelloise" - the metropolitan area of Brussels - by the armed forces of any state other than Belgium, or any other state of emergency threatening the normal functioning of Sofina. In the event of dispute, any three members (including at least one "Manager") of a Committee of seven named by the agreement -

\*Heineman  
\*Richard  
\*Speciel  
Ehrlich  
Kongé  
Vannieuwenhoven  
Auchincloss -

could conclusively determine the happening of an operative event. The first three named are Manager members.

On May 3, 1940 one of the operative events was deemed to have occurred, and accordingly Securitas became trustee of the securities and cash as specified under the agreement. It acts in that capacity today, the agreement providing that it shall so continue during the "Suspense Period" - defined as the period from May 3, 1940 to a date at least six months after the cessation of the state of emergency, but which shall not be prior to a time when the whole of the agglomeration bruxelloise has been evacuated by the armed forces of any state at war with the Belgian government at any time during the Suspense Period.

During the Suspense Period, Securitas as trustee shall collect all income on the assets in trust and apply them to

- (a) the payment of Sofina's liabilities, except those entered into with any state or its nationals which at any time during the Suspense Period has been at war with Belgium, and
- (b) the payment of Sofina's liabilities incurred after the transfer in trust if approved by any three of the Committee, including at least one Manager thereof, or the making of any other payments on Sofina's behalf as they may direct.

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1/ Full details as to the securities taken and not taken into trust and their physical location is available in the Commission's files. See Exhibit F.

Semi-annually Securitas is to pay the balance of the income to Sofina or as it may direct; except, that Securitas shall not be bound by such directions, nor shall it pay to Sofina, if in Securitas' opinion, which shall be final, Sofina is controlled by a state which at any time during the Suspense Period has been at war with Belgium, or if Sofina is unable to function freely under Belgian law at the time of execution of the agreement or modifications thereof by the Belgian government as of February 27, 1940 or its successors recognized *de jure* by the United States government.

Securitas may use the trust assets for the payments specified in (a) and (b) above if the income shall be insufficient. In general, as trustee Securitas has the broadest of powers with respect to the management of the trust estate, all to be exercised in its sole discretion. At the conclusion of the Suspense Period, Securitas is to (a) return the assets and income to Sofina, unless it has been dissolved or is unable to function "freely" as previously defined, or (b) turn over such assets and income to Sofina's liquidators, if acting pursuant to Belgian law as enacted by the government of February 27, 1940 and its successors recognized *de jure* by the United States government, or (c) distribute the assets in kind, or the proceeds thereof, to Sofina's stockholders, if it be in liquidation or has been dissolved.

So long as Sofina is not controlled by a foreign government and is able to function freely, Securitas must furnish semi-annual reports as to the status of the trust account; otherwise, they shall be furnished to any three members of the Committee.

A Committee member shall be *ipso facto* disqualified as such if he shall be (a) in territory occupied by forces hostile to Belgium, the United States, or the state of which he is a national, or (b) a national of a state at war with Belgium or the United States. Vacancies in the Committee are to be filled by the other members.

A group called the "Appointors", consisting of the members of the Sofina Board on May 3, 1940 - except that those remaining in occupied territory have become disqualified - , has the power to remove a Committee member, to appoint a successor Committee if none be in office, and remove Securitas as trustee and appoint a successor.

Messrs. Richard and Horn on behalf of Sofina, and Vannieuwenhoven and de le Hoye for Securitas, executed the agreement. It may be doubted that its contents were ever fully disclosed to the entire Sofina board in view of the apparent attempt to keep the entire affair confidential.

Thus the personnel which has constituted Sofina's management continues to control Sofina's affairs - except as to the properties in the Axis occupied areas. But technically they act not as officers or other members of Sofina itself. They believe, therefore, that legal or *de facto* control cannot be exercised over Sofina's properties in Mexico and Spain, for example, except as may be determined pursuant to the Sofina-Securitas trust agreement machinery.

Exactly similar measures were adopted for the protection of the cash and securities of three of Sofina's subholding companies. Identical, individual trust agreements were executed by Securitas with Sidro, Belgian holding company controlling the Mexico City electric and transportation utilities and the Barcelons electric utility; with Cobti, inactive Belgian holding company; and with Tramways of Buenos Aires, Belgian holding company with an indirect interest in the Buenos Aires transportation system.<sup>1/</sup>

As to Chade, most important of Sofina's interests, special protective measures were devised, as described in detail hereinafter.

#### 4. ASSETS AND INCOME HELD AND RECEIVED BY SECURITAS

Securitas' principal function is to act as trustee for Sofina. As such it holds the bulk of Sofina's investments and cash and receives and holds in trust such income as may be received thereon, as well as income derivable from certain other sources. But in addition, Securitas acts as trustee under similar arrangements for three other companies in the system - Sidro, Cobti, and Tramways de Buenos Aires.<sup>2/</sup>

Since Securitas holds such a large amount of assets, it does not officially maintain an office in New York, where the taxes might be prohibitive. Yet all of its affairs are directed by persons located at 50 Broadway, New York.<sup>3/</sup> Its books are kept by Amitas, Ltd., a Delaware corporation, hereinafter described, at that address, to which it pays a service fee of \$7,200 annually. Total corporate income of Securitas for the first six months of 1941 was \$5,114, derived from service fees, \$5,000 of which was received from Sofina.<sup>4/</sup> After payment of the expenses and taxes, it had a net profit of \$664 for that period. Thus corporate-wise, Securitas is not important, although its assets per balance sheet of June 30, 1941 total \$769,420. Of these, \$609,089 was in cash (deposited at the Chase) the result of having borrowed \$600,000 from Sofina, for which it has had relatively little use. Balance of the corporate assets is mostly the 8,000 shares of Sofina preference stock (previously discussed), carried at \$135,210. Earned surplus at June 30, 1941 was \$935; the company has paid no dividends.<sup>5/</sup>

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1/ See Exhibits G, H, and I for the securities of these three companies held in trust by Securitas.

2/ Full names: Societe Internationale a' Energie Hydro Electrique (Sidro), Compagnie Generale Belge de Travaux Industriels (Cobti), and Compagnie Generale de Tramways de Buenos Aires.

3/ Until June of 1941 Securitas' statutory office was maintained by Commerce Clearing House, in Dover, Del. Since then it has been renting a small amount of space of its own in Delaware.

4/ See Exhibit Q for receipts and expenditures of Securitas.

5/ See Exhibit P for Securitas balance sheet.

It is difficult to measure in dollar amount the total of all assets held by Securitas in trust because the securities so held are not carried at any value but merely in memorandum form (except as to \$138,011 of investments which have been made by Securitas as trustee for Sofina since May 3, 1940, date of creation of the trust). Certain it is that the securities represent many millions of dollars. The cash balances held in trust amounted to \$18,222,657 on June 30, 1941,<sup>1/</sup> almost all of which was on deposit in three New York banks.

No assets of the Sofina system located in this country—cash or otherwise—have been traced which have not been reported to Foreign Funds Control of the Treasury Department. Hence all such known funds are blocked. From the available financial statements of Sofina itself as of a date immediately prior to the transfers in trust to Securitas on May 3, 1940, it appears that all of Sofina's cash and securities (except for stock in some of the French and Belgian companies) were turned over to Securitas.<sup>2/</sup> By that time, most of these were already held in custody in New York. The records examined further indicated that between May 3, 1940 and the date when the assets held by Securitas were blocked as owned by Belgian nationals (approximately December 1, 1940), there were no material transfers of assets by Securitas which might have resulted in the freeing of those assets or their proceeds.

There is in the possession of the staff a complete set of condensed financial statements, as of June 30, 1941, for Securitas, Amitas, Loyalties, Formemo, and Custos (other companies in the protective scheme, hereinafter described). In addition there are two volumes of work sheets of the staff's accountants covering all phases of an exhaustive examination of the books of these companies at 50 Broadway, New York. (See Exhibits T, U, and V.)

#### 5. SERVICE COMPANIES

An important part of Sofina's income has always been that received in payment for services rendered to subsidiary and associated companies pursuant to various contracts for the supplying of management, financial and engineering services. Therefore, the protective scheme had to safeguard these contracts as well as the investment securities and cash.<sup>3</sup>

The trust agreement of February 27, 1940 between Sofina and Securitas provided that Sofina would immediately arrange that its service agreements with nineteen system companies with interests outside Belgium could be terminated by Formemo, Ltd. upon the happening of any of the so-called Operative Events. Thereupon, Formemo or its assignees should be entitled to perform the services pursuant to new contracts to be executed therefor, paying to Securitas the income received therefrom (after deducting expenses in rendering the services and 5% of the gross) to be held in trust for Sofina.

<sup>1/</sup> Of this amount, \$14,809,514 was held for Sofina; \$2,524,862 for Sidro; \$608,063 for Tramways de Buenos Aires; and \$248 for Cobti. Securitas also held in custody \$360,131, mostly for TEG. Securitas' subsidiary Amitas, Ltd. has funds on deposit in New York of approximately \$2,500,000. The aggregate of these funds and other amounts advanced to the various new companies is approximately the \$20 millions which Sofina had in 1939.

<sup>2/</sup> The trust agreement provided that assets deemed situated in Belgium should not be transferred. Also, it was found not feasible to affect transfers of stock in the companies of the French companies.

The serviced companies as to which this provision applied were located only in countries which it was expected would be outside the zone of enemy occupation--i.e., Portugal, Spain, Turkey, and Argentina--<sup>1/</sup> for it was recognized as impractical to attempt similar safeguarding measures for properties which would be physically under enemy control. Moreover, the bulk of all of Sofina's service contracts are with the companies named, and are also the most important in the system.

The stated purpose for placing this power of termination in Formemo, a Delaware corporation, was the fear that invasion or other penetration might happen so quickly that persons in Europe would be unable to act fast enough to terminate the contracts before it would be impossible thereafter for them to do so.

Sofina arranged for this power in Formemo by the execution of individual three-party agreements between Sofina, Formemo and the serviced companies, since the service contracts were presumably non-assignable by Sofina alone. The agreements also provided that after termination, Formemo could assign its rights and obligations (with the consent of the serviced company, not to be unreasonably withheld) to another company or companies. Sofina guaranteed performance by Formemo or any such assignees.

When the invasion occurred, Formemo did terminate eight of the service contracts, and seven were terminated by direct contact between Sofina and the serviced companies. Services, Inc., a Panama corporation expressly created for the purpose, executed new contracts to furnish the services to the following fourteen of the companies:

1. Chade - Holding Company.
2. Cade (
3. Cepbz (
4. Gaz La Plata ( Chade subsidiaries
5. Gaz Bernal ( in Argentina.
6. Citra (
7. Rosario (
8. Coluz ( Direct Sofina
9. Tramways B.A. ( subsidiaries
10. Catita ( in Argentina.
11. Sabia (
12. TEG - Holding company with subsidiaries in Turkey.
13. Sidra - Holding company with Mexican and Spanish subsidiaries.
14. Sodec - Luxembourg holding company, liquidated in May 1940.

<sup>1/</sup> But also included were a Belgian holding company (Sidro) with subsidiaries in Mexico and Spain, and a Belgian holding company (Tramways Provinciaux de Naples) with interests in the Naples (Italy) street railways.

The service contract for "Lisbonne", a Portuguese subsidiary, was re-executed with Sociedade de Estudos Tecnicos ("SET"), a Portuguese company also especially created for the purpose. The service contracts for the three subsidiaries of Sidro—Mexican Light and Power, Mexican Tramways, and Ebro Irrigation Company (Canadian corporations with interests in Spain)—are in the process of being transferred to or re-executed by Services, Inc. (Being Canadian corporations, it is stated that English counsel raised certain technical considerations which delayed these transfers. Financial circumstances of these companies, however, would have prevented any realization of income on the contracts in the interim.) No effort was made to terminate the contract with the nineteenth company—Tramways Provinciaux de Naples—a Belgian holding company, which with other Belgian companies in the system is still serviced, presumably, from Sofina's Brussels office.

Services, Inc. was incorporated under the laws of Panama in April 1940. Its funds were advanced—directly or indirectly—by Sofina, but all of its stock is owned by Heineman, Auchincloss, and Duncan. Although the statutory office is at Panama, the company's principal offices are located in Havana, Cuba, where are also located the members of its staff.<sup>1/</sup>

Although Services, Inc. is technically the owner of most of the important service contracts, it does not participate to any large extent in their performance. That is handled, for the most part, by the staff of Amitas, Ltd., a Delaware corporation (subsidiary of Securitas, Ltd.) with offices at 50 Broadway, New York City; and by SET, in Lisbon, to a somewhat lesser extent. Amitas and SET act as agents for Services in this connection. Services' own staff—at present eight persons<sup>2/</sup>—consists of accountants and a lawyer. Originally attached to Sofina's Brussels office, they emigrated to Lisbon at the outbreak of hostilities in Belgium, later went on to Cuba. Gaston Praet, treasurer and manager of Services,<sup>3/</sup> is in charge of this group, which, it has been stated, carries on the accounting work in connection with the service agreements, Amitas and SET attending to the engineering and management phases. It is understood that the Cuban staff consists of persons who for one reason or other felt it desirable to leave Portugal<sup>4/</sup> and have been unable to gain access to the U. S. A. Accordingly, the Cuban group is presumably a somewhat loosely knit affair. Salaries of these employees, only lately transferred, were recently in the process of being determined, were estimated to ultimately aggregate between \$50,000 to \$100,000 per annum.

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<sup>1/</sup> Address of Services' Cuba office: 39, Calle 6, entre la tercera y la quinta, Reparto Miramar-Marianao, La Havana, Cuba.

<sup>2/</sup> In December of 1941 they were Messrs. Gaston Praet, Eugene Wilmet, David Cyfer, J. M. Casellas, Arnel Lambert, Van Antwerpen, Rodigas, Bodson.

<sup>3/</sup> Heineman is president of Services, Inc.

<sup>4/</sup> Said Heineman: "Fearing that Portugal might be invaded, I transferred them to Cuba."

As has been stated, the Securitas-Sofina trust agreement of February 27, 1940 provides that after deducting Services' expenses in performing the contracts—which include payments to SET and Amitas as agents—and 5% of the gross, Services is required to pay the balance of income received on the service contracts to Securitas, to be held in trust for Sofina. Heineman stated to the Commission's investigators that it was not the intention of Services to permanently retain the 5% of gross as profits but that eventually such funds would in some fashion be returned to Sofina or its stockholders.

The alleged reason for setting up Sofina's service contracts in a Panama company—in contrast to the location of its cash and investment securities in a Delaware corporation—is to avoid American taxes which it was felt would attach if the contracts were owned or held in trust by an American entity. Although Amitas actually performs a very large portion of the contracts—as agent for Services—it shows no material profit in doing so. The substantial staff of personnel attached to Amitas receives salaries paid from these expenses, of course, and thus is paid most of the salaries of the former Sofina employees who have located in New York.

Substantially all but a few qualifying shares of SET's stock is owned by Services. SET's offices are located in Lisbon. There it attends to Sofina's Portuguese subsidiary—Compagnie Feunies Gaz et Electricite ("Eliabonne")—with which it has a service contract, as related. At the same address 1/3 is an office or "agency" of Sofina. And SET looks after Sofina's Spanish properties in Barcelona and vicinity (subsidiaries of Sidero), although technically Sofina's service contracts with those companies have not as yet been transferred to or re-executed with Services, as is contemplated in the near future.

SET's staff in Lisbon also performs certain engineering services for Sofina's Mexican and Argentine subsidiaries, as agent for Services, etc. For there are several important members of Sofina's Brussels staff stationed in Lisbon. It was there that shortly after the invasion Sofina moved the employees it was decided should emigrate, and presumably it has not been possible to obtain visas for the further migration of the rest of that group to the United States, where is maintained the real headquarters of the company today.

Lucien Janlet and Jean Vannieuwenhoven are in charge of the Lisbon set-up. Janlet, one of the two "Director-Managers" in the Sofina management, was head of Sofina's construction department and a member of the Standing Committee of the Board of Directors. Vannieuwenhoven, one of the three "Managers" of Sofina, is a lawyer and headed the legal department. Between twenty and thirty people constitute the staff at Lisbon. Other important members are:

*Maurice Dock* — Belgian engineer with Sofina since 1909, a member of the board of Sofina and Cade. He was general manager of Cade, in Buenos Aires, from 1920 to 1936.

*Marques de Foronda* — director of Sofina.

Edmond Poncin - "Procurator Holder" of Sofina.

Emile Starbeis - "Procurator Holder" of Sofina.

John DeStoop - head of the Lisbon light and power subsidiary,  
a lawyer, formerly with Sofina in Belgium.

Most of the personnel at Lisbon are engineers from the Brussels office. Difficulties in bringing more of them to the United States presumably explains the division of the engineering work under the service contracts for Mexico and Argentina between the Lisbon and New York staffs.

*Amitas, Ltd.*

Amitas, Ltd. performs the bulk of the work under the agreements for the Mexican and Argentina properties. Incorporated in Delaware on October 3, 1939, it has qualified to do business in New York and maintains its offices at 50 Broadway. There it occupies parts of three floors in the same building as the offices of Auchincloss, Alley and Duncan, Sofina legal counsel.

All of Amitas' stock is owned by Securitas, Ltd. - 100 shares without par value, stated at \$10,000.

Amitas has a staff of approximately 85 employees, about thirty-five of whom were formerly located at Brussels. These occupy the important positions and offices in the company. The balance of American personnel is largely clerical. 1/

Principal activity of Amitas in this country has been the purchase of supplies and equipment for the Argentine, Mexican, and Portuguese properties, as agent of Services, Inc. under the servicing agreements held by the latter. Since September of 1939 purchase in this country have aggregated approximately \$22,000,000 for coal, fuel oil, turbines, boilers, piping, tubes, etc. The bulk of these have been for Argentina. Coal shipments have decreased somewhat in the past year, due to the lack of shipping facilities. This has occasioned the purchase of machinery for grinding and burning of corn, which is available in Argentina, for fuel to heat the boilers. Both corn and coal are presently in use. The uninterrupted operation of the Buenos Aires electric and transportation system is of great concern to the Sofina management.

Principal orders placed in 1941 were turbines from Westinghouse for Mexico City, and from General Electric for Buenos Aires; boilers for Buenos Aires and Mexico City from Combustion Engineering Corporation; and piping for Buenos Aires from M. W. Kellogg Company. In addition, approximately 190,000 tons of oil have been purchased from Standard Oil and transformers from Westinghouse and General Electric.

The Office of Export Control, part of the Board of Economic Warfare of the United States government, has stated that all items of this nature must be licensed by it for export; that over 90% of all exports are today subject to that control.

1/ Officers: president, Auchincloss; vice-presidents, Jean Burjachs and  
Wilmers; treasurer, A. C. D. Van de Maale; secretary, Daniel T. Sherman.  
Directors: Auchincloss, Burjachs, Wilmers, Duncan and...

Amitas is the principal American entity from which are paid salaries of the Sofina personnel. 1/ The total payroll as of August 31, 1941 was approximately \$26,500 per month. 2/

Amitas also keeps the books of Securitas, Ltd.; of Loyalties, Ltd. and Formemo, Ltd. (Delaware corporations owning Sofina preferred stock); and of Charles Gordon & Co. (nominee partnership for holding Sofina's American Investments). 3/

Amitas is not used for the holding of securities. It has total assets of approximately \$2,750,000 of which about \$2,500,000 is cash on deposit at the Chase National Bank, borrowed from Sofina and due in 1949. There has not been need to use nearly as much cash for working funds as originally contemplated: hence the cash balance is relatively stable.

For the six months ended, June 30, 1941 Amitas recorded total income of \$314,037, and net income of \$161,748.

#### G. LOYALTIES, LTD. AND FORMEMO, LTD.

Loyalties, Ltd. and Formemo, Ltd. are two Delaware corporations, incorporated October 10, 1939 for the principal purpose of holding the preference stock of Sofina previously owned by other companies in the system. The two companies are managed as departments and in identical fashion.

There has been related previously the reasons for keeping the ownership of Sofina preference shares in four separate blocks. They were transferred to three new American companies as part of the protection scheme:

1/ Heineman, Richard and Speciael are the only members of the management in New York who are not on the payroll of Amitas or any of the other American companies. Heineman's salary from Sofina has always been 25,000 Belgian francs, equivalent today to about \$800. But as a director of Sofina, Chade, and many of the other companies in the system he received varying participations in their profits. These are understood to have aggregated relatively large amounts in the past. Present conditions have reduced this income, the Chade companies being the current principal source.

Richard and Speciael received salaries of \$1,000 per month as Managing Directors of Sofina, which is still paid them at Sofina's office or agency in Lisbon plus an additional amount since the invasion as a so-called indemnity for increased living expenses. They also received participations in the profits as directors of many of the companies in the system which, it was indicated, have been greatly reduced as a result of the war.

2/ The Commission's files contain the details on the payroll as of a recent date.

3/ See notes on page 31 regarding identity of Charles Gordon & Co.

<u>Formerly</u>	<u>Shares</u>	<u>Today</u>	<u>Shares</u>
CEPEA <u>1/</u>	12,000		
ESMA <u>2/</u>	(6,000)	Loyalties, Ltd.	18,000
	(2,000)		
ROSARIO <u>3/</u>	12,000	Formemo, Ltd.	14,000
SIDRO <u>4/</u>	8,000	Securitas, Ltd.	8,000
	40,000		40,000

The transfers were made in November of 1939 in the form of purchases, Sofina advancing a credit therefor to Citra, 5/ which in turn advanced credits to Loyalties, Formemo, and Securitas. The liabilities to Citra were at 1/2 of 1% interest, principal due in 1945. By mutual arrangement the amounts owed Citra were transferred to Fiducia 6/ in October of 1940.

Both Formemo and Loyalties are used merely as corporate pockets. Their capitalizations are nominal - 100 no par shares, which have been placed in separate but identical voting trust agreements of the same pattern as that for Securitas. 7/ The result is that they are controlled by the same Sofina Management group as controls Securitas.

#### 7. THE CHADE SITUATION 8/

Chade is a Spanish holding company, whose full name is Compania Hispano-Americana de Electricidad. It controls important utility companies in Argentina, notably the "Cade", 9/ electric utility in Buenos Aires.

1/ Argentine operating company which is a subsidiary of Chade, Spanish holding company.

2/ Belgian operating company in which Sofina holds 29% interest.

3/ Argentine operating company in which Sofina owns 31-1/2% interest.

4/ Belgian holding company controlling utilities in Mexico and Spain, in which Sofina owns 35% interest.

5/ Argentine subsidiary of Chade.

6/ Testified to be an Argentine company "formed by certain members of the Cade organization" which acts solely "as a depository of funds and of certain securities".

7/ Dated October 25, 1939, Voting trustees: Heineman, Speciael, Richard, Ehrlich, Vannieuwenhoven, Auchincloss, and Wilmer (persons underlined are "managing voting trustees"). Auchincloss, Allen and Duncan (partnership) acts as "depository" under the agreement, which terminates in 1949 or as otherwise provided by the trustees. Voting trust certificates owned by Heineman, Duncan and Auchincloss.

8/ The protective scheme for Chade's assets is diagramed on a chart attached hereto as Exhibit B.

9/ Compania Argentina de Electricidad is the full name of the company.

Of all the properties in which Sofina has any substantial direct or indirect interest, Chade is the largest and most important single operating unit. It sells annually about 1,500,000,000 KWH to more than 600,000 customers. 1/

Sofina owns 14.75% of the voting stock of Chade, one of the largest - if not the largest - blocks of that company's stock. In turn, Chade owns the largest known block of Sofina ordinary shares (approximately 5%). There are interlocking directors. In addition, Sofina has contracts for the furnishing of managerial, financial, and technical services to Chade and its subsidiaries. We have seen that two-thirds of Sofina's total income comes from Argentina, and the largest portion of that is derived from the Chade group. Fifty per cent of all service fees in 1939 were received from Chade subsidiaries (\$879,789) and 35% of all income was in the form of service fees. 2/

#### *Origin of Sofina's Interest in Chade*

In 1920 Sofina owned a 2-1/2% interest in a German company, Deutsche Ueberseeische Elektrizitäts-Gesellschaft (known as "DUEG"), which owned, among other properties, the electric utilities in Buenos Aires. DUEG had been formed by the merger of certain French, English and German companies, of which the German was the most important. DUEG's affairs at the end of the war were "very precarious": its properties were in "great disrepair" because of the company's financial inability to make the necessary renewals and to maintain them during the war, and it was not in a position to raise new capital.

An English group had been unsuccessful in its efforts to negotiate the purchase of DUEG's properties. The group included persons associated with the Midland Bank, in London, friends of Heineman, and they then called him in to assist in the venture. He approached DUEG and worked out a deal whereby the purchase became feasible. A new company, Chade, was formed to acquire the properties. Spain was selected as the country for incorporation because as a neutral in the war it was deemed more suitable for a company which would consist of interests affiliated with both sides of the then recent conflict.

Chade's capitalization at the outset was 325,000,000 Spanish pesetas. Because of the then bad state of affairs of the German currency, it was possible to pay off the debentures and preferred stock issued by DUEG in terms of cheap German marks -- partly cash and an issue of 25,000,000 pesetas of Chade debentures. The common stockholders of DUEG received 50% of Chade's common stock (50% of 120,000,000 pesetas) and 180,000,000 pesetas of Chade "bons de rente" -- in the nature of an income debenture. The other half of the common was issued to a syndicate composed of Sofina and Swiss, British and Spanish interests, which contributed the cash needed principally to pay DUEG's debentures. As a member of this syndicate

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1/ Although Chade's principal assets are its Argentine interests, particularly Chade, it owns other securities: 16.6% of Sidro, 12.9% of Esma, 8.4% of P. W. Truysers, 3% of Gesfurel, and 1/2% of Bewag. (See Exhibit C.)

2/ See Exhibit K for analysis of Sofina service fees in 1939.

and a stockholder of DUEG, Sofina received the 15% interest in Chade which has continued to be the proportion of its interest in the company ever since. And also of great importance, Sofina obtained contracts for the furnishing of financial, managerial and technical services to Chade and its subsidiaries.

In 1920 a substantial portion of Chade's stockholders were German interests, another important group was Swiss, associated with Credit Suisse, Zurich. The German holders' interest was of course cut in half by the issuance of half of Chade's Common to a syndicate in which they were not represented. In the period since 1920 the common capital of Chade has been increased from 120,000,000 to 260,000,000 pesetas. 1/ Sofina and the Swiss and English interests have generally maintained their proportionate interests by additional subscriptions from time to time, but the German holders have not. Furthermore, Heineken understands that at one time German holders were required to surrender their shares to the government in order that it might acquire foreign exchange. As a result, he stated in 1940 Sofina ascertained, to the best of its ability, that but 1% of Chade's stock is still owned by German interests. This is based partly on the fact that the two Chade paying agents in Germany 2/ distributed but 1.06% of the "bons de caisse" debentures issued by Chade in 1940 as a dividend. 3/

Since the formation of Chade in 1920 Sofina and Heineken have managed its day-to-day affairs. The only other persons who have taken any active interest, says Heineken, are the Spanish, represented by Messrs. Camba and Ventosa; the Swiss, represented by Bindschedler of the Credit Suisse; and Sofina's "English friends", represented particularly by Viscount Swinton. Several Spanish banks, particularly in Barcelona, Madrid and Bilbao, hold substantial interests; a large amount of stock is owned by customers of Credit Suisse, Zurich, whose officers represent those holders; and the English stock is known to be associated with Midland Bank, London.

Since 1920 the properties in Buenos Aires have grown considerably in importance; they are Chade's principal asset. Output has increased from 250,000,000 KWH to approximately 1,500,000,000 KWH at present. Some \$80,000,000 has been expended on improvements and extensions. The Chade venture has been an exceedingly profitable one for the syndicate. In 1936, at the request of the Argentine government, the Buenos Aires property, which had been directly owned by Chade, was transferred to an Argentine corporation, the PEA, which is 100% controlled by Chade. Chade serves approximately four fifths of Buenos Aires and environs, the balance being served by an Italian company not affiliated with the Sofina system. Chade is equivalent in size to Duquesne Light Company, which serves Pittsburgh and vicinity.

1/ The ordinary debentures have been retired. Income debentures in the amount of approximately the original amount continue to be outstanding.

2/ Deutsche Bank in ESPANA and Deutsche Bank, Filiale in ARGENTINA S/A in Frankfurt.

3/ See Exhibit N for the list of all paying agents; Exhibit O for the countries and amounts of all dividends so distributed in 1940.

### The Formation of Sodec

It is evident that Chade is of extreme importance to Sofina, and Heineman was particularly solicitous that its affairs be protected from the impact of the war. There was additional reason for this because of the presence of other relatively strong minority interests in Chade - nominally Spanish and Swiss - which might be in a position to contest Sofina's 15% control in the event of dispute.

The question of safeguarding Chade first arose in 1937 in connection with the Spanish revolution. Not long after the outbreak of hostilities the Chade staff - including Cambo and Ventosa - fled from Barcelona to Brussels, where Heineman afforded them refuge. But Heineman also feared that an unfriendly Spanish government might direct confiscatory measures against Chade or its assets. Accordingly, there was secured the passage of a special law in the Duchy of Luxembourg, on December 17, 1938, which provided for the creation of a new company, named Societe d'Electricite, S.A. ("Sodec"), to hold the assets of Chade. Except for a few shares issued to nominees of Chade, all of Sodec's stock was issued to Chade in exchange for the transfer of Chade's assets to Sodec and the latter's assumption of Chade's liabilities. The law provided that in the event of certain contingencies the shares of Sodec might vest automatically in the stockholders of Chade. Chade's assets (its portfolio) were physically brought to Luxembourg.

Soon, however, the problem had become one to protect Chade from the possible dangers flowing from an outbreak of a general war in Europe, the same problem which Sofina proper faced. But apparently because of the influential Spanish and Swiss interests in Chade, the machinery devised for its protection differed in character from that set up by the Securitas-Sofina Trust agreement of February 27, 1940. Nevertheless, Heineman and his staff took the lead in its establishment.

When Canelectra Investment Company, Ltd. was formed in March of 1939 there was some thought of using it in connection with safekeeping the assets of Chade (Sodec). This was never done, however, presumably for the same reason that Canelectra was not used for Sofina's assets. Instead, later in that year 1/ a Delaware corporation was formed named Custos, Incorporated, 2/ whose purpose was to act as custodian of the Sodec's (Chade's) assets.

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1/ August 30, 1939.

2/ With Auchincloss, Alley and Duncan acting as counsel, Custos was set up in a fashion very similar to that of Securitas, Ltd. and the other Delaware companies. Directors were automatically disqualified should they remain in territory occupied by unfriendly armed forces; a voting trust of Custos' stock was set up identical to that of Securitas (trustees: Heineman, Speciael, Sock, Vannieuwenhoven, Cambo, Ventosa, Bindschedler, and Auchincloss, names underlined being the "managing voting trustees"). As of today Custos' directors are: Cambo, Bindschedler, Duncan, Bock, Ehrlich (serve to 5/21/44); Vannieuwenhoven, Wilmers, Ronge, Alley, Ventosa (serve to 5/21/43); Heineman, Auchincloss, Horn, Janlet, and Speciael (serve to 3/21/42). At present Custos does not appear to be active or serve any purpose; at June 30, 1941 assets consisted of approximately \$500 cash at Chase National Bank.

*The Option Agreement of September 5, 1939.*

A so-called Option Agreement was executed 1/ whereby Sodec was given the option to "put" the ownership of its assets in Custos, which would thereafter hold them in effect for Chade's creditors and stockholders. The option would be automatically exercised upon the invasion or illegal overthrow of the Luxembourg government, or in the event it should lose its freedom of action or cease to be an independent state. Parties to the agreement were Sodec, Custos and Securitas, Ltd., the latter given certain functions as "trustee" in the arrangement. Custos' stock 2/ was placed in a voting trust, the trustees of which represented an amalgam of the Sofina and other influential minority interests, 3/ but with Sofina personnel in the saddle. 4/

Most of the assets of Sodec (Chade) as to which Custos became custodian, 5/ but for a short period only, were actually handled by Securitas, Ltd. as agent or sub-custodian. 6/ Likewise, the keeping of Custos' books and its other activities were performed by Securitas, for the most part. In such fashion Custos also acted for a time as custodian for certain securities owned by Cade (Chade subsidiary), which were later transferred to Cade.

But Custos' active existence was short-lived and its functions limited. In the first place, the option was not exercised so as to put "ownership" of Sodec's assets in Custos during the time in which Custos was a party to the agreement. As of April 29, 1940, the custodianship of Sodec's assets and all of Custos' rights and liabilities under the option agreement were assigned to Sovalles, Inc., a newly formed Panamz company. Thereupon Sodec exercised the option to put ownership of its assets in Sovalles, and Sodec's existence was terminated. 7/ These events took place at or about the time of the invasion of the low

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1/ September 5, 1939.

2/ 100 shares originally issued to Auchincloss, Alley & Duncan, individually.

3/ Voting trustees: Heineman, Speciael, Sock, Vannieuwenhoven, Cambo, Ventosa, Bindschedler, and Auchincloss. Cambo is chairman of Chade and Ventosa is also influential in its affairs, both Spaniards. Bindschedler, a Swiss, is a director of numerous corporations and particularly represents Credit Suisse, Swiss bank.

4/ Heineman, Speciael, and Auchincloss were the "Managing" voting trustees. A majority of the directors was Sofina personnel, although Cambo was made chairman.

5/ Pursuant to an agreement dated February 15, 1940 between Sodec and Custos.

6/ Custodian agreement of February 15, 1940 between Custos and Securitas.

7/ Sodec ceased to exist when Chade acquired to itself the few shares of Sodec held by Chade's nominee, Chade then holding outright all shares. The Luxembourg law provided for automatic termination of Sodec's existence when all its shares should be with one holder.

countries. At about the same time, Securitas' functions as trustee under the option agreement were transferred to a new Delaware corporation named Sulectra, Inc. 1/

The reason for shifting the legal focus of control of Chade's assets to Panama is stated to be based on tax considerations. Counsel were of the opinion that the so-called ownership of Chade's substantial assets by Custos, an American entity, would subject them to severe local taxes. Such would not be the case in Panama. United States taxes apparently do not apply to the extensive assets of Sofina because technically Securitas holds them as trustee and not as owner. The trust device was not used for Chade, it was stated, because of the Spanish and other minority interests in Chade, whose counsel preferred what they deemed to be the safer option arrangement; and when it was realized American taxes would make ownership by Custos prohibitive, it was preferred to transfer the option setting to Panama rather than to change over to a trust device. 2/

#### *Provisions of the Option Agreement*

As consideration for the transfer to Sovalles of Sodec's (Chade's) assets, Sovalles assumed all of Sodec's liabilities, which are really those of Chade. Sovalles has further agreed to "allot" to Sulectra, the Trustee, 2,600,000 of its common shares, 3/ at a future date deemed "expedient" by Sovalles (but not later than 6 months after the Operative Events have ceased). Sulectra will hold those shares in trust as described hereinafter. These shares have been authorized but presumably will not be issued until the end of the war. In the meantime, Sovalles is required to pay annually to Chade's stockholders the income received on Chade's assets (less \$5000 or .05% of such income, whichever is less, and expenses).

Sulectra, "Trustee" in the agreement, is trustee for Sovalles' undertakings thereunder, for the benefit (in effect) of Chade's stockholders. After the 2,600,000 shares of Sovalles stock have been allotted or issued to Sulectra, it will be required to deliver one share thereof to each person who under the special Luxembourg law of December 17, 1938 would be entitled to a share of the stock of Sodec (notwithstanding any purported amendment or annulment of that law after the date of execution of the Option Agreement). Those persons will be either Chade itself or its stockholders. The trustee is given broad powers to satisfy itself as to the title of each applicant for shares of Sovalles. All shares not so applied for and delivered by the end of the "Share Suspense

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1/ Incorporated October 31, 1940. Sulectra's stock is owned by James B. Alley (1000 shares issued for \$1000). The company has no books, its funds being kept by Auchincloss, Alley and Duncan. Directors (August 21, 1941): Auchincloss, Spicrael, Carlos Meyer, Andres Bausilli, Antonio Robinosa, and Tito L. Arata.

2/ Official date of Sovalles' incorporation appears to be May 17, 1940, subsequent to the date of the above assignments. Also, according to information obtained, Custos subscribed to Sovalles' original stock on June 24, 1940. The reason for the apparent inverse order of these dates is not presently known, but may be due to a predating of the actual transfers so that they might appear to precede the invasion of Luxembourg on or about May 10, 1940.

3/ At present Sovalles has but 100 shares of stock outstanding.

Period"—a maximum of thirty years from the date of the allotment—1/ are to be distributed pro rata to the then holders of Sovalles' stock. But during the Share Suspense Period the trustee will have full power to exercise all voting rights attached to the Sovalles stock; may if it deems it appropriate, transfer Sovalles' assets to another corporation in exchange for its securities. The trustee will also have the right to conclusively determine, in the event of dispute, whether the Operative Events have ceased (which is determinative of when the 2,500,000 shares of Sovalles shall be issued to the Trustee and commence the Share Suspense Period). In the meantime the Trustee must consent to any changes in Sovalles' by-laws and charter, and to any assignment of Sovalles' rights and liabilities under the agreement (prior to the allotment).

It is evident that the powers of the trustee—Sulectra—will be mostly important at a later period. At present its board is representative of the several interests in Chade, with the Heineman group dominant. Although all of Sulectra's stock is presently owned by James B. Alley, it is contemplated that eventually it will be placed in a voting trust, as has the stock of most of the other corporations performing strategic functions in the protection set-up.

The option agreement further names a group of eleven individuals--

Cambo  
Heineman  
Ventosa  
Blindschedler  
Bock  
Horn  
Janlet  
Specinel  
Ronge  
Vannieuwenhoven  
Auchincloss--

a majority of whom may appoint a successor trustee, an additional trustee or trustees, or remove the existing trustee. If any of them (a) shall be in territory occupied by forces representing any government other than the one in control on September 5, 1939, or (b) shall be declared disqualified by a majority of said persons not so disqualified, he shall ipso facto be disqualified until reinstated by a similar majority.

Thus today Sovalles controls the assets of Chade. A voting trust for Sovalles' stock has been created, dated August 9, 1940, regular expiration date July 31, 1950. It is quite similar to the voting trust for Securitas' stock. The seven voting trustees are residents of Buenos Aires, connected with Chade:

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1/ The Share Suspense Period is defined as thirty years after the allotment, or twenty-one years after the death of the last survivor of all lineal descendants of King George V living on September 5, 1939, whichever is the shorter.

"*Rene Brosens* - General manager and vice-president of Cade since 1936, placed in that position by Heineman; a young (about 40) Belgian engineer who prior to assuming his present position was an assistant manager and one of the engineers of Sofina; graduated from Brussels University and also studied at M.I.T. He is Heineman's principal representative in Argentina. Heineman looks to him to carry out his instructions.

"*André Bausili* - Head of the Commercial Department of Cade. He is a Spanish citizen associated with Cade since its formation in 1920. He accompanied Heineman to Buenos Aires in 1936 and "I asked him to remain there as one of the managers".

"*Carlos Meyer-Pelligrini* - President of Cade. An Argentine citizen, "distinguished" lawyer in Buenos Aires.

*M. Dechamps* - A Belgian, in charge of Cade's Technical Department. Originally he was an engineer with Sofina at the Brussels office, was sent to Buenos Aires to build a new power station.

*Roberts Danly* - A Belgian, former assistant manager of Sofina; resident in Buenos Aires for several years.

*E. Garcia Herou* - Secretary and director of Cade; an Argentine citizen and "distinguished" lawyer in Buenos Aires.

*Hector Niguens* - An Argentine citizen associated in a legal capacity with Cade.

The three voting trustees first named above (\*) are "managing" voting trustees. They possess the power to terminate the agreement by unanimous action and to fill vacancies in their group. 1/ On the other hand, Sovalles stock is voted by majority action of all the trustees. It appears—and Heineman asserts—that at a minimum a majority of the trustees are persons responsible and loyal to him. Moreover, any three of a group consisting of Heineman, Richard, Speciael, Ehrlich, Ronge, Vannieuwenhoven, and Auchincloss—all Heineman men—may conclusively determine whether a trustee has become disqualified as such because he has his regular domicile or residence in occupied territory, or, being in Argentina is unable to exercise uncontrolled and impartial judgment by reason of revolution, or political, economic, or social upheaval in Argentina.

The voting trust agreement further provides that whenever Heineman, Richard, or Speciael is in Buenos Aires he may displace one of the managing voting trustees under the agreement. Bindschedler and Ventosa subsequently requested similar rights, which Heineman has agreed to but which have not been actually incorporated into the voting trust agreement. By this understanding Heineman, Speciael and Richard would be entitled to displace, as a group, but one of the voting trustees, but Heineman feels he nevertheless will have an advantage over Ventosa and Bindschedler because he has two alternates.

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1/ To be filled first from the following: Heineman, Speciael, Richard, Bock, Ergens, Bausili, Meyer-Pelligrini, Vannieuwenhoven, Cambo, Calvell, Bindschedler, and Auchincloss.

It thus appears quite clearly that the Sofina management—i.e., Heineman—possesses virtually absolute control of Sovalles, and hence present control of Chade's assets. And since eight of the eleven individuals who may displace and appoint a successor trustee under the Option Agreement are also associated with the Sofina management, that control will continue following the allotment of Sovalles' 2,600,000 shares to the trustee.

Securitas, Ltd. is custodian of the assets of Sovalles—i.e., Chade's assets. Securities of the Argentine subsidiaries are in safe deposit boxes in New York, the others in London vaults.

The beneficial owners of Sovalles are, technically, the beneficial owners of its stock (only security outstanding), who hold non-voting trust certificates. Original owner and subscriber was Custos, which sold the 100 shares on August 10, 1940 to the following:

Meyer-Polligrini	40 shs.	\$400
Garcia Merou	40 shs.	400
Heineman	20 shs.	200
	<u>100 shs.</u>	<u>\$1000 1/</u>

Securitas has an option (in bearer form, expires in 1950) to purchase Heineman's certificates, and physically holds the certificates in custody. Citra, Argentine subsidiary of Chade, has similar options to purchase the remaining eighty certificates, and Fiducia, 2/ another Argentine subsidiary of Chade, physically holds them in custody. Ownership of the voting trust certificates has thus been split, it was explained, to legalize the voting trust set-up, which would be invalid if the beneficial ownership of all Sovalles' stock were in one hand. 3/

But the beneficial ownership of Sovalles' stock does not appear significant in view of the fact that Sovalles is principally a means for control, which has been vested in the voting trustees, and as holder of Chade's assets Sovalles is not entitled to any of the income therefrom except to the extent necessary to pay minor expenses and a small fee under the Option Agreement.

#### *The Committee of Seven*

It thus appears that the Sofina management has obtained absolute control of Chade's assets. And yet this has not been accomplished, apparently, by means of strong-arm or high-pressure devices, even though Sofina's interest is but 15% in Chade. It is a result of the history of Sofina's role in Chade and the strong personality of Heineman.

- 1/ Payment was made by delivery of notes of the purchasers to Securitas, which credited Custos' account. Interest on the notes is payable only to the extent of dividends received on the Sovalles shares. Principal is payable in ten years with right of prepayment, either in cash or by delivery of the Sovalles stock or voting trust certificates therefor.
- 2/ Fiducia also is "depository" under the voting trust and hence holds the 100 shares of Sovalles stock itself.
- 3/ Information supplied by the British government is to the effect that a 90% holding is required to dissolve the voting trust, and thus the 20% held by Heineman can prevent it.

It was Heineman who formulated the plan whereby Chade was founded and its assets acquired from DUEG in 1920; after others had been unsuccessful in doing so. Heineman and Sofina have managed Chade's properties since that beginning, and under that management Chade's stockholders have fared very well. The venture has been a successful financial affair, which has unquestionably contributed to Heineman's influence. Another aspect of his influence is the fact that he apparently earned considerable gratitude and a feeling of indebtedness when he made available Sofina's Belgian headquarters and resources as a refuge to Chade's staff when it fled the Spanish revolution in 1937. And Heineman had little difficulty, under those imminent conditions, in persuading the various interests that additional measures ought be taken to protect Chade against contingencies growing out of that war. The result, we have seen, was the formation of Sodac with the safeguards in connection therewith.

This latter development broke the ice, so to speak, and was a favorable setting for the devising of more stringent measures to protect against a total European conflict. But how, nevertheless, was Heineman able to acquire virtually absolute control in the process of establishing the Option Agreement machinery? The answer appears to be that the other interests in Chade were accustomed to Heineman running the company's affairs, they trusted him in a very large measure, and, moreover, they may not have been altogether aware of just what was happening.

Wilmers has stated that when the Option Agreement was executed, Ventosa et al. did not realize Chade's stockholders thereafter did not have the power to run the company's affairs. Later, when Sovalles' was set up, Heineman relates "we suggested the names of the voting trustees, and Messrs. Ventosa and Eindschedler accepted them. This was perhaps largely due to the fact that they did not at first realize the importance of the voting trust [Heineman has pointed out that Cambo and Ventosa are Spanish politicians, neither lawyers or business men by profession] and also to the fact that the persons named were all important members of the management of the Chade in Buenos Aires who had enjoyed the confidence of the stockholders of Chade for many years." Subsequently, it was evidently realized that a good majority of the trustees were personally answerable to Heineman, and Eindschedler and Ventosa requested that they be made alternate managing trustees, as heretofore described.

Likewise, so long as Eindschedler -- who is in Switzerland -- and Ventosa -- who is in Spain -- could keep in touch with Heineman, they apparently felt that he would make important policy decisions concerning Chade only after mutual consultation and agreement. Heineman asserts that the confidence he enjoys is the partial result of his always having done so, that there has never been disagreement. But presumably the Spanish and Swiss interests were not looking too far ahead. More lately, they began to wonder what would be the state of affairs should Spain and Switzerland become involved in the war. In that event Eindschedler and Ventosa would be disqualified from acting by the terms of various agreements and by-laws. Further, Heineman indicated to them that thereafter further communication and consultation would be cut off.

After lengthy discussions by cable and letter, he states, they accepted this principle. (In fact, they may have realized they were by now powerless to oppose it.) But they wished to make certain that in such circumstances

no decision would be taken without prior consultation among a group of persons in whom they, as well as Heineman, could have confidence. Heineman has also said, though, that Eindschedler and Ventosa desired a face-saver in the event that they should be accused by the Axis, sometime in the future, of having "sold out" control of Chade's important Argentine properties to persons sympathetic to the Allied cause. They would want to be able to reply that Chade's affairs were still being run by a group exactly representative of the Chade board itself.

Accordingly, they proposed a committee of three to Heineman, each member to represent all of the three principals in question, which should determine policy as to Chade. Heineman refused to agree to such a suggestion, realizing he could be outvoted (though arguing that a triumvirate form of government had been proved bad by history), and countered with a suggestion for a committee of eleven or twelve. Ventosa re-countered with a proposal for a Committee of Seven, composed of the present seven-member Committee of Chade except that members Ventosa, Eindschedler, and Eock, as long as they remained outside this hemisphere, should be replaced by Messrs. Vehils, Fausili, and Brosens. Thus the Committee of Seven consists of:

**Cambo** - a Spaniard, presently in Argentina. Chairman of Chade. Described by Heineman as "an intellectual"; as interested in art, notably painting; as having written several books on economics, "Los Dictadores" being a condemnation of dictatorial methods. Heineman has known Cambo since 1905. Both Cambo and his associate Ventosa have occupied cabinet posts in Spain, were members of the Catalan party. Neither are businessmen by occupation but both have followed Chade's affairs rather closely.

**Speciael** \* - Managing Editor of Sofina.

**Fausili** \* - One of the managers of Chade in Buenos Aires.

**Brosens** \* - General Manager of Chade.

**Heineman** \* - Head of Sofina.

**Vehils** - one of the five managers of Chade. Formerly manager of the Montevideo Tramways Company when it belonged to Chade (later sold to a British group). Described by Heineman as "the diplomat of the crowd" (Chade managers).

**Casabo** - recently brought by Heineman from Spain to New York.

\* These individuals are elsewhere described herein.

The Committee of Seven has no legal status, however. It is an informal arrangement between Heineman, Ventosa, Eindschedler, Cambo and the other members of Chade's board (although the latter did not participate in the arrangement) that specified matters are to be submitted to the Committee before being presented by any of its members to the boards of the Chade group (including Sovalles and Sulectra). Most important item is the interruption of communications - including dividends - between Chade, Sovalles and Chade: that is, when it shall be deemed necessary to cut off the flow of funds to Spain. Other questions, purportedly included are:

(a) balance sheets and profit and loss statements of companies in the group, (b) suggestions for membership on the boards of these companies, (c) changes in their capital structures, (d) commitments to be made with third parties such as the Transport Corporation of Buenos Aires, 1/ (e) possible new investments, and (f) changes in the by-laws of the companies.

Heineman has modestly stated that, "It is my conviction that provided the suggestions which I make to this committee are reasonable and in the interest of the companies, they will always be accepted." 2/

### B. IMPLICATIONS IN THE CHADE SITUATION

From the general American point of view, there is a very significant aspect of the Chade situation, and it might become of particular concern to the Commission. It stems from the facts that (1) while Sofina's control over the important Chade properties is dominant, it may not be altogether absolute; (2) that control might be challenged by the Spanish and Swiss interests; and (3) the latter may be or might become Axis tools or representatives.

The Buenos Aires utilities were formerly controlled by German interests. These are valuable properties, and their importance to Sofina has been indicated. The British 3/ believe that the Germans would very much like to regain them. Heineman himself indicated as much to a member of the Commission's staff. And it is well known that Argentina is the most likely South American country for any increased Axis penetration.

The machinery by which the Sofina group has taken temporary but full control over Chade's assets is complex and involved, as has been related. To be sure, even in normal times Sofina's voice in Chade's affairs has been strong - a combination of its 15% stock ownership and the practical influence flowing from the service contracts. Nevertheless, Heineman professes to be well aware of the fact that Sofina has but a minority interest and that there are other strong minority interests in Chade. They appear to be principally represented by three individuals:

*Rodolphe G. Bindschedler*, said to be a Swiss, a director of numerous European companies, including Sofina and Chade; particularly connected with Credit Suisse, Zurich, an important Swiss Bank,

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1/ Chade has recently agreed to assist the Transport Corporation in certain financing.

2/ Directors of Sovalles are supposed to reflect the interests represented on the Chade board. Diplock, London, counsel for Chade, has been of the opinion that the protective scheme would not be valid if this were not so. Directors of Sovalles (as of recent date): Cambo, Valentin Ruiz-Senen, Pable de Varnica, Everard C. L. Moynell, Clodormira Zavalia, Rene Brosens, Richard, Foronda, Heineman, Ventosa (Chairman), Bindschedler, Bock.

Officers of Sovalles (as of recent date): Ventosa, chairman board of directors; Heineman, pres. and deputy chairman; Ventosa, Bindschedler, Specisel, Archinicos, vice-presidents; Wilmers, treasurer; Duncan, secretary; Casado, 1st. asst. secretary; Pierrard, 2d. assistant secretary.

3/ Statement of E. W. McGowan, Trading With the Enemy Dept., London.

reputed to control an important block of Chade Stock. 1/

*Francisco de A. Cambo Y Batlle* - (usually referred to herein as "Cambo"), a Spaniard who is chairman of Chade's board, presently located in Buenos Aires.

*Juan Ventosa Y Calvell* - (usually referred to herein as Ventosa). Also a Spaniard, he appears to be closely associated with Cambo.

Cambo and Ventosa have been Spanish politicians of prominence for many years. It is not altogether clear whether they represent the Spanish government on the Chade board 2/ or several Spanish banks which are believed to hold Chade stock. The two interests may in fact be the same.

The debentures of Chade are held to a large extent in Spain and Switzerland.

Thus under normal conditions, there appear to be three strong minority interests in Chade. But by taking the lead in devising the war protection scheme, Heineman and Sofina have run away with the ball and taken that control unto themselves "for the duration". Some evidence of rumblings of dissatisfaction or displeasure on the part of the other interests was detected in the course of the investigation. It does not appear that open conflict has resulted, as yet. In addition, it is understood that there may be some doubts as to the legality of the Sovalles set-up as a whole, which might conceivably lead to proceedings to contest it in the event of a fight. The recent agreement on the Committee of Seven for consultation concerning Chade/Sovalles affairs, discussed heretofore, is perhaps indicative of some liquidity or tentativeness in the Chade situation. Whether or not Heineman feels there is any precariousness, certain it is that he is most anxious that there not be. He appeared to go out of his way to assure the Commission's staff that he has the matter under control, but urged that nothing be done to harm his position.

In fact, any effective steps to challenge Heineman's control will be of extreme concern to him and Sofina for it will imperil the most important portion of Sofina's income, particularly during the war. Considerable pressure could conceivably thus be brought to bear on Sofina. And the ultimate interests which might be back of that pressure are cause for anxious concern. Bindschedler and Ventosa are not known to be Axis representatives, but persons in the British government familiar with the Sofina/Chade situation are of the opinion those two are at least sympathetic to the Axis by "personal inclination": i. e., Bindschedler and Ventosa conceivably may be, or become, the means for bringing to bear indirect Axis pressure against Sofina. It is not known that Heineman himself is sympathetic to Axis aims - indeed his conduct, so far as is known, points to the contrary. But it is not

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1/ Wilmers testified that he is quite certain Credit Suisse votes more stock at Chade meetings than Sofina, held, he assumed, for the bank's customers. It is a common practice for Europeans to "hide" their investments in Switzerland, for tax reasons.

2/ Wilmers testified he "believes" the Spanish government "probably holds more" Chade stock than Sofina. It has had a representative at recent Chade stockholders' meetings.

inconceivable to suppose that he might feel required to play ball with the other interests, to protect Sofina's important Argentine interests. It could take the form of favors or granting concessions as to other properties or interests in the Sofina system. It may not be altogether too fantastic to imagine that these concessions or favors might relate to Sofina's interests in Mexico or the United States. And this could be of extreme concern to the Commission if Sofina had a controlling or significant influence in any registered holding company system, or subsidiary thereof, or other electric or gas utility in this country.

This potential Argentine danger spot is of sufficient significance to the intelligence service of the British government that it maintains a continuing surveillance of Sofina's affairs, particularly as to communications between the United States and Portugal. Moreover, for over a year now five names associated with Sofina have been included in the list of twenty-four names, changed weekly, which is posted with the British intelligence service offices throughout the world for particular notice in the examination of all available communications. 1/

At a subsequent point in this memorandum is discussed the situation with respect to certain German nationals who are employees of Cade in Buenos Aires holding positions of relative importance.

#### 9. PRESENT SOURCES AND HANDLING OF SOFINA INCOME

##### *In General*

Exhibit J is a breakdown of Sofina's income as between dividends, interest, service fees and miscellaneous sources for the years 1937, 1938, and 1939. Exhibit K classifies the service fees received in 1939 by companies from which derived. The sources -- by countries -- of all income has been shown on page 7, *supra*. At the most, only an approximate one-fifth of the income in 1939 was derived from the Axis-occupied areas. The balance was from countries which today are outside that restricted zone. Therefore, since Sofina did not as a rule report as income funds which it could not transfer, it may be assumed that the balance -- to the extent that the rate of flow has been maintained since 1939 -- are funds which the Sofina-Securitas personnel can presently get its hands on. It amounts to in excess of \$3,000,000 of corporate income to Sofina alone.

Today, the properties at Mexico City, at Rosario, and in Spain are in such condition that income therefrom is either not realizable outside of those countries (Spain) or is not available because of the financial conditions of the companies (Mexico and Rosario). As to Mexico, this has been the situation for some time, but recent improvement of the Mexico Light & Power Company indicates an expected change in the more or less near future. Accordingly, the Buenos Aires properties, in the main, and to a lesser extent the Lisbon subsidiary and miscellaneous American investments, are the principal sources of Sofina income today.

Obviously, however, by reason of the fact that Sofina actively manages the large operating properties at these several points, it controls the

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1/ The five names are understood to be Sofina, Chade, Sovalles, Securitas, and Helneman.

expenditure and disposition of funds many times larger than the Sofina corporate income.

*Transfer of Argentine Balances*

The operating utility in Buenos Aires, Cade, has been and continues to be almost the sole source of Chade's income. And income in the form of dividends and service fees from Chade is a very large part of Sofina's income. To date, those funds continue to be available. They flow in the following fashion.

Chade's most recent dividend was declared on September 29, 1941, payable in part in cash in the amount of 20 Argentine pesos on the Series A, B, and C shares and 4 pesos on the Series D and E shares. 1/ In the aggregate this amounts to about \$10,000,000, but Heineman states it is not expected that more than 60% to 70% of the shareholders will present their coupons for payment: stockholders living in Axis-occupied territory do not like to disclose their ownership of securities. As much as 28.56% of the Chade notes issued as a dividend in 1940 had not been called for at a recent date.

Heineman states he was reluctant to pay any substantial amount of the Chade dividend in cash because Cade has need for the funds. (Cade has agreed to assist in the financing of the Transport Corporation of Buenos Aires, which is to take place shortly.) However, bankers urged that the exchange quotations of the Chade stock would drop if no cash were included in the dividend, particularly since Cade's competitor in Buenos Aires — Italo Argentina, Italian company serving about one-fifth of the city — has continued to pay dividends in cash.

Cash credits for the payment were transferred from Cade in Buenos Aires to the several paying agents, and to some extent credits which Cade had in England in the form of interest on so-called Rocca Bonds were used. The latter are obligations of the Argentine government purchased several years ago by Cade when it was difficult to transfer funds abroad because of exchange restrictions. The bonds are on deposit in London. The Argentine Banco Central, Buenos Aires, in agreement with the Bank of England, transferred interest on the bonds to Credit Suisse, in Zurich, for the account of Chade. Credit Suisse has been paying agent for approximately 35% of Chade's dividends in recent years. 2/ In Madrid Chade had enough Spanish pesetas to take care of the coupons expected to be presented there. Otherwise, transfers of funds from Buenos Aires were made direct to the other paying agents.

As of December 26, 1941, Securitas, Ltd. had not collected the Chade 1941 dividend applicable to Sofina's 14.75% interest. Application has been made to the Treasury to present Sofina's Chade coupons (all of which are in New York) to Cade in Buenos Aires and to apply the amount received (in pesos) to a debt owing by Sofina to Cade.

1/ In addition there was declared an additional dividend in the form of Chade's 4% notes, payable serially over a 19-year period from January 1, 1942.

2/ See Exhibits N and O for the lists of paying agents for the Chade dividend in 1940 and the amounts paid in the several countries.

### Securitas, Ltd.

All income receivable by Sofina, including service contract remuneration, is taken up on the books of Securitas as trustee under the agreement of February 27, 1940. That machinery has been heretofore described. There remains but to add that at regular intervals Securitas goes through the motions of paying this income to Sofina by recording a transfer on its books from the Sofina trustee account to the Sofina custodian account. This is done to avoid the imposition of American taxes on Securitas which would otherwise be deemed to be a trustee withholding taxable payments to the beneficiary.

### Other Transfers

In the course of the investigation the Commission discovered that the facilities of the companies at 50 Broadway have also been used to facilitate the personal finances of persons associated with Sofina and their friends. For example, Securitas acts as custodian for miscellaneous amounts of securities and cash of Sofina officers and their friends. The details of these are in the Commission's files and have also been reported to Foreign Funds Control.

There was also detected a specific instance of the use of the New York facilities for a slightly different purpose. In July of 1940 Cambo, chairman of Chade, was about to emigrate from Spain to the United States. (He has since located more or less permanently in Buenos Aires.) Credit Suisse, Zurich bank, transferred \$80,000 to Amitas for Cambo's account through its New York branch. Amitas had the credit transferred to the Chase. A bearer check was then drawn by Amitas on the Chase account and cashed by two members of the Amitas staff, one being Charles K. Wilmer. He testified that the cash was held in Amitas' safety deposit box until its delivery to Cambo on his arrival three or four weeks later. A subsequent transaction of \$10,000 was handled in the same way shortly after Cambo's arrival. Wilmer stated these were personal funds of Cambo, who was anxious that they be not blocked by Treasury regulation, since there was uncertainty from day to day whether Spain would be included in the countries subject to those restrictions.

More recently, Miguel Vidal Guardiola, Secretary-General of Chade, while en route from Spain to the United States, was found by the British to have \$80,000 in currency in his possession. This was taken from him, and the authorities contacted Heineman in New York for an explanation. Heineman had requested Vidal to come to New York, allegedly to be closer at hand for consultation on Chade affairs. Heineman disclaims any knowledge of the \$80,000. Meanwhile, at the time of this writing, Vidal is being detained in Cuba; the British would prefer that he not enter this country. And since Heineman's counsel, and others, feel it also inadvisable that Heineman go to Cuba to see Vidal, Duncan has been delegated to do so. Wilmer also went to Cuba in the first week of 1943, presumably on the same matter as well as on consultation with Heineman.

## D. SOFINA'S INTEREST IN AMERICAN INVESTMENTS

### 1. INTRODUCTORY

Sofina's interest in American investments dates from the year 1935 in so far as any American activities appear to be of significance today. 1/

It appears that in that year Sofina owned no interest in, or securities of, American companies. It is the testimony of Mr. Heineman that various persons had been urging him to extend his interests to the United States but he had been reluctant to do so. Among those who had been so urging him were his counsel in New York - Auchincloss and Duncan - as well as other younger members of his organization in Brussels. Eventually, the story goes, Heineman agreed to send some men to the United States to survey the possibilities. He sent a financial man and two engineers: Charles K. Wilmers was a bright young man who had been Heineman's secretary and had traveled with him to some extent; Van Fysselberge and De Boeck were engineers. No office was established in this country; the men stayed from time to time in New York and Chicago and traveled rather extensively.

### 2. THE MIDDLE WEST CORPORATION INVESTMENT

In 1935 it was brought to their attention that the RFC wished to dispose of its block of common stock of The Middle West Corporation which it had obtained in the course of the liquidation of the Dawes Bank in Chicago. It became known that Westinghouse was also interested in purchasing some, if not all, of this stock and that fact admittedly influenced Heineman in his decision to buy into Middle West. Sofina has through the years purchased substantial amounts of electrical equipment from both General Electric and Westinghouse and, as has been seen, has a common undertaking with General Electric in Gesfurel, the German General Electric Company. As a result Sofina bought approximately 40,000 shares of Middle West from the RFC in 1936.

Studies made by Wilmers and the two engineers led them to the conviction that Middle West common stock was a good investment. As they explained it afterward, the reorganization of Middle West had eliminated, from the top company at least, the write-ups and other over-valuation items which they understood to be present in most of the other holding company situations. Accordingly, the initial investment was increased by purchases of Middle West stock on the market. Some of these were made through Gore, Forgan and Company who, it is understood, marketed the balance of the RFC stock. These purchases were executed pursuant to orders given by Duncan and Wilmers on behalf of Sofina, usually pursuant to instructions from Brussels.

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1/ Information has been received from another source to the effect that in 1928 Sofina was a member of an international banking group which included Victor Emanuel, Lowenstein, and others, which was particularly interested in the Standard Gas system in this country in connection with an abortive effort to form a huge international public utility holding company combine. These activities came to nought when it was found impossible to obtain control of the Standard Gas system. The details of this story are known by Herman Odell, attorney for the Commission, acquired in the course of his recent investigation of the affiliation of certain banking groups with the Standard Gas system.

By July of 1937 Sofina owned approximately 70,000 shares of Middle West, approximately 2% of the outstanding shares. In July of that year Wilmers went on the board of Middle West. He testified that he was "not in a very good position to know" as to how he became a board member, since "mostly that was arranged by Mr. Duncan over here". Duncan's testimony is to the effect that he merely asked the principal stockholders of Middle West if they would permit Sofina to have a representative on the board, to which they agreed. At that time Bankers Trust owned approximately 18% of the stock, First National Bank of Chicago 15%, and The Chicago Corporation and A. G. Becker & Co. held the stock which had previously been owned by the Continental Bank of Chicago - about 15%. Each of the two banks had a vice-president on the board but none of the other principal stockholders were so represented for the reason that there were Holding Company Act restrictions with respect to investment bankers as directors. (The Chicago Corporation was closely affiliated with Gloré Forgan & Co.) The other directors of Middle West were in a large measure hold-overs from the reorganization, or officers of the system. There were no other large stockholders. This situation helps explain how Sofina was able to obtain representation on the board with an ownership of only 2% of the stock. It was also known that Sofina had large sums to further invest in Middle West. However, the full story as to this must be obtained from interrogation of the principal stockholders. 1/

Prior to July of 1937 Wilmers had more or less maintained his headquarters in New York, using the office facilities of Auchincloss, Alley and Duncan. Upon becoming a director of Middle West he and Van Rysselberge moved to Chicago. Wilmers was furnished office space by The Middle West Corporation at its offices at 20 North Wacker Drive, including secretarial assistance, supplies and furniture. He did not become an employee of the corporation nor of any of its affiliates. He stated that his principal activity was to follow all of the developments in the Middle West system. He attended staff meetings of Middle West Service Company. He gave the management any ideas he might have on the question of reorganizations and possible refundings; and advised P. L. Smith, president, of his opinions on financial and operating matters. As a general rule Wilmers went to his office daily and participated regularly in the principal staff meetings of the Service Company. No other director has ever done so. Wilmers explained this somewhat unusual practice thus:

"Sofina had always been interested in utilities, but never wished to make investments unless it could follow what was going on in companies and usually have some representation on the board, and be able to follow the affairs rather closely, and also, since it had some considerable experience in the utility field they thought that it might be of assistance in operating matters to The Middle West Corporation, and it was on that basis that it was suggested that I go out there and that Middle West could call on me for any assistance which our past experience might be able to provide them. It was purely an advisory position and not an executive position that I held." (tr. p. 64)

During this period Wilmers was not an officer of Sofina although, of course, it paid him a salary.

1/ Since 1939 Sofina has had \$4,000,000 on deposit at Bankers Trust Company of New York, a balance which has never varied. Bankers Trust owns more than 17% of Sofina's securities, largest holding is approximately 7%.

While in Chicago Wilmers' activities were not confined to following the affairs of Middle West. If anything else came up in the United States which was of interest to Sofina he would give his time to that. One matter, for example, was an inquiry into Utilities Power & Light, which was drawn to his attention by Mr. Adams, trustee. Wilmers made an evaluation of the bonds and there was some talk of buying out Odium, who was understood to be short of cash at the time. Nothing came of this, however. In addition Wilmers followed some of the other American investments in the Sofina portfolio, the nature of which are described herein elsewhere. Contact with Brussels was maintained principally by frequent letters from Wilmers, which he testified were answered too rarely to suit his personal satisfaction.

During this period Van Rysselberge also remained in Chicago. 1/ As an engineer he devoted particular attention to the operating results of the Middle West subsidiaries, preparing reports which were submitted to the Middle West management. He was a full-time employee of Sofina. Some time in 1938, however, he became a part-time employee of Middle West Service Company. Today he receives a salary of approximately \$600 a month from the Service Company and slightly in excess of \$400 a month from Amitas, Ltd., the latter amount formerly paid by Sofina itself. Wilmers testified that Van Rysselberge devoted a little more than nine-tenths of his time to the Service Company, where he is one of two men who work under Frank Krusai, president. His services on behalf of Sofina are in the nature of a listening post, and Wilmers occasionally makes inquiries of Van Rysselberge as to utility companies in which Sofina might be considering investment. For example, there was a recent inquiry as to what Van Rysselberge thought of the common stock of Public Service Company of Indiana. The engineering department of Amitas has made inquiries of him regarding the traction system of Chicago, stated to be of comparative technical interest because of Sofina's interest in the transportation system of Buenos Aires. 2/

Van Rysselberge remained in Chicago when Wilmers moved his office to New York in 1939 upon the occasion of Sofina's establishment of important agencies there.

Sofina continued to buy the stock of Middle West through 1937, 1938 and 1939 by purchases in the market. Today it owns a total of 164,505.08 shares, approximately 4.98% of shares outstanding. 3/ The amounts

- 1/ The record does not presently show whether Van Rysselberge had office space at Middle West's offices prior to his joining the Service Company as a part-time employee in 1938.
- 2/ The staff's investigation of the relationship of Van Rysselberge with Middle West has not as yet been extended to inquiries at Middle West's offices in Chicago. The above information was obtained principally from Wilmers.
- 3/ When Canelectra Investment Company, Ltd. was set up in 1939, it made some investments pursuant to Wilmers' direction in Middle West securities. As described elsewhere, purpose of that company was to act as a custodian but to appear as a private investment company for Canadian tax reasons. Accordingly the following were bought on the market:

Middle West common		2,500 sha.
*Kansas Electric Power	7% pfd.	50 "
*Public Service Co. of Okla.	6% pfd.	100 "
*Kentucky Utilities Co.	jr. pfd.	270 "
" " " "	bonds	\$10,000

Those marked with an asterisk, and 800 shares of the Middle West common, were subsequently sold by Canelectra to Sofina, the balance on the market.

purchased in each of these years and the aggregate holdings thereof at the end of each year is as follows:

<u>Year</u>	<u>Shares Purchased</u>	<u>Sub-Total</u>
1936	39,500	39,500
1937	87,555.08	127,055
1938	27,700	154,755
1939	9,750	164,505
	<u>164,505.08</u> 1/	

Sofina's interest in Middle West was quite serious. Wilmers and his associates considered it a very good buy and urged Heineman to increase his investment. The latter testified he was principally concerned with Sofina's established interests and could not visualize just what Sofina's role might be in any American situation. Nevertheless, the urgings of Wilmers et al. were sufficient some time in 1936 or early 1937 to have persuaded Heineman to consent that Sofina should offer to buy all of the Middle West stock then held by Bankers Trust Company and First National Bank of Chicago. The offers were not accepted. The record does not show the exact date of the offers nor the price per share thereof. However, judging from the then market value, Sofina was willing to invest in excess of \$10,000,000 in Middle West. Obviously, in view of the subsequent decline of the market Heineman is glad - as he professes - that his offers were not accepted. It does not appear that any further attempts were made to purchase any of the shares held by the two banks or of any other substantial holders.

Sofina was still interested in acquiring additional large amounts of Middle West stock in the market. Late in 1937 its American counsel approached the Commission with respect to contemplated acquisitions and the possible impact of the Holding Company Act. At that time Duncan stated Sofina had \$30,000,000 in cash it desired to invest in American utilities, principally Middle West and Standard Gas, in that order of interest. Various legal aspects of the situation were discussed from time to time with the staff, such as the necessity of registering as a holding company and the approval of such acquisitions under Section 9 (a) (2). At or about this time the Commission passed its rule limiting a foreign holding company from acquiring more than 5% of the stock of a registered holding company without approval under Section 9 (a) (2). It is understood that rule was directed at Sofina. But obviously Sofina would not take any action which would require registration. It offered rather to insulate the voting power of the shares to be acquired, going as far as to submit a draft of a trust agreement for the holding of the Middle West stock. Discussions did not proceed rapidly, and eventually the Commission's decision in the Eylesby case was issued indicating extreme doubt as to the efficacy of insulation of influence by means of voting trust agreements, and accordingly no arrangements were worked out whereby Sofina might acquire in excess of 5% of Middle West stock with impunity.

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1/ Charles Gordon & Co., a nominee partnership for holding Sofina's securities (see note on page 62 regarding its identity), is the registered owner of 162,526.08 of these shares. The balance of 1,979 shares is held in escrow at the First National Bank of Chicago, being subject to an option of P. L. Smith to purchase the same. This option is for a total of 10,000 shares at \$11 per share, jointly made by the principal stockholders in 1937 when Smith became president of Middle West. It expires in 1942, has never been exercised.

No reply from Brussels was apparently received - a frequent occurrence, Wilmers stated. Nothing further happened until June, when Duncan brought up the matter again because of progress on the plan for divorcement of Columbia Oil. Since the new board would be chosen from the substantial holders of the common, he and Auchincloss recommended acquisition of approximately 25,000 shares at the then market price of \$4, which would permit Sofina to participate in discussions among the other holders regarding possible contracts for management of the Panhandle properties by Stone and Webster or others. If Sofina should buy 100,000 shares, it would be the largest holder. Heinman was cabled for authority to buy 25,000 shares on the market, which was shortly given.

Instead, however, 10,000 shares of Columbia Oil were purchased at 3-1/2 from Gossler about the first of July (1939); in addition an option to buy 65,000 additional shares at the same price was obtained from Gossler until the end of the week, after which it was at the same price to August 3 except that Sofina would have to match any better offer. The 10,000 shares were taken in Auchincloss, Alley and Duncan's name, it was testified, lest Sofina's interest should become known and raise the market. However, the Gossler option was not raised, possibly because it became doubtful if the "plan" would go through, in which event Columbia Oil stock was considerably less attractive. In fact, this ended Sofina's flurry of interest in Columbia Oil stock until April and May of the following year (1940) when market purchases totaling 5,000 shares were made at about \$2 per share. The purchase of 1,000 shares in May of 1941 at \$1 a share completed the present investment in this stock.

Interest was now turned to the stock of Mokon as an effective way to hedge the investment already made in Panhandle through Columbia Oil stock. Mokon common was thought to be cheap in terms of its equivalent of Panhandle stock in the light of the market prices then applicable to the latter. Accordingly, purchases on the market were begun in the summer of 1939 in varying amounts, including one large block of 33,000 shares. 1/ By the following June 81,900 shares had been acquired, which has been increased since by the purchase of 9,150 shares in June of 1941 (total 91,050). It was testified, however, that there was no thought of acquiring control of Mokon although "it was felt if enough sensible people got hold of it, they would be able to liquidate Mokon and Mr. Maguire 2/ and have the Panhandle stock." It was Panhandle, of course, which everyone was really interested in.

During this period it appears that the existence of the English block of Mokon stock 3/ came to Sofina's attention. Duncan arranged for Lazard Freres, who already owned some Mokon, to approach the English interests and offer to buy their stock. It was not deemed "suitable" for the contact to be made by or in the name of Sofina, allegedly because of its effect on the market. In any event, none of these shares was ever purchased. Mention is made of the incident because charges have been made by the management of

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1/ Purchased from J. and W. Seligman and Co. through Gude, Winnill and Co. Most if not all of the purchases were made in the name of Duncan or his firm.

2/ President of Mokon.

3/ Approximately 125,000 shares, held by various persons and companies, represented by an English banker named Denys Lawson. This stock is represented on the Mokon board by Mellor, former Canadian banker who helped distribute the shares in England and today is closely allied with Maguire and the Mokon management.

Mokan that Sofina brought extreme pressure to bear on the British government to require, under wartime legislation, the sale of Mokan stock held in England. This was denied by Sofina representatives, and no evidence of it has been found. McComb, of the British government, said he was not aware of it, although he had heard the allegation made once.

Wilmers, Duncan, and Spicrael (who was in the United States after the summer of 1939) continued their efforts to interest Heineman in a project to acquire control of Panhandle through Columbia Oil by means of some anti-trust proceeding plan. This is evidenced by the cables and other communications sent Brussels; but Heineman was extremely slow to respond. Then again there were discussions about the offer which Gore, Forgan had reportedly made to buy all of the Panhandle stock held by Columbia Oil, a deal which would have involved \$12,000,000. Duncan and his associates were pushing it hard. At one time, the idea was for Sofina to buy out Gossler's holdings; Duncan said he had been asked by Justice Department to find an outsider to buy out Gossler so the "plan" could go through. In January of 1939 Heineman cabled to stop further investments in the situation, but subsequently authorized the use of such cash as might be realized from the contemplated liquidation of certain miscellaneous American investments, estimated at not more than \$500,000.

Heineman also inquired of the American representatives whether entry into this business would involve any possible "technical, managerial and special profits," or was it "merely a question of acquiring a participation?" The reply was that for the moment it was only a question of participation; "as regards anything else, one would have to see later." Wilmers testified "it didn't seem very likely that Sofina could be very active" in management of Panhandle, though Duncan had some stronger ideas on the subject: Sofina could name the directors, have its people work with the company to assure satisfactory management, he felt; perhaps Sofina had bankers in Europe who would like to participate in Panhandle's contemplated financing. But the cables from Heineman, in Brussels, indicate that he was somewhat more interested in investment values of Mokan and Columbia Oil.

The up-shot of all of this discussion and correspondence was the relatively minor investments listed at the beginning of this section. It appears that no real "yes" or "no" answer was ever received from Brussels, in response to the urgings from Wilmers, spurred by Duncan, as to whether Sofina would substantially participate in a plan to acquire control of Panhandle. Of course, delays in formulation of the plan postponed the necessity for any decision; after the summer of 1940, Heineman was in New York, able to make the decisions on the spot should necessity arise; and after November of 1940 all of Sofina's purchases had to be approved by Foreign Funds Control (Treasury Department), since its funds were in blocked accounts.

Most of the pressure to buy into Panhandle was initiated by Duncan. For example, his activity appears to explain the charges which have been made regarding Sofina's connection with the so-called Mokan Independent Stockholders Committee and the stockholders' meeting in December of 1940. The Committee led the opposition to Maguire's management and was able to elect a director of Mokan, after an all-night meeting and litigation to force the recognition of its votes. But it does not appear that Sofina's role was any larger than that of several other stockholders who were determined to get a representative on the Mokan board. In fact, it does not appear that Sofina personnel were the active participants, although it was energetically represented by Duncan.

The story of the in-fighting between the Maguire group and Duncan et al. is rather long and involved, and perhaps not too pertinent. It would be worth relating in detail only because of charges made by Maguire that the Committee was a front for Sofina. But insofar as information was obtained in the course of the investigation, it appears at this date that (a) Sofina did not lead in the formation of the Committee, although after the ball started rolling, Duncan cooperated to a substantial extent; (b) Sofina has not contributed any funds for the Committee's activities, although there may be an implied promise of Duncan to have Sofina share in the relatively minor expenses when a settlement shall sometime be made in the future; (c) Kelleher, the director elected, cannot be said to represent to Sofina except in the sense that its votes helped elect him.

It should be mentioned that Duncan's firm may have been playing a dual role: Columbia Gas might be quite willing to dispose of its interest in Columbia Oil if control of Panhandle would pass to friendly hands, i. e. one of Duncan's clients. For it might be reasonably assumed that Duncan's firm would not be counsel for Columbia Oil if Columbia Gas were opposed to it. Alley and Duncan have insisted, though, that their client, the Columbia Oil board, is really independent of the influence of Columbia Gas.

In summary, it seems fair to say that (a) at one time Sofina came close to investing ten or more millions in the Panhandle situation with a view to acquiring control, although this never occurred (probably for reasons outside its control); (b) Sofina has spent approximately \$400,000 on stock of Mokane and Columbia Oil, both as an investment and to acquire a position from which it could discuss further substantial investment; (c) although Heineman professes no inclination to fight for a position in any new situation, he today would apparently like to buy more Mokane stock.

#### 4. OTHER AMERICAN INVESTMENTS

As has been indicated, outside of the Middle West and Panhandle holdings, Sofina's American investments are miscellaneous in character and relatively diversified. The domestic portfolio (listed in Exhibit E) consists of utility securities to a large extent, mostly common and preferred stocks. They are regularly traded on the market, where they were acquired.

Dividend income on the domestic securities for the first six months of 1941 was \$110,441; <sup>1/</sup> interest on domestic securities for the same period was \$17,855.

All of Sofina's domestic securities and the few owned by SIBCO <sup>2/</sup> are held in trust by Securitas, most of which are registered in the name of

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<sup>1/</sup> Not including \$1,390 value of stock dividends received.

<sup>2/</sup> \$107,000 of 6% debentures Standard Power & Light Corporation;  
\$112,000 of 6% debentures of Standard Gas and Electric Company;  
\$52,000 of 5% debentures Electric Power and Light Corporation; and  
200 shares of 6% preferred New England Power Association. Income on these for the six months ended June 30, 1941 totaled \$4,840.

Charles Gordon and Co. 1/ and physically located at the vaults of Chase Safe Deposit Co., New York. None of the other affiliated companies are known to have any American investments.

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1/ Charles Gordon and Co. is a nominee partnership formed by an agreement dated August 29, 1939. Partners are: Alley, Auchincloss, Duncan, Ehrlich, Special and Wilmers. There is no individual by the name of Charles Gordon, which is a contraction of the names of Charles Wilmers and Gordon Auchincloss. The partnership's business is the holding of securities, cash and other property in the firm's name for the account of others. Reason for its formation is the ease with which securities in the name of an individual or partnership may be transferred as compared to the cumbersome procedure required if registered in the name of a corporation. The partnership has no capital. It acts for Securitas pursuant to an agreement dated August 29, 1939, under which it receives \$100 per annum for its services. This agreement provides the partnership shall not act for anyone else, although it does appear that it holds 100 shares of Middle West Corporation common stock for Richard.

## E. AXIS RELATIONSHIPS OF SOFINA AND ITS MANAGEMENT

One of the important purposes of the investigation was to determine the existence of any significant connection between Sofina and the Axis Governments now in control of most of continental Europe. It was realized that this would be difficult of ascertainment with any degree of assurance. The locus of the Commission's investigation was limited to the United States, whereas Sofina personnel and offices are in many parts of the world. More than half of the records and correspondence available for examination in New York is written in French and Spanish.

Assistance was sought from the State, Treasury, and Justice departments; from the Export Control Division of the Board of Economic Warfare; from the British Embassy. Nevertheless, the sum of all these inquiries did not produce any large amount of tangible information on the subject. At best they consist of a few acknowledged facts and some hearsay, from which it is difficult to draw any definite conclusions. They are stated here for what they may be worth.

1. Sofina has interests in certain German companies. One is an 8% interest in the Berlin Power and Light Company. <sup>1/</sup> Another is a direct and indirect 7% interest <sup>2/</sup> in the "Gesfurel", <sup>3/</sup> an important German Company which manufactures machine tools and also has a large interest in the "A.E.G.", <sup>4/</sup> the German General Electric Company. (International General Electric also has a large interest in A.E.G.). As the organization chart and portfolio of Sofina indicate (Exhibit C), Sofina has several subsidiaries in France, an interest in an Italian property, and of course in a number of Belgian companies. Heineman has been officer and/or director of many of these, <sup>5/</sup> but in France and Germany has been recently removed from such positions because of his Jewish nationality.

Recently, information has been received by the management in Lisbon and New York that Sofina at Brussels has been declared to be a Jewish company; its stationery must now bear that legend. Exactly what may flow from that declaration has not yet been learned.

This fall the Sofina office in Lisbon received a communication from de la Hoye at the Sofina office in Brussels inquiring whether it would be possible for Richard to confer in Lisbon with Brussels representatives of Sofina and Electrobél (Belgian holding company in which Sofina has an 8% interest). The representatives, it was stated, already have obtained governmental authority to make the trip and wish to discuss matters of "great importance" to the two companies, namely the law regarding Jews and Jewish companies.

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<sup>1/</sup> Berliner Kraft- & Licht - A. G. ("Bewag" or "BKL").

<sup>2/</sup> Divided between Sofina and Chade 4% and 3% respectively.

<sup>3/</sup> Gesellschaft & Fuer Elektrische Unternshunger. Also, Chade owns a 1/2% interest.

<sup>4/</sup> Allgemeine Elektrizitäts - Gesellschaft - i.e., German General Electric Company.

<sup>5/</sup> An above some of the top men immediately under him, such as Richard and Specialist, et al.

At the time, Richard was in New York, and Lisbon forwarded the message there. Inasmuch as Sofina has agreed with the British government that its Lisbon office will not maintain any contracts, or communicate with persons in the occupied territory, Richard asked representatives of the British government in Washington whether they deemed it advisable for him to go to Lisbon for the meeting. They requested him not to go and to discourage the persons in Brussels from making the trip. The American State Department was also informed of the incident. Richard states that he does not know what may have been the exact purpose of the proposed conference.

2. It has been alleged that Sofina's board includes several Germans. Certainly there are several who have German-sounding names, but none of these were identified as Germans to the Commission's staff when each director was individually discussed on the record. Several are Swiss, however, a country composed in part of German peoples.

3. There are no known substantial blocks of Sofina's stock held by German interests. There has never been a German paying agent for dividends on Sofina stock. Exhibit L indicates that 89% of Sofina's 1939 dividend was paid by Belgian banks; none, of course, in Germany. However, the place of payment is not at all reliable as a gauge of the nationality of the stockholders, for it has been the practice for several of the foreign banks to present for payment their customers' coupons at one of the Brussels banks, thus accounting for the extremely high proportions of payment in Belgium.

It is stated that Heineman has seen the names of the persons who deposited their coupons for the 1938 dividend with the Brussels banks, and that he did not recognize any German names. He disclaims knowledge of any German holdings.

4. The aspects of the Chade set-up which appear to have any Axis implications have been discussed hereinbefore with one principal exception -- German employees of Cade, in Buenos Aires.

When Chade acquired the Buenos Aires properties of DUEG in 1920, perhaps half of the employees were Germans. This was probably a combined result of the prior German control, the fact that there is a substantial German population in Argentina, and that technically trained men were more available in Germany than in the Argentine population. Acquisition of control by Chade did not mean that there were any wholesale dismissals, although the proportion of Germans has since materially decreased. There are still a number of German nationals in positions of relative importance in Buenos Aires, principally with Cade.

In the Fall of 1941, while Richard was in London, a representative of the British government called his attention to eighteen of these employees, suggesting that it was desirable to remove them. Shortly afterward, a British representative spoke to Heineman in New York on the same subject. The employees referred to are the following:

October 15, 1941

"The following list of men in key technical positions in the Cade:

1. Arndt Assistant Directors
2. Buelke
3. Graebel Assistant chief of personnel
4. Kappes Assistant chief of personnel
5. Diets Superintendent of South Stairs Power House  
(second biggest plant)
6. Diets Chief of Lighting and Power Lines
7. Wismann Superintendent of Sub-Power Station
8. Schmidt Chief Purchasing Agent
9. Holschfen Assistant Purchasing Agent
10. Holzer Chief Draftsman
11. Kielich Chief of Plans and Projects
12. Kluschak Technical chief of Avellanda Branch
13. G. Rettner Chief Clerk. This man is stated to be  
Arbeitsfront 1/ organizer in the Cade and  
recognized leader
14. Aust Chief Clerk
15. Zietzke Chief Accountant of Citra 2/
16. Jahn Technical superintendent of Citra
17. Hoepner Electrical Engineer in Citra
18. Otto Assistant Superintendent New Port Power Station"

Heineman then wrote Brosens on November 17 and asked him to see what could be done. Brosens' reply, dated November 27, stated that Nos. 3, 6, 12, 15 and 17 have been dismissed; that No. 8 is in the process of being dismissed; this was all that could be done now without "reaction"; the situation as to the others on the list is "exaggerated"; since they are persons in whom there is confidence, particularly Nos. 11 and 18.

Spicael informed the Commission's investigators that on his recent visit in Buenos Aires he ascertained that the Cade management has placed a trusted non-German in a position of near-equal authority in each instance where a German employee occupies a strategic position in the company's affairs. In this way it is felt, he said, the activities of the latter can be watched. 3/

5. The presence of important Sofina offices and personnel in Lisbon naturally gives rise to speculation. It is generally understood that both

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1/ Labor organization.

2/ Citra is a subsidiary of Cade.

3/ Representative Jack Nichols (Oklahoma) recently stated publicly that a House Committee of which he is chairman (Committee to Investigate Air Accidents) had obtained information in the course of a tour of South America to the effect that Nazi agents have perfected plans to sabotage all utilities in Buenos Aires in event of crisis; that Nazi agents in Buenos Aires watched the recent revolt in the Argentine air force.

Spain and Portugal are subject to Axis influence. Following the investigation by the British of the Lisbon set-up about a year ago, at their request Sofina makes no effort to communicate with Brussels and the other offices in occupied territory. Communications received from there at Lisbon go unanswered. It was stated by a representative of the British government to the Commission's investigators that prior to the making of that request the contacts between Lisbon and Brussels had appeared to be largely related to personal matters, such as getting relatives out of occupied areas.

Those in charge of the Lisbon office have asserted in writing (submitted to the British government) that the Lisbon office has never been used in an attempt to influence Sofina affairs within the Axis-occupied areas. The only payments made by or on behalf of Sofina to persons within enemy territory have been those which aggregated 50,000 French francs, made to friends and employees of Sofina "who have succeeded in reaching unoccupied France, for the purpose of enabling such employees to obtain their visas and traveling facilities from Unoccupied France to Portugal and to support themselves while such visas and travelling facilities were being obtained." 1/ Certain business transactions have admittedly been carried out through the Lisbon office in connection with the delivery of machinery and spare parts required for use in the gasworks and electrical installations in the Lisbon utility subsidiary, which were either ordered before the outbreak of war or which could not without serious loss and inconvenience to the neutral company concerned [Lisbon subsidiary] be replaced from any non-enemy source. . . . No payments have been made by or through Sofina in connection with these transactions, although some of the machinery and spare parts have been paid for by the neutral companies concerned, 2/ [i.e., paid to Sofina].

From time to time, Sofina people at Lisbon meet in Barcelona with Montana and Hindschedler, presumably in connection with Chade's affairs.

6. It is understood that the authorities have not as yet strenuously interfered in Sofina's affairs in the Axis-controlled area. A German government representative has been stationed in the Brussels office and may possibly have plenary powers. But, so far as is professed to be known, subsidiary properties within the occupied territory continue to be managed and serviced from Brussels; and such dividends, interest and fees as there may be therefrom flow to Sofina at Brussels. Axis authorities have issued general orders in Belgium, applicable to Sofina, it has been learned, which prohibit the discharge of employees. Sofina's personnel which remained behind otherwise conduct the company's affairs. The practical effect of the entire situation appears to be that the Sofina organization is split in two, each part managing that portion of its affairs as to which the exigencies of the state of war permit.

When questioned concerning it, Heineman denied that he has ever felt any Axis pressure--direct or indirect--with respect to the operation of

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1/ From statement submitted to British by Richard, Janlet, Beck, Vandenwehaver, Le Paige, and Braet.

Sofina's affairs outside the enemy territory, even as to the Barcelona and Lisbon properties. He was unable or unwilling to speculate--when pressed to do so--as to the possible form such pressure might conceivably take should it ever be brought to bear.

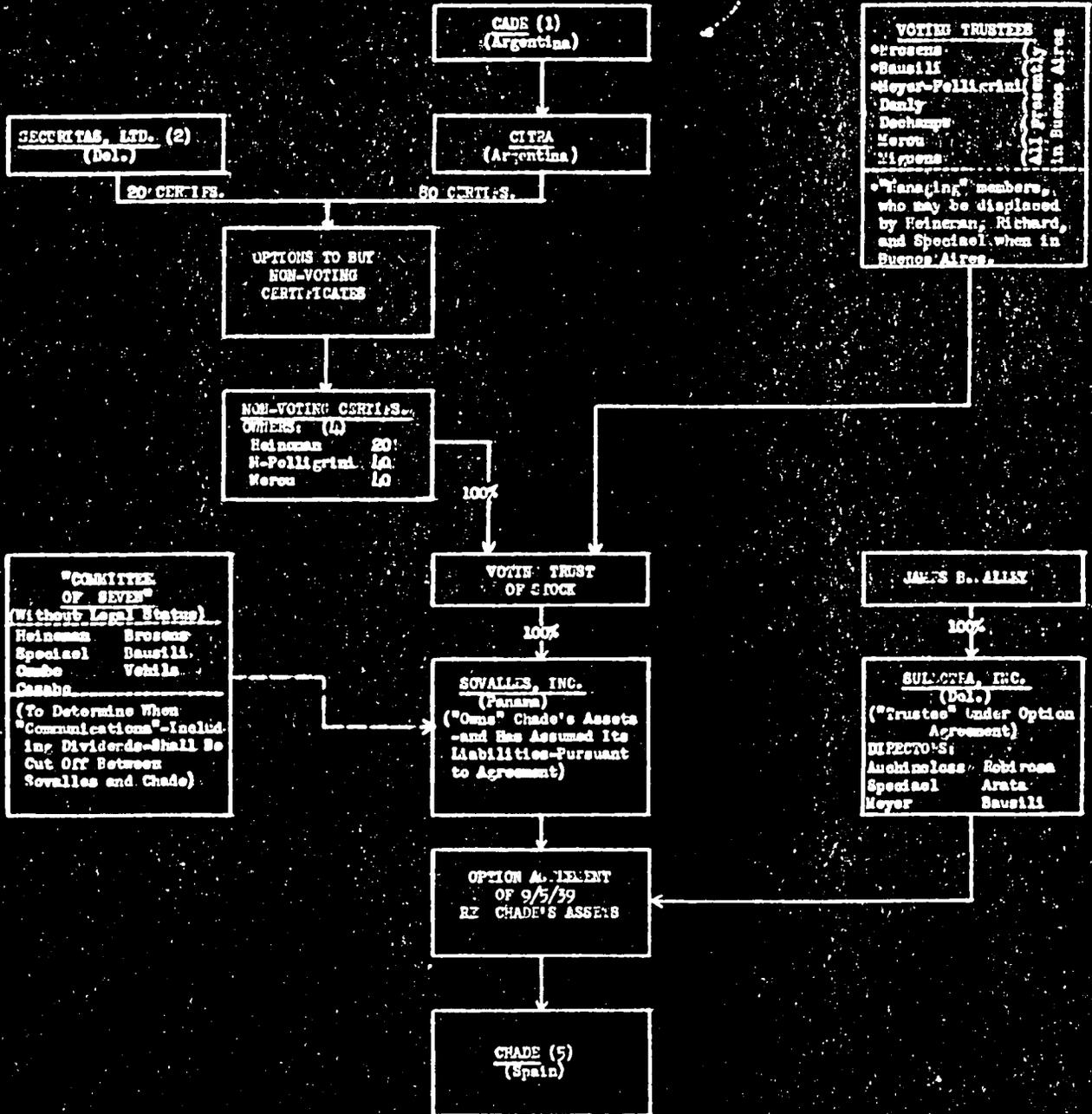
7. Heineman, it has been said, is not a widely known figure considering his position in Sofina, which is a very important company in Europe. Yet the international scope of his company's affairs has enabled him to move in influential circles in many countries. <sup>1/</sup> The placing in trust of Sofina's assets with Securitas exactly one week before the invasion of the low countries indicates he was informed in advance of important events. One story is that an officer of the German Army tipped him off. Heineman, himself, told the Commission's investigators that on May 6, 1940 he received a phone call from Berlin advising him he should immediately complete his preparations for imminent events.

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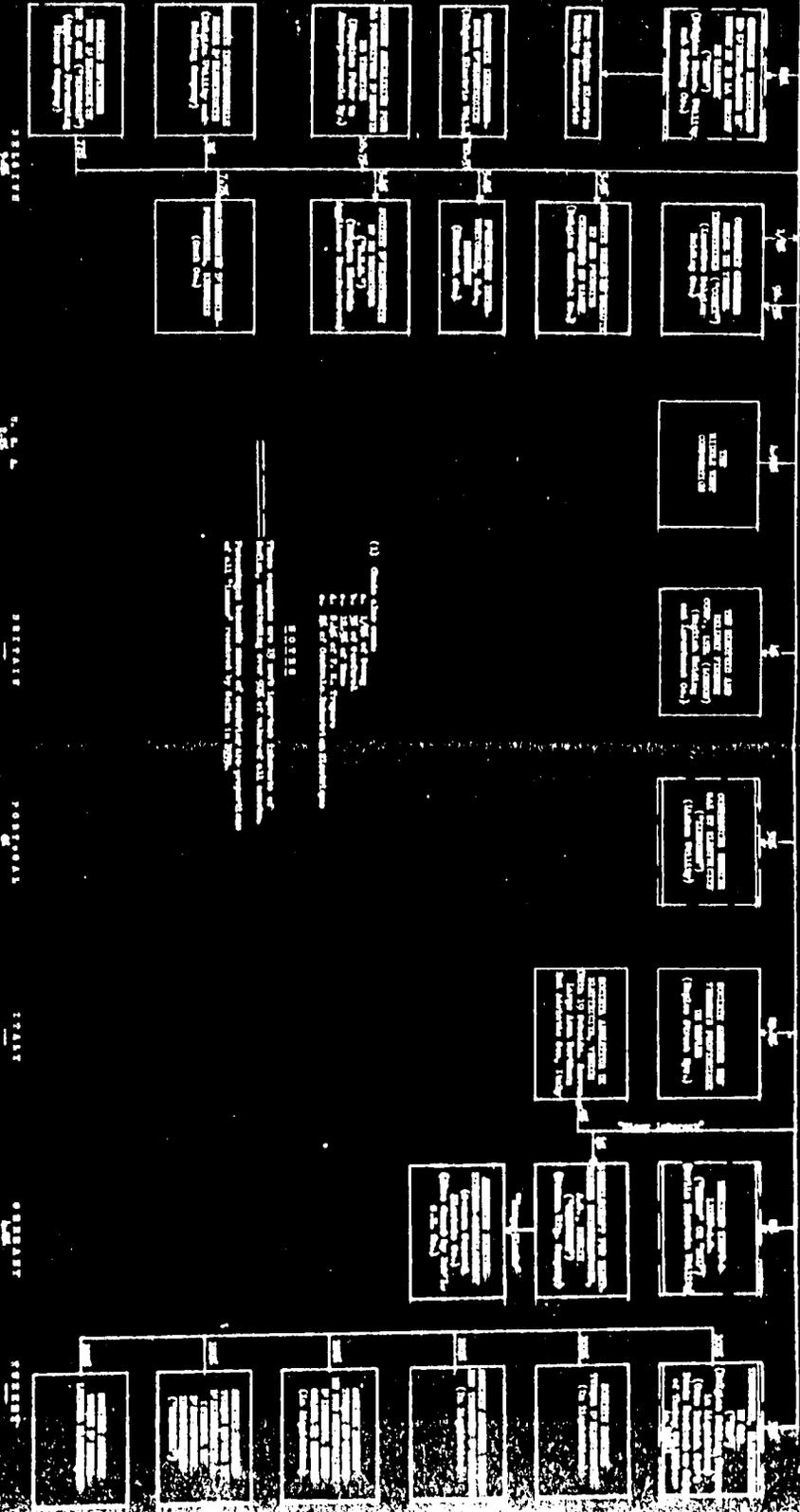
<sup>1/</sup> In this country, Heineman is understood to be related by marriage to General George Marshall, Chief of Staff. He is also a close friend of George S. Messersmith, formerly assistant Secretary of State, recently Ambassador to Cuba, and appointed November 27, 1941 to succeed Josephus Daniels as Ambassador to Mexico.



EXISTING CONTROL OF CHADE'S ASSETS



- (1) 100% of Chade's stock is owned by Sovallis, Inc. under Option Agreement.
- (2) See Exhibit A for control of Securitas, Ltd.
- (3) There is an agreement-not yet formally reduced to writing-that Bindschedler and Ventosa may also be Managing Voting Trustees of Sovallis' stock when in Buenos Aires.
- (4) Twenty non-voting trust certificates of Sovallis' stock are physically held in custody by Securitas, Ltd. in N.Y.C., and 80 certificates are so held by Fidusia (Argentina), a subsidiary of Chade.
- (5) See Exhibit C for Chade's subsidiaries.



U. S. A.

SECRETARY

DEPUTY SECRETARY

ASSISTANT SECRETARY

ASSISTANT SECRETARY

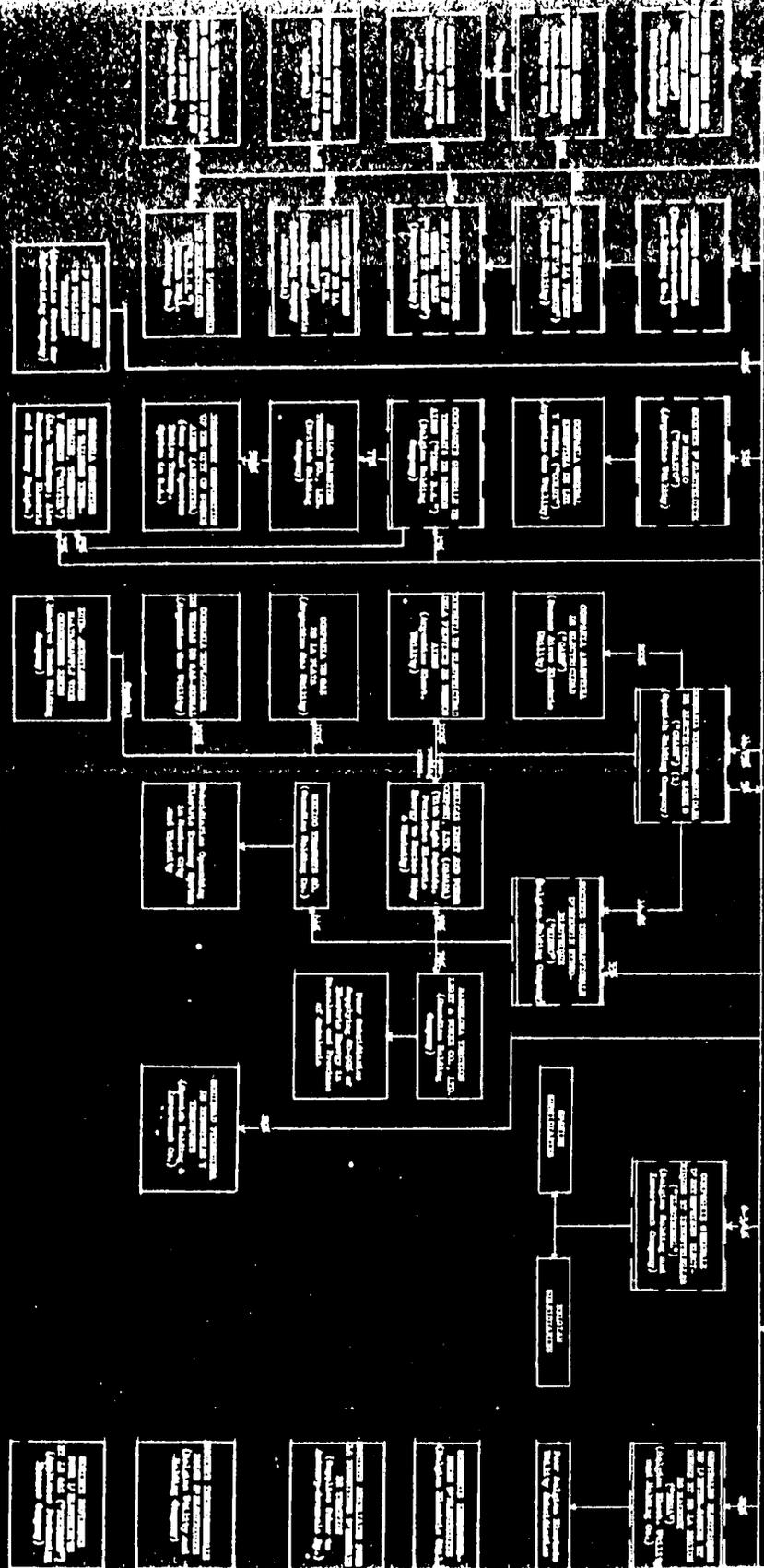
ASSISTANT SECRETARY

SECRET

SECURITY

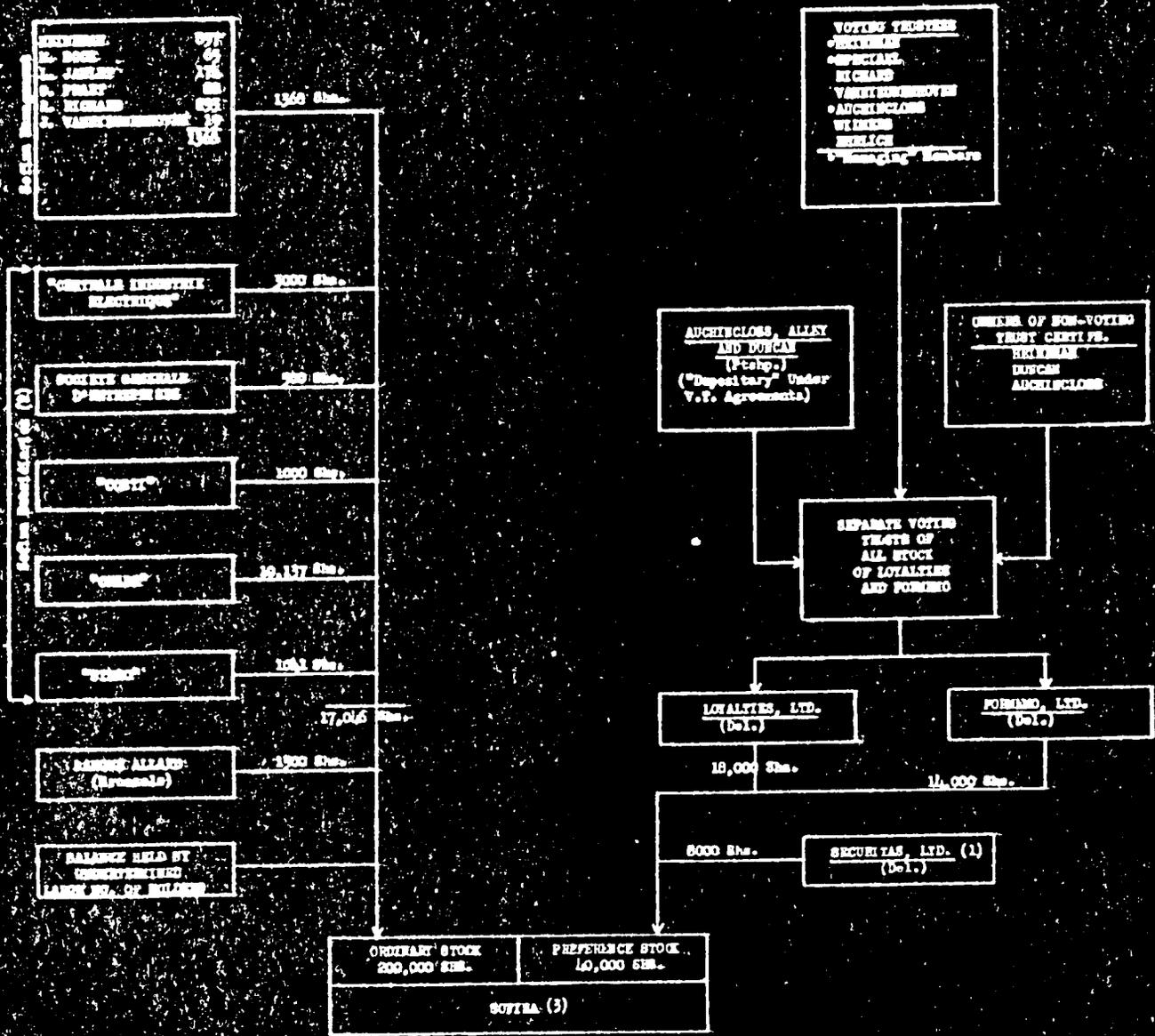
OFFICE

SECRET



SECRET

OWNERSHIP OF SOFINA STOCK



(1) See Exhibit A for Control of Securitas, Ltd.  
 (2) See Exhibits B and C for corporate control of Sofina subsidiaries and present control of Chade's, Sidro's, and Cobti's assets.  
 (3) The Ordinary and Preference stocks have equal voting rights, one vote per share.

Exhibit E

Portfolio of Sofina's American  
Investments as of June 30, 1941

	<u>No. of Shares or Principal Amount</u>
*American International Corporation, common	4,000
*American Metal Company, Ltd., common	1,000
*American Water Works and Electric Company, Inc., common	500
*Briggs Manufacturing Company, common	1,000
*Carpenter Steel Company, common	800
Central Distributing Company, common	1,036
*Chesapeake & Ohio Ry. Co., common	1,500
Columbia Oil and Gasoline Corp., common	16,000
*Commonwealth Edison Company, capital	500
*Commonwealth & Southern Corp., \$6 pfd.	1,000
*Consolidated Edison Company of N.Y., common	7,800
Electric Power & Light Corp., 5% debts.	\$125,000
Indiana Service Corporation, 5% bonds due 50	\$ 10,000
Indiana Service Corporation, 5% bonds due 63	\$ 22,000
*International Paper & Power Co., 5% common pfd.	3,900
*International Paper & Power Co., common	5,300
International Paper & Power Co., common warrants	500
Kentucky Utilities Company, 7% jr. pfd.	1,880
*The Middle West Corporation, capital	162,526.08
" " " " " "	1,979
Missouri-Kansas Pipe Line Company, "A" common	91,050
*New England Power Association, 6% pfd.	400
*New York Central Railroad Company, capital	2,500
*Norfolk & Western Ry. Co., common	900
*North American Company, common	3,100
*Pacific Gas and Electric Company, common	2,000
*Pacific Lighting Corporation, common	2,000
*Panhandle Eastern Pipe Line, common	886
** " " " " " "	150
*Public Service Corporation of New Jersey, common	1,400
*Pullman, Inc., common	800
*Southern Pacific Company, capital	500
Standard Gas & Electric Company, 6% conv. notes due 48	\$300,000
" " " " " "	
*Texas & Pacific Ry. Co.,	500
Washington Railway & Electric Co. participating units of benef. ownership, each unit 1/40 of 1 sh. common	170
*West Texas Utilities Company, \$6 pfd.	280
*Wheeling Steel Corporation, common	1,050
" " " " " " \$5 conv. prior pfd.	300
*Wilson & Co., Inc. \$6, pfd.	200
*Youngstown Sheet & Tube Co., common	400

\* Registered in name of Charles Gordon & Co.

\*\* Registered in name of Gule, Winmill & Co. and blank endorsed.

**SECURITAS LTD., TRUSTEE FOR SOCIETE FINANCIERE  
DE TRANSPORTS ET D'ENTREPRISES  
INDUSTRIELLES(SOFINA)**

**STATEMENT OF SECURITIES HELD IN TRUST JUNE 30, 1941**

Security and Description	Balance Under Trust June 30, 1941
Societe Belge de L'Azote et des Produits Chimiques du Marly - actions Serie A de 500 francs, coupon 15 attached	16,643 A
Banque des Reglements Internationaux - Belgian Issue certificate n/o Sofina 2500 S G F par value per share, lib., 25%	1,010 N (A)
Banque des Reglements Internationaux - American Issue certificate n/o Sofina	500 N (A)
Societe d'Electricite du Borinage - actions de capital privilegies de 500 francs, coupon 39 attached	2,000 A
Societe d'Electricite du Borinage - actions de capital ordinaires de 500 francs, coupon 39 attached	1,685 A
Ciments Portland Artificiels de Buda - actions de 500 francs, coupon 15 attached	270 A
Compagnie Generale de Tramways de Buenos Aires - actions de capital (Bearer) de 100 francs, coupon 30 attached	91,040 A
Compagnie Generale de Tramways de Buenos Aires - actions de dividende, coupon 30 attached	23,365 A
Compagnie Generale de Tramways de Buenos Aires - 1/20 parts de fondateur, coupon 30 attached	20 A
Societe Anonyme des Charbonnages des Chevalieres et de la Grande Machine A Feu de Dour- actions, coupon 21 attached	9,950 A
Compagnie Generale Belge de Travaux Industriels (Cobti) actions de 500 francs, registered in n/o Sofina	3,860 N (A)
Societe Commerciale de Belgique, actions Serie A de 1,000 francs - mantesux	435 A
Compagnia Generale d'Entreprises Electriques et Industrielles (Electrobel) actions de capital de 500 francs, coupon 14 attached	500 A
do. coupon 13 attached	885 A
do. mantesux only	35,470 A
do. coupon sheets, coupon 13 attached	35,470 B

Note: See page 10 of Exhibit for explanation of capital letters indicating physical location of securities.

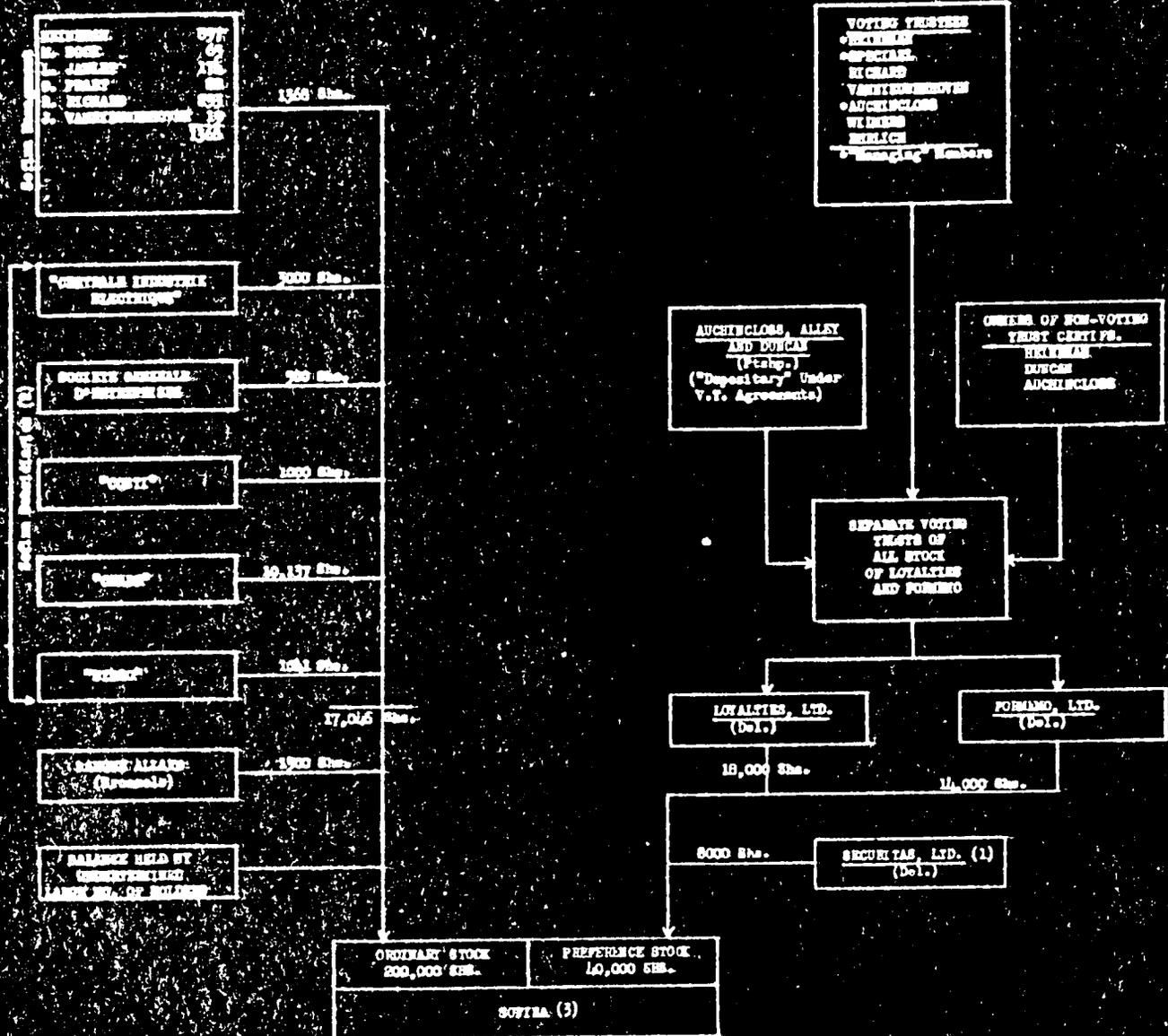
Security and Description	Balance Under Trust June 30, 1941
Entreprises Generales de Travaux, parts sociales, coupon 19 attached	3,209 A
Centrales Electriques de l'Entre Sambre et Meuse et de la Region de Melmedy (Esma) parts sociales, coupon 9 attached	4,487 A
do. manteaux only	45,000 A
do. coupons sheets, coupon 7 attached	45,000 C
Societe d'Electricite de l'Est de la Belgique actions de capital privilegiees de 500 francs, coupon 25 attached	700 A
Societe d'Electricite de l'Est de la Belgique actions de capital ordinaires de 500 francs, coupon 33 attached	844 A
Charbonnages d'Hensies-Pommerœul-actions de capital de 500 francs, coupon 28 attached	5,000 C
Societe Intercommunale Belge d'Electricite parts sociales: Bearer shares, coupon 42 attached	15,000 C
Bearer shares, coupon 44 attached	689 A
Union des Centrales Electriques, Liege, Namur Luxembourg (Linalux) actions Serie B de 1,000 francs, coupon 14 attached	8,667 A
Compagnie Luxembourgeoise d'Electricite actions de priorite de 250 francs, coupon 17 attached	6,263 A
Compagnie Luxembourgeoise d'Electricite actions de capital de 500 francs, coupon 29 attached	52 A
Compagnie Luxembourgeoise d'Electricite parts de fondateur, coupon 29 attached	22 A
Tramways Provinciaux de Naples, actions ordinaires, coupon 13 attached	24,882 A
Societe d'Electricite du Nord de la Belgique actions de capital privilegiees de 500 francs, coupon 25 attached	2,200 A
Societe d'Electricite du Nord de la Belgique actions de capital ordinaires de 500 francs, coupon 34 attached	2,995 A
Societe d'Electricite de l'Ouest de la Belgique- actions de capital de 500 francs, coupon 35 attached	645 A
L'Oxydrique International - actions de capital 100 francs, coupon 36 attached	3,450 A
Societe d'Electricite de Rosario, parts sociales: Bearer shares - manteaux	125,000 A
Coupon sheets, coupon 31 attached	125,000 A
Bearer shares - manteaux and coupon sheets, coupon 29 attached	4,280 A

Security and Description	Balance Under Trust June 30, 1941
Societe d'Electricite et de Mecanique, actions de capital de 250 francs, manteaux	6,461 A
Societe Internationale d'Energie Hydro-Electrique (Sidro) actions de 250 francs:	
Bearer shares-manteaux	295,000 A
Bearer shares-manteaux and coupon sheets, coupon 13 attached	30,787 A
Transports, Electricite et Gaz (En liquidation) actions de capital de 250 francs:	
Bearer shares-manteaux	100,000 A
Bearer shares, manteaux and coupon sheets, coupon 26 attached	8,550 A
Coupon sheets with coupon 23 attached	100,000 C
Transports, Electricite et Gaz (En liquidation) actions de dividend:	
Bearer shares, manteaux	90,000 A
Bearer shares, manteaux and coupon sheets, with coupon 22 attached	11,125 A
Coupon sheets with coupon 23 attached	90,000 C
Union Centrale Electricque du Hainaut, actions Serie B de 1,000 francs, coupon 14 attached	112 A
Union des Industries, actions de 500 francs, bearer shares, coupon 12 attached	30,000 C
Union des Industries, actions de 500 francs, bearer shares, coupon 14 attached	4,900 A
Union Generale Belge d'Electricite, actions Serie B de 1,000 francs, coupon 14 attached	6,586 A
Compagnie Internationale pour la Fabrication Mecanique du Verre, parts sociales, coupon 21 attached	483 A
American International Corporation, common stock, no par value, registered n/o Charles Gordon & Co.	4,000 A
American Metal Company, Ltd., common stock, no par value, registered n/o Charles Gordon & Co.	1,000 A
American Water Works and Electric Company Inc. common stock, no par value, registered n/o Charles Gordon & Co.	500 A
Argentine Republic 4% Conversion Loan due February 15, 1972 bearer bonds, coupon attached August 15, 1941	\$ 450,000 A
Briggs Manufacturing Company, common stock, no par value, registered n/o Charles Gordon & Co.	1,000 A
Carpenter Steel Company, common stock \$5 par value, registered n/o Charles Gordon & Co.	800 A
Central Distributing Co., common stock	1,036 A

Security and Description	Balance Under Trust June 30, 1941
Chesapeake & Ohio Railway Company, common stock \$25 par value, registered n/o Charles Gordon & Co.	1,500 A
Columbia Oil and Gasoline Corporation, common stock \$1 par value	16,000 A
Commonwealth Edison Company, capital stock \$25 par value registered n/o Charles Gordon & Co.	500 A
Commonwealth & Southern Corporation \$6 cumulative preferred stock, no par value, registered n/o Charles Gordon and Company	1,000 A
Consolidated Edison Company of New York, common stock, no par value, registered n/o Charles Gordon & Co.	7,800 A
Electric Power & Light Corporation, 5% Gold Debentures due February 1, 2030, bearer bonds coupon attached August 1, 1941	\$125,000 A
Indiana Service Corporation 5% First and Refunding Mortgage bonds due 1950	\$10,000 A
Indiana Service Corporation 5% First and Refunding Mortgage bonds due 1963	\$22,000 A
International Paper & Power Company, 5% cumulative convertible preferred stock, \$100 par value, registered n/o Charles Gordon & Co.	3,900 A
International Paper & Power Company, common stock \$15 par value, registered n/o Charles Gordon and Company	5,300 A
International Paper & Power Company, warrants to purchase common stock at \$25 per share, expiring September 26, 1942	500 A
Kentucky Utilities Company 7% cumulative junior preferred stock, \$50 par value	1,880 A
Middle West Corporation, capital stock \$5 par value, registered n/o Charles Gordon & Co.	162,526 A
Middle West Corporation, capital stock \$5 par value	1,979 M
Middle West Corporation, scrip certificate for capital stock	8/100 A
Missouri-Kansas Pipe Line Company "A" common stock, \$5 par value	91,050 A
New England Power Association, 6% cumulative preferred stock, \$100 par value, registered n/o Charles Gordon & Co.	400 A
New York Central Railroad Company, capital stock, no par value, registered n/o Charles Gordon & Co.	2,500 A

Security and Description	Balance Under Trust June 30, 1941
Norfolk & Western Railway Company, common stock \$100 par value, registered n/o Charles Gordon & Co.,	900 A
North American Company, common stock, \$10 par value, registered n/o Charles Gordon & Co.	3,100 A
Pacific Gas & Electric Company, common stock, \$25 par value, registered n/o Charles Gordon & Co.	2,000 A
Pacific Lighting Corporation, common stock, no par value, registered n/o Charles Gordon & Co.	2,000 A
Panhandle Eastern Pipe Line, common stock, no par value registered n/o Charles Gordon & Co.	866 A
do. Registered n/o Gude, Winmill & Co., & blank endorsed	150 A
Public Service Corporation of New Jersey, common stock, no par value, registered n/o Charles Gordon & Co.	1,400 A
Pullman Inc. capital stock, no par value, registered n/o Charles Gordon & Co.	800 A
Southern Pacific Company, capital stock, no par value, registered n/o Charles Gordon & Co.	580 A
Standard Gas & Electric Company, 6% Debentures due February 1, 1957, bearer bonds, coupon attached August 1, 1941	-
Standard Gas & Electric Company 6% convertible gold notes, due May 1, 1948, coupon attached October 1, 1941	\$90,000 A
Standard Gas & Electric Company 6% 20-year non- convertible gold notes due May 1, 1948, coupon attached October 1, 1941	\$210,000 A
Standard Power & Light Corporation, 6% gold debentures due February 1, 1957, coupon attached August 1, 1941	-
Texas & Pacific Railway Company, common stock \$100 par value registered n/o Charles Gordon & Co.	500 A
Washington Railway & Electric Company, participating units of beneficial ownership each unit - 1/40 of one share of common stock \$100 par value	170 A
West Texas Utilities Company, \$5 cumulative preferred stock, no par value, registered n/o Charles Gordon & Co.	260 A

OWNERSHIP OF SOVIMA STOCK



(1) See Exhibit A for Control of Securitas, Ltd.  
 (2) See Exhibits B and C for corporate control of Sofima subsidiaries and present control of Chado's, Sidro's, and Cotti's assets.  
 (3) The Ordinary and Preference stocks have equal voting rights, one vote per share.

Exhibit E

Portfolio of Sofina's American  
Investments as of June 30, 1941

	<u>No. of Shares or Principal Amount</u>
*American International Corporation, common	4,000
*American Metal Company, Ltd., common	1,000
*American Water Works and Electric Company, Inc., common	500
*Briggs Manufacturing Company, common	1,000
*Carpenter Steel Company, common	800
Central Distributing Company, common	1,036
*Chesapeake & Ohio Ry. Co., common	1,500
Columbia Oil and Gasoline Corp., common	16,000
*Commonwealth Edison Company, capital	500
*Commonwealth & Southern Corp., \$6 pfd.	1,000
*Consolidated Edison Company of N.Y., common	7,800
Electric Power & Light Corp., 5% deb.	\$125,000
Indiana Service Corporation, 5% bonds due 50	\$ 10,000
Indiana Service Corporation, 5% bonds due 63	\$ 22,000
*International Paper & Power Co., 5% common pfd.	3,900
*International Paper & Power Co., common	5,300
International Paper & Power Co., common warrants	500
Kentucky Utilities Company, 7% jr. pfd.	1,880
*The Middle West Corporation, capital.	162,526.08
" " " " "	1,978
Missouri-Kansas Pipe Line Company, "A" common	91,050
*New England Power Association, 6% pfd.	400
*New York Central Railroad Company, capital	2,500
*Norfolk & Western Ry. Co., common	900
*North American Company, common	3,100
*Pacific Gas and Electric Company, common	2,000
*Pacific Lighting Corporation, common	2,000
*Panhandle Eastern Pipe Line, common	886
** " " " " "	150
*Public Service Corporation of New Jersey, common	1,400
*Pullman, Inc., common	800
*Southern Pacific Company, capital	500
Standard Gas & Electric Company, 6% conv. notes due 48	\$300,000
" " " " "	
*Texas & Pacific Ry. Co.,	500
Washington Railway & Electric Co. participating units of benef. ownership, each unit 1/40 of 1 sh. common	170
*West Texas Utilities Company, \$6 pfd.	260
*Wheeling Steel Corporation, common	1,050
" " " " \$5 conv. prior pfd.	300
*Wilson & Co., Inc. \$6, pfd.	200
*Youngstown Sheet & Tube Co., common	400

\* Registered in name of Charles Gordon & Co.

\*\* Registered in name of Gude, Winnill & Co. and blank endorsed.

**SECURITAS LTD., TRUSTEE FOR SOCIETE FINANCIERE  
DE TRANSPORTS ET D'ENTREPRISES  
INDUSTRIELLES (SOFINA)**

**STATEMENT OF SECURITIES HELD IN TRUST JUNE 30, 1941**

Security and Description	Balance Under Trust June 30, 1941
Societe Belge de L'Azote et des Produits Chimiques du Marly - actions Serie A de 500 francs, coupon 15 attached	16,643 A
Banque des Reglements Internationaux - Belgian Issue certificate n/o Sofina 2500 S G F par value per share, lib., 25%	1,010 H (A)
Banque des Reglements Internationaux - American Issue certificate n/o Sofina	500 H (A)
Societe d'Electricite du Borinage - actions de capital privilegies de 500 francs, coupon 39 attached	2,000 A
Societe d'Electricite du Borinage - actions de capital ordinaires de 500 francs, coupon 39 attached	1,685 A
Ciments Portland Artificiels de Buda - actions de 500 francs, coupon 16 attached	270 A
Compagnie Generale de Tramways de Buenos Aires - actions de capital (Bearer) de 100 francs, coupon 30 attached	91,040 A
Compagnie Generale de Tramways de Buenos Aires - actions de dividende, coupon 30 attached	23,365 A
Compagnie Generale de Tramways de Buenos Aires - 1/20 parts de fondateur, coupon 30 attached	20 A
Societe Anonyme des Charbonnages des Chevalieres et de la Grande Machine A Feu de Dour- actions, coupon 21 attached	9,950 A
Compagnie Generale Belge de Travaux Industriels (Cobti) actions de 500 francs, registered in n/o Sofina	3,860 H (A)
Societe Commerciale de Belgique, actions Serie A de 1,000 francs - manteaux	435 A
Compagnia Generale d'Entreprises Electriques et Industrielles (Electrobel) actions de capital de 500 francs, coupon 14 attached	500 A
do., coupon 13 attached	885 A
do., manteaux only	35,470 A
do., coupon sheets, coupon 13 attached	35,470 B

Note: See page 10 of Exhibit for explanation of capital letters indicating physical location of securities.

Security and Description	Balance Under Trust June 30, 1941
Entreprises Generales de Travaux, parts sociales, coupon 19 attached	3,209 A
Centrales Electriques de l'Entre Sambre et Meuse et de la Region de Melmedy (Esma) parts sociales, coupon 9 attached	4,487 A
do. manteaux only	45,000 A
do. coupons sheets, coupon 7 attached	45,000 C
Societe d'Electricite de l'Est de la Belgique actions de capital privilegiees de 500 francs, coupon 25 attached	700 A
Societe d'Electricite de l'Est de la Belgique actions de capital ordinaires de 500 francs, coupon 33 attached	844 A
Charbonnages d'Hensies-Pommerasul-actions de capital de 500 francs, coupon 28 attached	5,000 C
Societe Intercommunale Belge d'Electricite parts sociales: Bearer shares, coupon 42 attached	15,000 C
Bearer shares, coupon 44 attached	689 A
Union des Centrales Electriques, Liege, Namur Luxembourg (Linalux) actions Serie B de 1,000 francs, coupon 14 attached	8,667 A
Compagnie Luxembourgeoise d'Electricite actions de priorite de 250 francs, coupon 17 attached	6,263 A
Compagnie Luxembourgeoise d'Electricite actions de capital de 500 francs, coupon 29 attached	52 A
Compagnie Luxembourgeoise d'Electricite parts de fondateur, coupon 29 attached	22 A
Tramways Provinciaux de Naples, actions ordinaires, coupon 13 attached	24,882 A
Societe d'Electricite du Nord de la Belgique actions de capital privilegiees de 500 francs, coupon 25 attached	2,200 A
Societe d'Electricite du Nord de la Belgique actions de capital ordinaires de 500 francs, coupon 34 attached	2,995 A
Societe d'Electricite de l'Ouest de la Belgique-actions de capital de 500 francs, coupon 35 attached	645 A
L'Oxyhydrique International - actions de capital 100 francs, coupon 36 attached	3,450 A
Societe d'Electricite de Rosario, parts sociales: Bearer shares - manteaux	125,000 A
Coupon sheets, coupon 31 attached	125,000 A
Bearer shares - manteaux and coupon sheets, coupon 29 attached	4,280 A

Security and Description	Balance Under Trust June 30, 1941
Societe d'Electricite et de Mecanique, actions de capital de 250 francs, manteaux	6,461 A
Societe Internationale d'Energie Hydro-Electrique (Sidro) actions de 250 francs:	
Bearer shares-manteaux	295,000 A
Bearer shares-manteaux and coupon sheets, coupon 13 attached	30,787 A
Transports, Electricite et Gaz (En liquidation) actions de capital de 250 francs:	
Bearer shares-manteaux	100,000 A
Bearer shares, manteaux and coupon sheets, coupon 26 attached	8,550 A
Coupon sheets with coupon 23 attached	100,000 C
Transports, Electricite et Gaz (En liquidation) actions de dividend:	
Bearer shares, manteaux	90,000 A
Bearer shares, manteaux and coupon sheets, with coupon 22 attached	11,125 A
Coupon sheets with coupon 23 attached	90,000 C
Union Centrale Electricque du Hainaut, actions Serie B de 1,000 francs, coupon 14 attached	112 A
Union des Industries, actions de 500 francs, bearer shares, coupon 12 attached	30,000 C
Union des Industries, actions de 500 francs, bearer shares, coupon 14 attached	4,900 A
Union Generale Belge d'Electricite, actions Serie B de 1,000 francs, coupon 14 attached	6,586 A
Compagnie Internationale pour la Fabrication Mecanique du Verre, parts sociales, coupon 21 attached	483 A
American International Corporation, common stock, no par value, registered n/o Charles Gordon & Co.	4,000 A
American Metal Company, Ltd., common stock, no par value, registered n/o Charles Gordon & Co.	1,000 A
American Water Works and Electric Company Inc. common stock, no par value, registered n/o Charles Gordon & Co.	500 A
Argentine Republic 4% Conversion Loan due February 15, 1972 bearer bonds, coupon attached August 15, 1941	\$ 450,000 A
Briggs Manufacturing Company, common stock, no par value, registered n/o Charles Gordon & Co.	1,000 A
Carpenter Steel Company, common stock \$5 par value, registered n/o Charles Gordon & Co.	800 A
Central Distributing Co., common stock	1,036 A

Security and Description	Balance Under Trust June 30, 1941
Chesapeake & Ohio Railway Company, common stock \$25 par value, registered n/o Charles Gordon & Co.	1,500 A
Columbia Oil and Gasoline Corporation, common stock \$1 par value	16,000 A
Commonwealth Edison Company, capital stock \$25 par value registered n/o Charles Gordon & Co.	500 A
Commonwealth & Southern Corporation \$6 cumulative preferred stock, no par value, registered n/o Charles Gordon and Company	1,000 A
Consolidated Edison Company of New York, common stock, no par value, registered n/o Charles Gordon & Co.	7,800 A
Electric Power & Light Corporation, 5% Gold Debentures due February 1, 2030, bearer bonds coupon attached August 1, 1941	\$125,000 A
Indiana Service Corporation 5% First and Refunding Mortgage bonds due 1950	\$10,000 A
Indiana Service Corporation 5% First and Refunding Mortgage bonds due 1963	\$22,000 A
International Paper & Power Company, 5% cumulative convertible preferred stock, \$100 par value, registered n/o Charles Gordon & Co.	3,900 A
International Paper & Power Company, common stock \$15 par value, registered n/o Charles Gordon and Company	5,300 A
International Paper & Power Company, warrants to purchase common stock at \$25 per share, expiring September 26, 1942	500 A
Kentucky Utilities Company 7% cumulative junior preferred stock, \$50 par value	1,880 A
Middle West Corporation, capital stock \$5 par value, registered n/o Charles Gordon & Co.	162,526 A
Middle West Corporation, capital stock \$5 per value	1,979 M
Middle West Corporation, scrip certificate for capital stock	8/100 A
Missouri-Kansas Pipe Line Company "A" common stock, \$5 par value	91,050 A
New England Power Association, 6% cumulative preferred stock, \$100 par value, registered n/o Charles Gordon & Co.	400 A
New York Central Railroad Company, capital stock, no par value, registered n/o Charles Gordon & Co.	2,500 A

Security and Description	Balance Under Trust June 30, 1941
Norfolk & Western Railway Company, common stock \$100 par value, registered n/o Charles Gordon & Co.	900 A
North American Company, common stock, \$10 par value, registered n/o Charles Gordon & Co.	3,100 A
Pacific Gas & Electric Company, common stock, \$25 par value, registered n/o Charles Gordon & Co.	2,000 A
Pacific Lighting Corporation, common stock, no par value, registered n/o Charles Gordon & Co.	2,000 A
Panhandle Eastern Pipe Line, common stock, no par value registered n/o Charles Gordon & Co.	886 A
do. Registered n/o Gads, Winmill & Co. & blank endorsed	150 A
Public Service Corporation of New Jersey, common stock, no par value, registered n/o Charles Gordon & Co.	1,400 A
Pullman Inc. capital stock, no par value, registered n/o Charles Gordon & Co.	800 A
Southern Pacific Company, capital stock, no par value, registered n/o Charles Gordon & Co.	500 A
Standard Gas & Electric Company, 6% Debentures due February 1, 1957, bearer bonds, coupon attached August 1, 1941	-
Standard Gas & Electric Company 6% convertible gold notes, due May 1, 1948, coupon attached October 1, 1941	\$90,000 A
Standard Gas & Electric Company 6% 20-year non-convertible gold notes due May 1, 1948, coupon attached October 1, 1941	\$210,000 A
Standard Power & Light Corporation, 6% gold debentures due February 1, 1957, coupon attached August 1, 1941	-
Texas & Pacific Railway Company, common stock \$100 par value registered n/o Charles Gordon & Co.	500 A
Washington Railway & Electric Company, participating units of beneficial ownership each unit - 1/40 of one share of common stock \$100 par value	170 A
West Texas Utilities Company, \$5 cumulative preferred stock, no par value, registered n/o Charles Gordon & Co.	260 A

Security and Description	Balance Under Trust June 30, 1941
Westinghouse Air Brake Company, Common stock, no par value, registered n/o Charles Gordon & Co.	- * *
Wheeling Steel Corporation, common stock, no par value, registered n/o Charles Gordon & Co. 1,050 A	1,050 A
Wheeling Steel Corporation, \$5 cumulative convertible prior preferred stock, no par value, registered n/o Charles Gordon & Co.	300 A
Wilson & Co., Inc. \$6 cumulative preferred stock no par value, registered n/o Charles Gordon & Co.	200 A
Youngstown Sheet & Tube Company, common stock no par value, registered n/o Charles Gordon & Co.	400 A
Compania Argentina de Talleres Industriales Transportes y Anexos (Catita) ordinary shares par value m\$ 100	37,100 D 370 M 25 C
Compania Argentina de Talleres Industriales Transportes y Anexos (Catita) preferred shares par value m\$ 100	37,475 D 20 M
Compania de Publicidad Excelsior actions de m\$ 500, coupon 3 attached	1,925 D 75 M
Compania Hispano-Americana de Electricidad (Chade) Bonos de Caja 4%; par value m\$ 200 coupons 1-20 attached	m\$ 16.00 A
Compania Hispano-Americana de Electricidad (Chade) Series A/C shares, par value 500 pesetas: Bearer shares-manteaux	47,950 A 1,200 C
Coupon sheets-coupon 42 attached	47,950 A
Coupon sheets-coupon 39 to 41 attached	47,950 A
Compania Hispano-Americana de Electricidad (Chade) Series D shares, par value 100 pesetas: Bearer shares-manteaux	66,034 A 2,800 B 500 C
Coupon sheets, coupon 42 attached	65,734 A
Coupon sheets, coupon 39 to 41 attached	68,534 A

Security and Description	Balance Under Trust June 30, 1941
Compania Hispano-Americana de Electricidad (Chade) Series E. shares, par value 100 pesetas: Bearer shares-manteaux	62,499 A 1,000 E 1,500 O
Coupon sheets, coupon 42 attached	62,499 A
Coupon sheets, coupon 39 to 41 attached	63,499 A
Sociedad Financiera de Industrias y Transportes actions de 500 pesetas	2,906 M
Sociedad Financiera de Industrias y Transportes, actions de 500 pesetas, lib. 50%	2,906 M
Compania de Luz y Fuerza de Levante (Lute) actions ordinaires	238 M
do. de 500 pesetas certificates of deposit n/o Sofina	1,192 H (A)
Companie de Luz y Fuerza de Levante actions de pref. de 500 pesetas certificates of deposit n/o Sofina	3,200 N (A)
Safe & Banco de Castellon, syndicate participation	628,608.74 Ptas.
Compagnies Reunies Gaz et Electricite (Lisbonne) actions ordinaires de 45 escudos: Certificates of registered shares	165,000 B 76,150 B 209,350 C 5,368 A 2,057 J
Bearer shares, manteaux	
Coupon sheets, coupon 52 attached	285,500 B
Coupon sheets, coupon 53 attached	5,368 A
Compagnies Reunies Gaz et Electricite (Lisbonne) actions de jouissance bearer shares, coupon 24 attached	100 A
Mexican Light & Power Company, 6% cumulative income debenture stock registered n/o Midland Bank nominees	\$212,090 E
Mexican Light & Power Company, 4% cumulative redeemable 2nd preferred stock, \$5 par value, registered n/o Midland Bank nominees	30,000 E
do. registered n/o Charles Gordon & Co.	19,000 A

Security and Description	Balance Under Trust June 30, 1941
Mexican Light & Power Company, ordinary stock, no par value, registered n/o Midland Bank nominees	765 E
Mexico Tramways Company, common stock registered n/o Midland Bank nominees	738 E
Berliner Kraft und Licht A.G. actions A bearer, manteaux	R.M.19,270,000 B
Gesellschaft fur Elektrische Unternehmungen, (Gesfural) actions, coupon 45 attached	R.M. 3,145,000 B
Gesfural 5, bearer warrants of R.M.1,000 each with talon attached	R.M. 5,000 A
Societa Adriatica di Elettricita actions de 100 lires	69,372 M
Societa Adriatica di Elettricita 200 bearer warrants for 100 actions de 100 lires each, Series F, coupon 5 attached	20,000 B
Forces Motrices d'Algerie, actions "0" de F.F. 250	23,980 M
Forces Motrices d'Algerie, actions "0" de F.F. 250, lib. 25%	12,000 M
Algerienne d'Eclairage et de Force actions nominatives "0" de F.F. 250	16,862 M
Algerienne d'Eclairage et de Force actions au porteur de F.F. 250	777 M
Algerienne d'Eclairage et de Force actions nominatives "F" de F.F. 250	1,172 M
Societe Centrale d'Applications Electriques- actions de F.F. 500	20 M
Hauts-Fourneaux, Forges et Acieries de Denain Anzin, actions de F.F. 500	200 M
Emprunt Francais Defense Nationale 4-1/2% 1937, bearer bonds, coupon attached Sept. 1, 1940	F.F.15,000,000 E
Compagnie Centrale d'Energie Electrique actions porteur de F.F. 500, F.F.150 remb.	1,219 M
Compagnie Centrale d'Energie Electrique actions nominatives de F.F. 500, F.F.150 remb.	54,023 M
Compagnie Centrale d'Energie Electrique actions de jouissance nominatives	2,397 M
Compagnie Centrale d'Energie Electrique actions de jouissance au porteur	23 M
Societe Generale d'Entreprises, actions nominatives de F.F. 175	63,920 M
Societe Generale d'Entreprises, actions au porteur de F.F. 175	2,080 M

Security and Description	Balance Under Trust June 30, 1941
Trefileries et Laminoirs du Havre, actions de F.F. 500	280 M
Compagnies Reunies Glaces et Verres Speciaux du Nord de la France, actions nominatives de F.F. 500	1,500 M
Forges et Ateliers Construct. El de Jeumont, actions de F.F. 250	100 M
Forges et Acieries du Nord et de l'Est, actions de F.F. 250	200 M
Societe Centrale pour l'Industrie Electrique actions nominatives de F.F. 500	34,117 M
Societe Centrale pour l'Industrie Electrique actions au porteur, de F.F. 500	8 M
Etablissements Kuhlmann, actions de F.F.400	600 M
Compagnie Electrique de la Loire et du Centre, actions au porteur de F.F. 250	874 M
Compagnie Electrique de la Loire et du Centre, actions A nominatives de F.F. 250	76,437 M
Energie Electrique du Nord de la France actions A nominatives de F.F. 250	24,523 M
Energie Electrique du Nord de la France actions A porteur de F.F. 250	29 M
Rente Francaise 4% 1918	F.F. 500,000 M
Societe des Forces Motrices de la Truyere, Actions nominatives de F.F.500	97,449 M
Societe des Forces Motrices de la Truyere, actions porteur de F.F. 500	920 M
Societe de Forces Motrices de la Truyere, obligations 5-1/2% de F.F. 1,000	100 M
Union d'Electricite Paris, actions "0" de F.F. 250	8,336 M
Union pour l'Industrie et L'Electricite actions de F.F. 600, 11b. F.F.500	19,950 M
Union pour l'Industrie et L'Electricite actions de F.F. 600 11b. F.F. 150	13,300 M
Societe France Belge pour la Fabrication Mecanique du Verre actions "A" de F.F.500	1,500 M
Societe France Belge pour la Fabrication Mecanique du Verre action "B" de F.F.500 coupon 13 attached	1,556 A
Anglo Argentine Tramways Company, Ltd. 5-1/2% first preferred stock £ 5 par value, registered n/o Midland Bank nominees	61,588 E
Anglo Argentine Tramways Company Ltd. 5-1/2% first preferred stock £ 5 par value, registered n/o Securitas Ltd.	3,586 A

Security and Description	Balance Under Trust June 30, 1941
Anglo Argentine Tramways Company, Ltd. 6% second preferred stock £ 5 par value, registered n/o Midland Bank nominees	8,450 H
Anglo Argentine Tramways Company, Ltd. 6% second preferred stock £ 5 par value, registered n/o Securitas Ltd.	1,178 A
Anglo Argentine Tramways Company, Ltd. 4% second debenture stock, registered n/o Midland Bank nominees	£30,948 H
Anglo Argentine Tramways Company, Ltd. 4% income debenture stock, registered n/o Midland Bank nominees	£233,885 H
Barcelona Traction, Light & Power Company 6-1/2% prior lien bonds	£ 46,000 H
Barcelona Traction, Light & Power Company 5-1/2% first mortgage 50 year debenture bearer bonds of £ 20 par value, coupon attached December 1, 1936	203 A
Electric & Railway Finance Corporation Ltd., shares of £ 1 par value, registered n/o Sofina, lib. 1/-	20,000 H (A)

Explanation of Letters appearing on Statement  
of Securities held in Trust as at June 30, 1941.

Letter Appearing on Statement	Indicating Location of Securities
A	Vaults - Chase Safe Deposit Co., New York.
B	Vaults - Midland Bank Ltd. Safe Deposit, London.
C	Vaults - Winchester House Safe Deposit, London.
D	Vaults - Bank of London & South America, Buenos Aires.
E	Midland Bank Ltd., London, for account of Securitas Ltd.
F	Midland Bank Ltd., London, for account of Charles Gordon & Co.
G	Swiss American Corporation, New York, for account Securitas Ltd.
H	Inte, Barcelona, for account of Securitas Ltd.
J	Credit Franco-Portugais, Lisbon, for account of Securitas Ltd.
M	Securities held outside of Belgium for the account of Sofina, including directors' qualifying shares, and securities held in occupied territory for the account of Securitas Ltd, entered as trust investments receivable.
N	Securities held by Securitas Ltd. registered in the name of Sofina and which are not transferable by endorsement, entered as trust investments receivable.
O	Directors' qualifying shares held for the account of Securitas Ltd.

\* Security sold in period between January 1 and June 30, 1941.

Securitas Ltd., Trustee for Compagnie  
 Generale Belge de Travaux  
Industriels (Cobti)

Statement of Trust Assets as at June 30, 1941.

ASSETS

Cash in Bank -

Chase National Bank-Special Account No. 8	\$248.24
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Securities Held in Trust (Schedule II)	<u>memo</u>
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	<u>\$248.24</u>
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LIABILITIES

Trustee Principal Account-Balance January 1, 1941	\$497.40
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Trustee Income Account for the period from January 1,  
 1941 to June 30, 1941 -

Trustee Expenses-

Service fee paid to Securitas Ltd.	\$185.35
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Add-payment of Liabilities-

Service fee due Securitas Ltd. prior to May 5, 1940	<u>65.85</u>
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	<u>249.16</u>
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	<u>\$248.24</u>
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Securitas Ltd., Trustee for Compagnie  
 Generale Belge de Travaux  
 Industriels (Cobti)

Statement of Securities Held in Trust at  
 December 31, 1940 and June 30, 1941.

<u>Security and Description</u>	<u>No. of Shares or Par Value</u>	<u>Location at June 30, 1941.</u>
Tramways Provinciaux de Naples, actions ordinaires, coupon #13 attached	9,686	Vaults-Chase Safe Deposit, N.Y.
Societe Financiere de Transports et d'Entreprises Industrielles (Sofina) ordinary shares of 500 B.F., coupon #12 attached	996	Vaults-Chase Safe Deposit, N.Y.
Societe Financiere de Transports et d'Entreprises Industrielles (Sofina) 1/50 ordinary shares, coupon #12 attached	200	Vaults-Chase Safe Deposit, N.Y.
Zuid - Amerikaanache Maatschappij voor Onroerende Zaken (Zaaco), preferred shares	Fl. 1,000	Trust Investments Receivable

Securitas Ltd., Trustee for Compagnie  
Generale de Tramways de  
Buenos-Ayres

Statement of Trust Assets as at June 30, 1941

ASSETS

Cash in Bank -			
Chase National Bank-Special Account No. 4			\$688,062.76
Due from Affiliated Companies -			
Services Inc. (mfn 64,932.15)	\$15,486.51		
Cie. Generale de Tramways de Buenos Ayres	47,114.25		
Sofina	2,500.00		
Anglo-Argentine Tramways Co.	<u>145.00</u>		65,245.56
Securities Held in Trust (Schedule II)			<u>MEMO</u>
			<u>\$755,306.32</u>

LIABILITIES

Trustee Principal Account			
Balance January 1, 1941			\$741,108.52
Trustee Income Account			
For the Period from January 1, 1941 to June 30, 1941			37,567.47
Due to Compagnie Generale de Tramways de Buenos Ayres			<u>49,765.27</u>
			<u>\$755,306.32</u>

Securitas Ltd., Trustee for Compagnie  
Generale de Tramways de  
Buenos-Ayres

Statement of Securities Held in Trust at  
December 31, 1940 and June 30, 1941

<u>Security and Description</u>	<u>No. of Shares or Par Value</u>	<u>Location at June 30, 1941</u>
Anglo-Argentine Tramways Company Ltd., 5- $\frac{1}{2}$ first preferred stock, £5 par value registered n/o Securitas Ltd. registered n/o various individuals	25,562 600	Vaults-Chase Safe Deposit, New York Midland Bank Ltd., London, a/c Securitas
6% second preferred stock, £5 par value registered n/o Securitas Ltd.	486,207	Vaults-Chase Safe Deposit, New York
Ordinary shares, £4 par value registered n/o Securitas Ltd.	675,000	Vaults-Chase Safe Deposit, New York
4% First debenture stock registered n/o Midland Bank nominees	£2,000	Midland Bank Ltd., London, a/c Securitas
Compania Argentina de Talleres Industriales Transportes y Anexos (Catita) actions privilegies, mfn 100 par value	12,500	Vaults-Bank of London & S. America, Buenos Aires
Actions ordinaires, mfn 100 par value	12,500	Vaults-Bank of London & S. America, Buenos Aires

Securitas Ltd., Trustee for Societe  
Internationale d'Electricite Hydro  
Electrique (Sidro)

Statement of Trust Assets as at June 30, 1941

ASSETS

Cash in Banks -

Guaranty Trust Company-Special Account No. 2	\$2,524,444.37	
Charles Gordon & Co.	417.50	\$2,524,861.87

Securities Held in Trust (Schedule II)

memo  
\$2,524,861.87

LIABILITIES

Trustee Principal Account  
Balance January 1, 1941

\$2,516,745.71

Trustee Income Account  
For the Period from January 1, 1941 to  
June 30, 1941

3,095.58

Reserve for Taxes

645.30

Due to Sidro

4,375.28

\$2,524,861.87

Securitas Ltd., Trustee for Societe Internationale  
d'Energie Hydro-Electrique (Sidro)

Statement of Securities Held in Trust at  
June 30, 1941

Security and Description	No. of Shares or Par Value	Location at June 30, 1941
Barcelona Traction, Light and Power Co. Ltd. actions ordinaries, no par value Bearer shares-- manteaux	341,326	Vaults-Winschester House Safe Deposit, London
Bearer shares--manteaux and coupon sheets, coupon #30 attached	8,525	Vaults-Chase Safe Deposit, New York
Registered certificates in the n/o Charles Gordon & Co.	1,012,688	Vaults-Chase Safe Deposit, New York
Coupons sheets, coupon #30 attached	341,326	Vaults-Chase Safe Deposit, New York
6 1/2% prior lien bonds, coupon #26, due December 1, 1936, attached	L 48,200	Vaults-Winschester House Safe Deposit, London
	L 4,000	Midland Bank Ltd., London, a/c Securities
Mexico Tramways Company ordinary shares fully paid of Can. \$100 par value Bearer shares	85,335	vaults-Winschester House Safe Deposit, London
Bearer shares, coupon #19 attached	1,547	Midland Bank Ltd., London, a/c Securities Ltd.
Registered certificates in the n/o Midland Bank nominees	21,866	Midland Bank Ltd., London, a/c Securitas Ltd. *
Registered certificates in the n/o Charles Gordon & Co.	14,021	Vaults-Chase Safe Deposit, New York
Mexican Light and Power Co. Ltd. 5% Second mortgage 50 year bearer bonds of 1911, 6/1/39 s.c.a.	L 50	Midland Bank Ltd., London, a/c Securitas Ltd.
	L 500,000	Vaults-Winschester House Safe Deposit, London

- 2 -

5% Second mortgage 50 year debenture stock, registered in n/o Midland Bank nominees	£	393	Midland Bank Ltd., London, a/c Securitas Ltd.*
6% Cumulative income debenture stock	Can.\$	2,254,250	Midland Bank Ltd., London a/c Securitas Ltd.*
Registered certificates in n/o Midland Bank nominees			
Registered certificates in n/o Schroeder nominees	Can.\$	1,958,000	J. Henry Schroeder, London, a/c Charles Gordon & Co.
Ordinary shares-fully paid and non assessable of no par value			
Registered certificate in n/o Charles Gordon & Co.		81,570	Vaults-Chase Safe Deposit, New York
Registered certificates in n/o Midland Bank nominees		21,672	Midland Bank Ltd., London, a/c Securitas Ltd.*
Registered certificates in various names, blank endorsed		2,000	Midland Bank Ltd., London, a/c Securitas Ltd.
7% Preferred stock, par value Can. \$100 per share, Registered certificates in n/o Charles Gordon & Co.		3,112	Vaults-Chase Safe Deposit, New York
4% Second preferred stock, par value Can. \$5 per share, Registered certificates in n/o Charles Gordon & Co.		242,778	Vaults-Chase Safe Deposit, New York

\* At December 31, 1940 these securities were located at the Midland Bank Ltd., London a/c Charles Gordon & Co., but were transferred on January 30, 1941 to the account of Securitas Ltd. with the same bank.

- 3 -

Centrales Electriques de l'Entre Sambre et Meuse et de la Region de Malmedy (Emsa) Parts sociales Bearer shares with coupon #7 attached	1,728	Vaults-Chase Safe Deposit, New York
Societe Financiere de Transports et d'Entreprises Industrielles (Sofina) actions ordinaires of 500 B.F. each Bearer shares-manteaux	1,000	Vaults-Chase Safe Deposit, New York
Bearer shares-manteaux and coupon sheets, coupon No. 12 attached	35	Midland Bank Ltd., London, a/c Securitas
Coupon sheets, coupon No. 12 attached	1,000	Vaults-Midland Bank Ltd. Safe Deposit, London
1/50 actions ordinaires Bearer shares, manteaux and coupon sheets, coupon No. 12 attached	300	Vaults-Chase Safe Deposit, New York
Compagnie Generale d'Entreprises Electriques et Industrielles (Electrobel) actions de capital of 500 francs Bearer shares-manteaux	1,000	Vaults-Chase Safe Deposit, New York
Coupon sheets-coupon No. 13 attached	1,000	Vaults-Midland Bank Ltd. Safe Deposit, London
Compania Hispano-Americana de Electricidad (Chade) Series A/C shares, par value 500 pesetas Bearer shares, manteaux and coupon sheets, coupon No. 39 attached	160	Vaults-Chase Safe Deposit, New York
Series D shares, par value 100 pesetas Bearer shares, manteaux and coupon sheets, coupon No. 39 attached	500	Vaults-Chase Safe Deposit, New York

Standard Power & Light Corporation, 6% gold debentures due February 1, 1887, coupon attached August 1, 1941	\$107,000	Vaults-Chase Safe Deposit, New York
Standard Gas and Electric Co. 6% gold debentures, Series B, due Dec. 1, 1966, coupon attached Dec. 1, 1941	\$ 11,000	Vaults-Chase Safe Deposit, New York
Electric Power and Light Corporation, 5% gold debentures due February 1, 2030, coupon attached August 1, 1941	\$ 32,000	Vaults-Chase Safe Deposit, New York
New England Power Association, 6% cumulative preferred stock, \$100 par value Registered certificates in n/o Charles Gordon & Co.	200	Vaults-Chase Safe Deposit, New York



ANALYSIS OF SOFIPA SERVICE FEESFOR THE YEAR 1939

<u>ARGENTINE</u>	<u>Belg. francs</u>	<u>Belg. francs</u>	<u>U.S.A. \$</u>
<u>Chade group</u>			
Cade	19,691,121.-		656,371.-
Citra	5,523,504.-		184,116.-
Cepba	<u>1,179,059.-</u>	26,395,684.-	<u>39,302.-</u>
			<u>879,789</u>
<u>Others</u>			
Catita	9,841,108.-		328,037.-
Societe Electricite de Rosario	2,934,138.-		97,804.-
Colux	664,020.-		22,134.-
Transport Corporation Anglo-Argentine Tramways Co.	<u>176,577.-</u>		<u>5,886.-</u>
	<u>491,210.-</u>	14,107,053	<u>16,374.-</u>
			<u>470,235</u>
<u>MEXICO</u>			
Mexican Light & " Tramways	<u>2,217,928.-</u>	2,217,928.-	73,931.-
<u>PORTUGAL</u>			
Cies Reunies Gaz et Electricite, Lisbon	2,746,783.-	2,746,783.-	91,559.-
<u>SPAIN</u>			
Ebro	1,790,343.-		59,678.-
Financiera	<u>50,925.-</u>	1,841,268.-	<u>1,698.-</u>
			61,376
<u>BELGIUM</u>			
Sidro	937,500.-		31,250.-
Cie Gle Tramways de Buenos Aires	850,500.-		28,350.-
Miscellaneous	<u>4,537,265.-</u>	6,325,265.-	<u>151,242.-</u>
			<u>210,842</u>
		B.F. 53,631,981.-	\$1,787,732.-

DETAIL OF PAYMENT OF SOFINA COUPONS 1939

<u>Belgium</u>	<u>% of Total</u>	<u>Belgian Francs</u>	<u>Equal to \$</u>
Banque Societe Generale	30%	26,206,267.90	
Banque de Bruxelles	23%	20,113,329.80	
Banque Allard	12%	10,587,449.70	
Banque Cassel	16%	14,110,744.80	
Sofina	8%	7,403,718.90	
Ste Belge de Banque		48.60	
	<u>89%</u>	<u>78,420,559.70</u>	<u>2,614,020</u>
 <u>Switzerland</u>			
Credit Suisse	3%	2,885,252.00	96,170
 <u>Netherlands</u>			
Mendelschn	5%	3,950,346.40	131,680
 <u>England</u>			
Midland Bank	3%	2,840,288.00	94,680
		<u>88,096,446.10</u>	<u>2,936,550</u>

EXHIBIT I

MEMBERS OF UNDERWRITING SYNDICATE,  
IN DISTRIBUTION OF ORDINARY SHARES  
OF SOFINA IN 1928 REORGANIZATION

1. La Banque de Bruxelles, Brussels
2. La Banque Cassel et Cie, Brussels
3. La Banque Josse Allard, Brussels
4. La Banque Liegeoise et Credit General Liegeois Reunis, Liege
5. La Caisse Centrale de Credit du Boerenbond, Louvain
6. La Compagnie Generale pour l'Eclairage et le Chauffage par le Gaz, Brussels
7. La Societe Anonyme d'Entreprise Generale de Travaux (Egatra), Brussels
8. La Societe de Metallurgie et d'Industrie, Ougree
9. La Societe Anonyme des Acieries Reunies de Burbach-Fich-Dudalange, Luxembourg
10. La Banque pour Entreprises Electriques, Zurich
11. La Compania Hispano-American de Electricidad, (Chade) Madrid
12. Electric Bond and Share Company, New York
13. Gesellschaft fur Elektrische Unternehmungen, (Gesfurel) Berlin
14. International General Electric Company, New York
15. Sociedad Financiera de Industrias y Transportes, Barcelona
16. La Societe Centrale pour l'Industrie Electrique, Paris
17. La Societe Financiere Electrique, Paris
18. La Societe Generale d'Entreprises, Paris

- 2 -

19. The Electric and Railway Finance Corporation Limited, London
20. Vickers Limited, London
21. Amsterdamsche Bank, Amsterdam
22. Armas Gari, Barcelona
23. Le Banca Commerciale Italiana, Milan
24. Banco Central, Madrid
25. Banco Urquijo, Madrid
26. Banco de Vizcaya, Bilbao, Spain
27. Bankers Trust, New York
28. Banque Generale de Credit Hongrois, Budapest
29. La Banque des Pays du Nord, Paris
30. La Banque de l'Union Parisienne, Paris
31. Baring Brothers and Company Limited, London
32. Berliner Handels Gesellschaft, Berlin
33. S. Bleichroder, Berlin
34. Comas et Co., Berlin
35. Comptoir National d'Escompte de Paris, Paris
36. Credit Suisse, Zurich
37. Darmstadter und Nationalbank Kommandit Gesellschaft auf Aktien, Berlin
38. Deutsche Bank, Berlin
39. Dillon, Read and Company, New York
40. Direction der Disconto-Gesellschaft, Berlin
41. Dresdner Bank, Berlin
42. Guaranty Company of New York, New York

43. Mepe et Co., Amsterdam
44. International Acceptance Bank Incorporated, New York
45. International Acceptance Trust Company, New York
46. Kahn, Loeb and Company, New York
47. Lazard Brothers and Company Limited, London
48. Lee, Higginson and Company, Boston
49. Mendelssohn et Co., Amsterdam
50. Midland Bank Limited, London
51. Nederlandsche Handelsmaatschappij, Amsterdam
52. Petschek et Cie, Prague
53. N. M. Rothschild and Sons, London
54. A. Schaaffhausen'scher Bankverein A. G., Cologne
55. La Societe Generale pour favoriser le Developpement du Commerce et de l'Industrie en France, Paris
56. La Societe Financiers Francaise et Coloniale, Paris
57. The British Shareholders Trust Limited, London
58. M. N. Warburg et Co., Hambourg
59. N. Frank Dudley Docker, London
60. N. Dannie Heineman, Brussels
61. N. Edward Robert Peacock, London

THE FOLLOWING IS A LIST OF THE BANKS WHO ARE PAYING AGENTS  
FOR CHADE.

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MADRID . . . . .	Banco Espanol de Credito Banco Urquijo Banco de Vizcaya.
BARCELONA . . . . .	S.A. Armas-Gari
BILBAO . . . . .	Banco de Vizcaya
BRUSSELS . . . . .	Banque de Bruxelles, S.A. Cassel & Cie
AMBERES . . . . .	Banque de Bruxelles, S.A. Succursale de Amberes
FRANCFORT s/M . . . . .	Deutsche Bank, Filiale de Francfort s/M.
BERLIN . . . . .	Deutsche Bank
ZURICH . . . . .	Credit Suisse
LYON . . . . .	Comptoir National d'Escompte de Paris
AMSTERDAM . . . . .	Nederlandsche Handel-Maatschappij, N.V. Handel Maatschappij H. Albert de Bary & Co. N.V.
LONDON . . . . .	Midland Bank Ltd. Barclays Bank Limited J. Henry Schroeder & Co.
NEW YORK . . . . .	Guaranty Trust Co. of New York Credit Suisse, New York Agency
BUENOS AIRES . . . . .	Compania Argentina de Electricidad Balcarce 184.

STATEMENT OF "BONS DE CAISSE" ISSUED  
BY CHADE IN PAYMENT OF ITS 1940 DIVIDEND.

<u>Issued In</u>	<u>% of total issue</u>
Switzerland	34.66
North and South America	20.98*
Spain	14.42
Germany	1.06
Netherlands	.34
	-----
	71.46%
Not yet issued	28.54%
	-----
	100 %

\* Includes the 14.75% of shares owned by Sofina

## SECURITAS LTD.

Balance Sheet - November 15, 1941

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## ASSETS:

Cash - Chase National Bank Regular Account		\$611,128.24
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## Investments:

40,000 1/5 shares Sofina preferred (a Belgian corporation)	\$135,210.00	
100 shares Amitas Ltd. (a Delaware corporation)	10,000.00	
50 shares Canelectra Investment Co. Ltd. (a Canadian corporation)	<u>10,000.00</u>	<u>155,210.00</u>

## Notes Receivable:

E. Garcia Merou (an Argentine citizen)	400.00	
C. Meyer Pellegrini (an Argentine citizen)	400.00	
Dannie N. Heineman (an American citizen)	<u>200.00</u>	1,000.00
		<u>\$767,338.24</u>

## LIABILITIES:

## Accounts Payable:

Fiducia (an Argentine corporation)	\$135,210.00	
Eduardo Aunos (a Spanish citizen)	1,774.05	
Cade (an Argentine corporation)	<u>4,510.54</u>	141,494.59

Note Payable to Securitas Ltd. Trustee for Sofina Due on Demand		600,000.00
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## Capital Stock &amp; Surplus:

Capital Stock	25,000.00	
Earned Surplus		
Balance January 1, 1941	271.18	
Net Profit for the period from January 1, 1941 to November 15, 1941	<u>572.47</u>	<u>843.65</u>
		<u>25,843.65</u>
		<u>\$767,338.24</u>

SECURITAS LTD.

Receipts and Expenditures for the Period  
from January 1, 1941 to November 15, 1941

RECEIPTS:					
Month	Income from Service Fees	Funds Held & Payments of Receivables	Total Receipts		
January					
February					
March	732.49		732.49		
April	31.67	981.66	1013.33		
May	5000.00	467.69	5467.69		
June	350.00	667.28	1017.28		
July					
August	400.00	946.52	1346.52		
September					
October		1184.60	1184.60		
November -15th					
	<u>6514.16</u>	<u>4244.75</u>	<u>10761.91</u>		
Estimated Future Monthly Receipts	5500.00	1200.00	6700.00		
EXPENDITURES:					
Month	General Expenses	Tax Expenses	Administrative Expenses	Other	Total Expenses
January	10.62				10.62
February	5.53				5.53
March	3.90	2.00	3600.00		3605.90
April	14.30	46.76		133.86	194.92
May	5.70	1659.15			1664.85
June	90.01				90.01
July	99.67	110.00			209.67
August	42.00				42.00
September	49.19				49.19
October	144.01	15.00			159.01
November -15th	43.86				43.86
	<u>508.78</u>	<u>1638.91</u>	<u>3600.00</u>	<u>133.86</u>	<u>6075.55</u>
Estimated Maximum Future Monthly Expenditures	150.00	500.00	3600.00	200.00	4450.00

ANALYSIS OF SOFINA SERVICE FEESFOR THE YEAR 1939

<u>ARGENTINE</u>	<u>Belg. francs</u>	<u>Belg. francs</u>	<u>U.S.A. \$</u>
<u>Chade group</u>			
Cade	19,691,121.-		656,371.-
Citra	5,523,504.-		184,116.-
Cepba	<u>1,179,059.-</u>	26,393,684.-	<u>39,302.-</u>
			<u>879,789</u>
<u>Others</u>			
Catita	9,841,108.-		328,037.-
Societe Electricite de Rosario	2,934,138.-		97,804.-
Coluz	664,020.-		22,134.-
Transport Corporation Anglo-Argentine Tramways Co.	<u>491,210.-</u>	14,107,053	<u>5,886.-</u>
			<u>16,374.-</u>
			<u>470,235</u>
<u>MEXICO</u>			
Mexican Light & " Tramways	<u>2,217,928.-</u>	2,217,928.-	73,931.-
<u>PORTUGAL</u>			
Cies Reunies Gaz et Electricite, Lisbon	2,746,783.-	2,746,783.-	91,559.-
<u>SPAIN</u>			
Ebro	1,790,343.-		59,678.-
Financiera	<u>50,925.-</u>	1,841,268.-	<u>1,698.-</u>
			<u>61,376</u>
<u>BELGIUM</u>			
Sidro	937,500.-		31,250.-
Cie Gle Tramways de Buenos Aires	850,500.-		28,350.-
Miscellaneous	<u>4,537,265.-</u>	6,325,265.-	<u>151,242.-</u>
			<u>210,842</u>
		<u>B.F. 53,631,981.-</u>	<u>\$1,787,732.-</u>

DETAIL OF PAYMENT OF SOFINA COUPONS 1939

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Banque Cassel	16%	14,110,744.80	
Sofina	8%	7,403,718.90	
Ste Belge de Banque		48.60	
	<u>89%</u>	<u>78,420,559.70</u>	<u>2,614,020</u>
<u>Switzerland</u>			
Credit Suisse	3%	2,885,252.00	96,170
<u>Netherlands</u>			
Mendelsohn	5%	3,950,346.40	131,680
<u>England</u>			
Midland Bank	3%	2,840,288.00	94,680
		<u>88,096,446.10</u>	<u>2,936,550</u>

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1. La Banque de Bruxelles, Brussels
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5. La Caisse Centrale de Credit du Boerenbond, Louvain
6. La Compagnie Generale pour l'Eclairage et le Chauffage par le Gaz, Brussels
7. La Societe Anonyme d'Entreprise Generale de Travaux (Egetra), Brussels
8. La Societe de Metallurgie et d'Industrie, Ougree
9. La Societe Anonyme des Acieries Reunies de Burbach-Fich-Dudelange, Luxembourg
10. La Banque pour Entreprises Electriques, Zurich
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15. Sociedad Financiera de Industrias y Transportes, Barcelona
16. La Societe Centrale pour l'Industrie Electrique, Paris
17. La Societe Financiere Electrique, Paris
18. La Societe Generale d'Entreprises, Paris

19. The Electric and Railway Finance Corporation Limited, London
20. Vickers Limited, London
21. Amsterdamsche Bank, Amsterdam
22. Armas Gari, Barcelona
23. Le Banca Commerciale Italiana, Milan
24. Banco Central, Madrid
25. Banco Urquijo, Madrid
26. Banco de Vizcaya, Bilbao, Spain
27. Bankers Trust, New York
28. Banque Generale de Credit Hongrois, Budapest
29. La Banque des Pays du Nord, Paris
30. La Banque de l'Union Parisienne, Paris
31. Baring Brothers and Company Limited, London
32. Berliner Handels Gesellschaft, Berlin
33. S. Bleichroder, Berlin
34. Comen et Co., Berlin
35. Comptoir National d'Escompte de Paris, Paris
36. Credit Suisse, Zurich
37. Darmstadter und Nationalbank Kommandit Gesellschaft auf Aktien, Berlin
38. Deutsche Bank, Berlin
39. Dillon, Read and Company, New York
40. Direction der Disconto-Gesellschaft, Berlin
41. Dresdner Bank, Berlin
42. Guaranty Company of New York, New York

43. Mepe et Co., Amsterdam
44. International Acceptance Bank Incorporated, New York
45. International Acceptance Trust Company, New York
46. Kahn, Loeb and Company, New York
47. Lazard Brothers and Company Limited, London
48. Lee, Higginson and Company, Boston
49. Mendelssohn et Co., Amsterdam
50. Midland Bank Limited, London
51. Nederlandsche Handelsmaatschappij, Amsterdam
52. Petschek et Cie, Prague
53. W. M. Rothschild and Sons, London
54. A. Schaaffhausen'scher Bankverein A. G., Cologne
55. La Societe Generale pour Favoriser le Developpement du Commerce et de l'Industrie en France, Paris
56. La Societe Financiere Francaise et Coloniale, Paris
57. The British Shareholders Trust Limited, London
58. M. M. Warburg et Co., Hambourg
59. M. Frank Dudley Docker, London
60. M. Dannie Heineman, Brussels
61. M. Edward Robert Peacock, London

THE FOLLOWING IS A LIST OF THE BANKS WHO ARE PAYING AGENTS  
FOR CHADE.

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MADRID . . . . .	Banco Espanol de Credito Banco Urquijo Banco de Vizcaya
BARCELONA . . . . .	S.A. Armas-Gari
BILBAO . . . . .	Banco de Vizcaya
BRUSSELS . . . . .	Banque de Bruxelles, S.A. Cassel & Cie
AMBERES . . . . .	Banque de Bruxelles, S.A. Succursale de Amberes
FRANCFORT s/M . . . . .	Deutsche Bank, Filiale de Francfort s/M.
BERLIN . . . . .	Deutsche Bank
ZURICH . . . . .	Credit Suisse
LYON . . . . .	Comptoir National d'Escompte de Paris
AMSTERDAM . . . . .	Nederlandsche Handel-Maatschappij, N.V. Handel Maatschappij H. Albert de Bary & Co. K.V.
LONDON . . . . .	Midland Bank Ltd. Barclays Bank Limited J. Henry Schroeder & Co.
NEW YORK . . . . .	Guaranty Trust Co. of New York Credit Suisse, New York Agency
BUENOS AIRES . . . . .	Compania Argentina de Electricidad Balcarce 184.

STATEMENT OF "BONS DE CAISSE" ISSUED  
BY CHADE IN PAYMENT OF ITS 1940 DIVIDEND.

<u>Issued In</u>	<u>% of total issue</u>
Switzerland	34.66
North and South America	20.98*
Spain	14.42
Germany	1.06
Netherlands	.34
	-----
	71.46%
Not yet issued	28.54%
	-----
	100 %

\* Includes the 14.75% of shares owned by Sofina

## SECURITAS LTD.

Balance Sheet - November 15, 1941

- - - - -

## ASSETS:

Cash - Chase National Bank Regular Account		\$611,128.24
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## Investments:

40,000 1/5 shares Sofina preferred (a Belgian corporation)	\$135,210.00	
100 shares Amitas Ltd. (a Delaware corporation)	10,000.00	
50 shares Canelectra Investment Co. Ltd. (a Canadian corporation)	<u>10,000.00</u>	<u>155,210.00</u>

## Notes Receivable:

E. Garcia Marou (an Argentine citizen)	400.00	
C. Moyer Pellegrini (an Argentine citizen)	400.00	
Dannie W. Heineman (an American citizen)	<u>200.00</u>	<u>1,000.00</u>
		<u>\$767,338.24</u>

## LIABILITIES:

## Accounts Payable:

Fiducia (an Argentine corporation)	\$135,210.00	
Eduardo Aunos (a Spanish citizen)	1,774.05	
Cade (an Argentine corporation)	<u>4,510.54</u>	<u>141,494.59</u>

Note Payable to Securitas Ltd. Trustee for Sofina Due on Demand		600,000.00
--	--	------------

## Capital Stock &amp; Surplus:

Capital Stock	25,000.00	
Earned Surplus		
Balance January 1, 1941	271.16	
Net Profit for the period from January 1, 1941 to November 15, 1941	<u>572.47</u>	<u>843.65</u>
		<u>25,843.65</u>

\$767,338.24

**SECURITAS LTD.**

Receipts and Expenditures for the Period  
from January 1, 1941 to November 15, 1941

-----

**RECEIPTS:**

<u>Month</u>	<u>Income from Service Fees</u>	<u>Funds Held &amp; Payments of Receivables</u>	<u>Total Receipts</u>
January			
February			
March	732.49		732.49
April	31.67	981.66	1013.33
May	5000.00	467.69	5467.69
June	380.00	667.28	1017.28
July			
August	400.00	946.52	1346.52
September			
October		1184.60	1184.60
November -15th			
	<hr/>	<hr/>	<hr/>
	6514.16	4244.75	10761.91
Estimated Future Monthly Receipts	5500.00	1200.00	6700.00

**EXPENDITURES:**

<u>Month</u>	<u>General Expenses</u>	<u>Tax Expenses</u>	<u>Administrative Expenses</u>	<u>Other</u>	<u>Total Expenses</u>
January	10.62				10.62
February	5.62				5.62
March	3.90	2.00	3600.00		3605.90
April	14.30	46.76		133.86	194.92
May	5.70	1659.15			1664.85
June	90.01				90.01
July	99.67	110.00			209.67
August	42.00				42.00
September	49.19				49.19
October	144.01	15.00			159.01
November -15th	43.86				43.86
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	608.78	1832.91	3600.00	133.86	6075.55
Estimated Maximum Future Monthly Expenditures	150.00	600.00	3800.00	300.00	4450.00

AMITAS LTD.Statement of Profit and Loss for the  
Six Months Ended June 30, 1941

<u>Particulars</u>	<u>Six Months Ended June 30, 1941</u>
<u>Income</u>	
Service fees -	
Services Inc.	\$ 288,000.00
Securitas Ltd. Trustee for Sofina	21,000.00
Securitas Ltd.	3,600.00
Formemo Ltd.	200.00
Loyalties Ltd.	200.00
Total	\$ 313,000.00
Interest on Cade advance account	963.27
Commissions	74.31
Total Income	\$ 314,037.58
<u>Expenses -</u>	
Salaries -	
Monthly	\$ 96,153.20
Weekly	22,395.26
Overtime	3,186.73
Extra compensation	11,580.06
Rent	8,864.01
Telephone and telegraph	606.14
Electricity	587.98
Stationery and office supplies	3,444.04
Dues, subscriptions and publications	441.53
Taxes	2,888.31
Dinner allowances to employees	1,103.75
Travelling expenses	122.10
Postage	51.24
Miscellaneous	865.55
Total Expenses	\$ 152,289.90
Net Income	\$ <u>161,747.68</u>

DIRECTORIO DE CADP

PRESIDENTE

Dr. Carlos Mayer Pellegrini

2do. VICEPRESIDENTE Y DIRECTOR GENERAL

1er. VICEPRESIDENTE

Dr. Alberto Meyer

Ing. Hans Broens, M. Sc.

DIRECTOR SECRETARIO

Dr. Enrique Garcia Merou

DIRECTORES AUXILIARES

Dr. Andres Bassili

Ing. Sacarina Wainberg

Ing. Marcelo Deschamps

Dr. Rafael Vedia

VOCALIA

Dr. Eric L. Arata

Dr. Carlos W. Meyer

Sr. Roberto Kramer

Dr. Alejandro D. Schar

Dr. George W. Goshare

Sr. Carlos A. Tomassini

Dr. Cesar W. Vila

SECRETARÍA

Sr. Guillermo Kraft

Sr. Federico Paldi

Sr. Marilyn Kofman

Ing. Jose M. Hernandez Suarez

Ing. Carlos Tronter

Dr. Guillerio G. Meyer

Ing. Carlos Rossi

MIEMBROS TITULARES

Dr. Alejandro W. Deydala

MIEMBROS CORRELATIVOS

Dr. Roberto W. Kramer

INDEX OF VARIOUS FINANCIAL STATEMENTS AND  
OTHER MATTERS EXTRACTED FROM BOOKS AT  
50 BROADWAY, N.Y.C. (PRESENT IN COMMISSION'S  
FILES IN FORM OF WORKING PAPERS)

A. Books and Records of Securitas, Ltd., as Trustee for Sofinz under  
the Trust Agreement of February 27, 1940.

1. Trial Balance, December 31, 1940, before and after closing.
2. Comparative Trial Balances for each of the months ending  
January to July, 1941.
3. Comparative Trial Balance for month ending July 1941.
4. Summary of cash receipts and Bank Balances by months from  
May 1940 to July 1941.
5. Summary of Cash Receipts and Bank Transfers by months —  
May 1940 to July 1941 — showing debits to various bank accounts.
6. Summary of Cash Receipts and Bank Transfers by months, from  
May 1940 to July 1941, showing accounts to be credited.
7. Cash Receipts and Bank Transfers for the month of May 1940 (4 sheets).
8. Transcripts of following cash accounts in trustee ledger:
  - (a) Chase National Bank Special Account No. 1.
  - (b) Chase National Bank Special Accounts Nos. 3 and 7, and  
Guaranty Trust Company Special Account No. 1.
  - (c) Bankers Trust Company Special Account No. 1, Swiss American  
Corporation, and Credit Suisse, Zurich.
  - (d) Charles Gordon & Co., and Chase National Bank L Account.
  - (e) Charles Gordon & Co. L Account, and Midland Bank, Ltd. L Account.
  - (f) Leopold Goldsmith & Co., Ottoman Bank L Account, and Runaples  
Trust Co. L Account.
  - (g) Midland Bank, Ltd. M&H Account, and Banco de la Provincia  
Buenos Aires.
  - (h) Suspense Account No. 40, Notes Receivable Account No. 50,  
Irrevocable Credit Account No. 51, and Trustee Principal Account  
No. 100.

- (i) Principal Account — Proceeds from Sales of Securities Account No. 101 (Principal Amount), and Trustee Investments Account No. 102.
  - (j) Due from Sofina, Account No. 103  
Due to Sofina Account No. 124, and  
Due to Sofina to be credited Account No. 124-A.
  - (k) Funds received for Sofina Account No. 125, and Funds received for Sofina M&N Account No. 127.
9. Detail of Cash Receipts and Bank Transfers (by months) and Accounts Credited (Affiliated companies, etc.)
  10. Detail of Cash Receipts and Bank Transfers (by months) and Accounts Credited (miscellaneous accounts) (2 sheets)
  11. Detail of Cash Disbursements for Month of May 1940.
  12. Summary of Cash Disbursements for May 1940.
  13. Cash Disbursements for Month of May 1940.
  14. Summary of Cash Disbursements, May 1940 to July 1941, together with details of accounts to be debited (TRG, Suspense Account No. 40, Detail of Expense, and Miscellaneous Accounts) (4 sheets).
  15. Summary of Cash Disbursements by months from May 1940 to July 1941. Detail of Service Fees (accounts to be debited).
  16. Cumulative Income and Expense Statement (by months), January to June 1941.
  17. Statement of Trustee Income Account from January 1, to June 30, 1941, (together with reconciliation of Nos. 16 and 17).
    - Schedule A. Statement of Dividend Income, January 1, to June 30, 1941.
    - Schedule B. Statement of Interest Received from Jan. 1, to June 30, 1941.
    - Schedule C. Statement of Payment of Liabilities from January 1, to June 30, 1941.
  18. Condensed Income and Expense Statement from May 3, 1940 to Dec. 31, 1940.
  19. Transcripts of the following Accounts (8 sheets):
    - (a) Notes Receivable — Account 20.
    - (b) Irrecoverable Debts to Aristas, Ltd. — Account 21.

- (d) Public Service Corporation of New Jersey, common stock, no par value.
  - (e) Standard Gas and Electric Co., 6% Debentures due 2-1-1957.
  - (f) Standard Gas and Electric Corp., 20-year 6% Gold Notes, non-convertible, due 5-1-48.
  - (g) Standard Power and Light Corporation, 6% Gold Debentures due 2-1-1957.
  - (h) Texas and Pacific Railway Co., common stock, \$100 par value.
27. Trust Investments Receivable.
  28. Comparative Statement of Assets held in trust at December 31, 1940, and June 30, 1941.
  29. Statement of Cash in banks at June 30, 1941.
  30. Statement of Accounts receivable June 30, 1941.
  31. Statement of Trustee Investments at June 30, 1941.
  32. Statement of funds held for Sofina not included in trust at June 30, 1941.
  33. Statement of Source of Funds from December 31, 1940 to June 30, 1941.
  34. Statement of Missouri-Kansas Pipeline Company common stock held, indicating through whom purchased and names in which registered.
  35. Portfolio of American Securities (as taken from the Securities Ledger) taken into trust on May 3, 1940 (2 sheets).
  36. Purchases of Securities in Months of April, May, June and July 1941 (2 sheets).
  37. Statement of Accounts Receivable at June 30, 1941.
  38. Statement of Cash in Banks at June 30, 1941.
  39. Summary of Sales of Securities from January 1, 1941 to June 30, 1941.
  40. Statement of Trustee Investments at June 30, 1941 (2 sheets).

B. Securitas, Ltd., as Trustee for Compagnie Generale Belge de Travaux Industriels (COBTI)

1. Statement of Securities held in Trust at June 30, 1941.
2. Trial Balance at June 30, 1941.
3. Transcripts of following Accounts:

Chase National Bank — Account No. 8, Notes Receivable, Chase, Trustee Principal Account, Proceeds from sale of Securities (Principal Account) Trustee Income Account, Service Fees Paid, Profit and Loss on Sale of Securities, and Payments of Liabilities.

4. Transcripts of Cash Receipts and Bank Transfers, Cash Disbursements, and Sale of Securities.
5. Journal Entries.

C. Securitas, Ltd., Trustee for Societe Internationale d'Energie Hydro Electric (SINED)

1. Statement of Securities held in Trust at June 30, 1941 (2 sheets).
2. Statement of Trust Assets at June 30, 1941.
3. Trial Balance at June 30, 1941.
4. Transcript of Following Accounts:

Chase, Coupons to be Cashed, Trustee Principal Account, Proceeds from Sale of Securities (Principal Account), Reserve for Taxes, Trustee Income Account, Interest, Dividends, Profit on Sale of Securities, Trustee Expenses, Taxes Paid, Taxes Withheld, Service Fees Paid, Payment of Liabilities, and Due to Sined.

5. Transcript of Cash Receipts and Bank Transfers.
6. Transcript of Guaranty Trust Company Special Account No. 2.
7. Transcript of Cash Disbursements.
8. Transcript of Charles Gordon & Co. Account.
9. Journal Entries.
10. Transcript of Sale of Securities Account.

D. Securitas, Ltd., Trustee for Compagnie Generale de Tramways de Buenos Aires (CIE. GENERALA).

1. Statement of Securities held in Trust at June 30, 1941.
2. Trial Balance as at June 30, 1941.
3. Transcript of Following Accounts:

Chase National Bank Special Account No. 1,  
Chase National Bank Special Account No. 4, Due from Cie. Generala,  
Services Inc., Sofina, Due from Securitas as Trustee for Sofina,  
Anglo-Argentine Tramways Company, Ltd., Trustee Principal Account,  
Trustee Income Account, Commissions, Dividends, Trustee Expenses,  
Exchange Adjustment Account, Reorganization Expenses, Service  
Fees Paid, and Due to Cie. Generala. (3 sheets)

4. Transcript of Cash Receipts and Bank Transfers (2 sheets).
5. Transcript of Cash Disbursements.
6. Transcript of Journal Entries.

E. Securitas, Ltd. (Corporate).

1. Trial Balances at Following Dates:

- (a) September 30, 1939 and December 31, 1939.
- (b) April 30, 1940 and May 31, 1940 (General Ledger).
- (c) June 30, 1940 and December 31, 1941 (General Ledger).
- (d) June 30, 1941 (General Ledger)

2. Transcript of Following Accounts:

- (a) Bankers Trust Company
- (b) Guaranty Trust Company of New York
- (c) Guaranty Trust Company Special Account No. 1.

3. Cash Receipts -- Chase National Bank -- Regular (2 sheets).
4. Cash Disbursements -- Chase National Bank.
5. Cash Receipts Special Account No. 2 (4 sheets).
6. Cash Disbursements -- Special Account No. 2, Chase National Bank (account closed).

7. Cash Disbursements, Special Account No. 2 — Detail of Charges to Suspense Account No. 15 (Account closed).
  8. Transcript of Advances to Cash — Account No. 28.
  9. Transcripts of the following:
    - (a) Investments — Account No. 10.
    - (b) Notes Payable — Account No. 45.
    - (c) Citra — Account No. 30.
    - (d) Fiancia — Account No. 45.
    - (e) Profit and Loss — Account No. 202.
    - (f) Surplus — Account No. 201.
    - (g) Closing Journal Entries 12-31-40.
  10. Transcript of Suspense Account No. 15.
  11. Journal Entries Applicable to Transactions Reflected in Investment Account No. 10, Citra Account No. 30, and Accounts Payable Account No. 45.
  12. Transcript of all Journal Entries from 10-25-39 to 4-30-41.
  13. Details (dates, certificate numbers, number of shares, and names in which registered) of the following Securities held in Trust for Sofina by Securitas, Ltd.:
    - (a) Columbia Oil and Gasoline Corporation.
    - (b) International Harvester Company.
    - (c) Missouri-Kansas Pipeline Company, ("A" stock) (Memo)
    - (d) Missouri-Kansas Pipeline Company, no-par common (3 sheets).
  14. Dividends and Interest Received from Charles Gordon & Co. on Securities of American Companies held in Trust for Sofina (5 sheets).
- F. Sofina Portfolio of American Securities on May 2, 1940.
- G. Amitas, Ltd.
1. Trial Balances, as per books, at 11-30-39, 12-31-39, 4-30-40, 6-30-40 and 7-31-40.

2. Trial Balances, as per books, at December 31, 1940, before and after closing.
3. Trial Balances, as per books, at January 1, 1941, June 30, 1941 and August 31, 1941.
4. Transcript of Cash — Chase National Bank Account No. 1 (October 1939 to October 1941) (2 sheets).
5. Detail of Cash Receipts from October 1939 to October 1941 and the Accounts Credited. (15 sheets).
6. Summary of Payroll as at August 31, 1941 — Account No. 2.
7. Exchange of Checks, Account No. 8. — Details of Debits and Credits (3 sheets).
8. Transcript of Suspense Account — No. 61 (3 sheets)
9. Transcript of Advances to Cade — Account No. 10 (5 sheets).
10. Transcript of Advances to Citra — Account No. 11 (3 sheets).
11. Transcript of Advances to Catita — Account No. 12.
12. Transcript of Account No. 45 — Irrevocable Credit through Securitas, Ltd., from Sofina.
13. Transcript of funds held for:
  - (a) Cies. Reunies Gaz et Electricite, Lisbonne — Account No. 46.
  - (b) Eduardo Amos, Lisbon — Account No. 47.
14. Income and Expense Statements for periods ending 12-31-39, 12-31-40 and 8-31-41.
15. Analysis of Service Fees (Income) — Account No. 70.
16. Detail of Income for Period ending August 31, 1941.
17. Detail of Journal Entries Affecting Income Statements.
18. Detail of General Expenses for the Periods ending 12-31-39, 12-31-40 and 8-31-41.
19. Detail of Administration Expenses for periods ending December 31, 1939 and December 31, 1940.
20. Detail of Administrative Expenses for January 1, 1941 to August 31, 1941.
21. Detail of Journal Entries Affecting Expense Accounts (3 sheets).

H. Securitas, Ltd. — Account with Sofina and Others as Custodian.

1. Statement of Cash Held in Custody by Securitas, Ltd., on June 30, 1941.
2. Statement of Securities Held as Custodian.
3. Trial Balance of Custodian Accounts Ledger, December 31, 1940 and June 31, 1941.
4. Journal Entries Affecting Custodian Accounts Ledger — 1939, 1940 and 1941 (3 sheets).
5. Trial Balances of Custodian Accounts Ledger as of September 30, 1939, December 31, 1939, April 30, 1940, May 31, 1940 and June 30, 1940.
6. Cash Receipts and Disbursements — Guaranty Trust Company.
7. Transcript of Advance Account, Sofina Investments — Account No. 20.
8. Transcript of Bank Transfer Account — No. 200.
9. Journal Entries (2 sheets).
10. List of Certain Checks drawn by Charles Gordon and Co. showing Dates Issued, Payees, Numbers, Amounts, and Accounts Charged (all drawn on Chase National Bank) (2 sheets).

I. Loyalties, Ltd.,

1. Statement Showing Amounts Paid as Salary to Charles K. Wilmer for 1940 (none in 1941).
2. Trial Balances at December 31, 1939 and December 31, 1940; Income and Expense Statements ended January 31, 1939 and December 31, 1940; and Earned Surplus Account at December 31, 1940.
3. Selected Journal Entries 1939 — 1940.

J. Formosa, Ltd.,

1. Statement Showing Amounts Paid as Salary to Charles K. Wilmer for 1940 (none in 1941).
2. Trial Balances at December 31, 1939, and December 31, 1940; Income and Expense Statements ended 12-31-39 and 12-31-40; and Earned Surplus Account at December 31, 1940.
3. Transcript of Selected Journal Entries 1939-1940.
4. Transcript of "Custodian Memo Account — Securities held for Others".

K. Gustos, Inc.

1. Transcript of Journal Entries (5 sheets)
2. Transcript of General Ledger (2 sheets), including following accounts:  
Cash in Chase National Bank, Investments, Organization Expense,  
Accounts Receivable, Accounts Payable Securities, Funds Received  
from Cade, General Expense, Profit and Loss, Capital Stock, Earned  
Surplus, and Securities held in Custody.
3. Trial Balance as at June 30, 1941.

L. Financial Statements and Accounts of Sofina as at December 31, 1940,  
including the following accounts:

Profits et Pertes "Divers",  
Commissions de Constructions,  
Revenus,  
Frais Generaux-Recapitulation,  
Benefices 1940

SCHEDULE OF FINANCIAL STATEMENTS AS OF JUNE 30, 1941,

IN COMMISSION'S FILES, AS FOLLOWS:

**Amitas Ltd. -**

Balance Sheet  
 Profit and Loss Account  
 Analysis of Suspense Account

**Securitas Ltd. -**

Balance Sheet  
 Profit and Loss Account  
 Statement of Funds Held in Custody

**Securitas Ltd., Trustee for Sofina -**

Statement of Assets Held in Trust - Schedule A  
 Statement of Cash in Banks - Schedule I  
 Statement of Accounts Receivable - Schedule II  
 Statement of Trustee Investments - Schedule III  
 Statement of Trustee Principal Account - Schedule IV  
 Statement of Sales of Securities - Schedule V  
 Statement of Funds Held for Sofina Not Under Trust - Schedule VI  
 Statement of Trustee Income Account - Schedule VII  
 Statement of Dividend Income - Schedule VII a  
 Statement of Interest Received - Schedule VII b  
 Statement of Payments of Liabilities - Schedule VII c  
 Statement of Securities Held in Trust - Schedule B  
 Comparison of Assets Held in Trust at December 31, 1940 and June 30, 1941 Schedule C 1  
 Statement of Sources of Funds from December 31, 1941 to June 30, 1941 Schedule C 2

**Securitas Ltd., Trustee for Sidre -**

Statement of Trust Assets  
 Trustee Income Account - Schedule I  
 Statement of Securities Held in Trust - Schedule II

**Securitas Ltd., Trustee for Cie. Generale de Tramuays de B.A. -**

Statement of Trust Assets  
 Trustee Income Account - Schedule I  
 Statement of Securities Held in Trust - Schedule II

**Securitas Ltd., Trustee for Cobti -**

Statement of Trust Assets  
 Statement of Securities Held in Trust - Schedule I

**Loyalties Ltd. -**

Trial Balance

**Normas Ltd. -**

Trial Balance

**Quotas Incorporated**

Trial Balance

**LIST OF DOCUMENTS AND OTHER MATERIALS CONCERNING  
SOFINA AND AFFILIATES ACQUIRED IN THE COURSE OF THE INVESTIGATION**

1. Reports of Sofina to its stockholders as follows:
  - a. Annual Report for 1936
  - b. Annual Report for 1937
  - c. Annual Report for 1939
  - d. Supplement to Annual Report for 1939, entitled "Economic Propaganda"
2. Photostat of Sofina By-Laws
3. Photostat of Sevalles, Inc. voting trust agreement
4. Transcript of testimony (480 pages) of the following persons:
  - Dennis Heineman
  - Charles K. Wilmer
  - J. Donald Duncan
  - Carl D. Thompson, secretary of Public Ownership League
  - Mayer Fink, counsel for Public Ownership League
5. Various financial statements and similar materials extracted from books of Sofina companies at 50 Broadway, New York City, an index of which is exhibit T hereof.
6. Amitas, Ltd. Index of Files and Documents located at office at 50 Broadway, New York City.
7. Copy of affidavit of Richard, Janiet, Bock, Vannewenhoven, La Paige, and Praet concerning contacts of Sofina's Lisbon office with occupied territory.
8. Annual stockholders' reports of Sofina subsidiaries (photostats):
  - a. Report of Anglo-Argentine Tramways Co., Ltd. for 1940
  - b. Report of Barcelona Traction Light & Power Co., Ltd. for 1935
  - c. Report of Berlin Power & Light for 1936/37 (in German)
  - d. Report of Onda for 1940 (in Spanish)
  - e. Report of Catita for 1939 (in Spanish)
  - f. Report of Cepba for 1939
  - g. Report of Tramways S.A. for 1938-1939, including Anglo-Argentine Tramways Co. (in French)
  - h. Same Report in Spanish
  - i. Report of Citra for 1940 (in Spanish)
  - j. Report for 1940 of Colina (in Spanish)
  - k. Report of Compania de Publicidad Escorial to stockholders at meeting of 4-22-41 (in Spanish)

- 2 -

- l. Report for 1940 of CRES ("Lisbonne") (in Spanish)
  - m. Report of Finalgas for 1939 (in French)
  - n. Report for 1938 of Rosario (in French)
  - o. Report of Sidro to stockholders at meeting of 10-3-39 (in French)
  - p. Report of TEE to stockholders' meeting of 12-11-39 (in French)
  - q. Report of Tramsays E.A. for 1938-1939, including Anglo-Argentine Tramsays Co. (in French)
9. Photostat and transcript reports as to ownership of and transactions in all securities of Panhandle Eastern, Nakan, Columbia Oil, and Middle West, by the following:
- Gads, Wainill & Co.
  - J. & W. Salligman & Co.
  - Abraham & Co.
  - Dominick & Dominick
  - Arnold & S. Blochmeyer, Inc.
  - Diapel, Halperstam & Co.
  - Isard, Frank & Co.
  - F. W. Mosley & Co.
  - Glenn, Ferguson & Co.
  - Dick & Mordis-Bush
10. Reports as to ownership of Nakan stock registered in the names of nominees of the following banks:
- The National City Bank of New York
  - Bankers Trust Company, New York
  - Guaranty Trust Company of New York
  - Chase National Bank of New York
11. Written statements of J. Donald Duncan as to ownership by members and employees of the firm of Annuniccio, Alley & Duncan of securities issued by Columbia Oil, Nakan, Panhandle Eastern, and Middle West.
12. Written statement dated October 20, 1941, furnished by Charles E. Wilcox, concerning ownership by members of the board and management of Nakan, including their families, of stock issued by Middle West, Nakan, Columbia Oil, and any other American public utility holding company in the individual holding to in excess of 1,000 shares.
13. Schedule of financial statements as of June 30, 1941 for Arthur, Ltd., Securities, Ltd., Trazzler, Ltd., Furman, Ltd., and Carter, Inc. (These statements are indexed on Exhibit I attached hereto.)

- 3 -

14. Materials furnished the Commission by representatives of Mokan, as follows:

- (a) Photostat of circular letter dated October 30, 1940 from Mokan to the company's stockholders.
- (b) Photostat of similar letter as above dated November 8, 1940
- (c) Photostat of circular letter dated November 12, 1940 from Mokan to stockholders of Panhandle Eastern.
- (d) Photostat of similar letter as above dated November 23, 1940.
- (e) Circular letter dated November 26, 1940 from Gordon Scherk, John H. Bundy, and Robert Burnett to stockholders of Mokan.
- (f) Photostat of circular letter dated November 28, 1940 from Mokan to its stockholders.
- (g) Analysis of stockholders and votes cast at annual meeting of Mokan on December 3, 1940.
- (h) Photostat of circular letter dated March 25, 1941 from Mokan to its stockholders.
- (i) Affidavit dated March 26, 1941 submitted by Harry Margolis, court examiner, in Civil Action File No. 129 in the Federal District Court of Delaware, Toebelman et al. vs. Mokan et al.
- (j) Circular letter dated May 15, 1941 from Independent Committee of stockholders of Mokan to the stockholders of Mokan.
- (k) Circular letter dated June 16, 1941 from directors of Mokan to stockholders thereof.
- (l) Photostat copies of letter of July 1, 1941 from Hugh G. M. Kelleher to William G. Maguire.
- (m) Copy or reply to above letter dated July 2, 1941.
- (n) Photostat copy of letter dated July 20, 1941 from Hugh G. M. Kelleher to William G. Maguire.
- (o) Copy of letter dated July 25, 1941 from A. G. Logan to Hugh G. M. Kelleher.
- (p) Copy of letter dated July 31, 1941 from William G. Maguire to Hugh G. M. Kelleher.
- (q) Copy of letter dated August 1, 1941 from Arthur G. Logan to Hugh G. M. Kelleher.
- (r) Copy of letter dated August 5, 1941 from Arthur G. Logan to James J. Traenor, Jr.
- (s) Photostat of letter dated August 6, 1941 from Hugh G. M. Kelleher to William G. Maguire.
- (t) Copy of letter dated August 19, 1941 from William G. Maguire to Hugh G. M. Kelleher.
- (u) Copy of letter dated September 8, 1941 from Arthur G. Logan to J. Donald Duncan.
- (v) Copy of letter dated September 11, 1941 from J. Donald Duncan to Arthur G. Logan.
- (w) Copy of letter dated September 16, 1941 from Arthur G. Logan to J. Donald Duncan.

(51)

- 4 -

- (x) Letter of September 19, 1941 from Arthur G. Logan to Francis Greene enclosing abstract of the complaint of the Toebeiman suit and third draft of proposed reply of Mokan, to its stockholders in answer to circular letter of the Independent Committee.
- (y) Letter dated September 25, 1941 from Arthur G. Logan to Francis T. Greene, enclosing certified extract from report of stockholders meeting of Mokan on December 3, 1940.
15. Memorandum dated October 11, 1941 from A. L. Hoffman, attorney for the Commission, concerning interviews on October 10 with Henry J. Richter, Robert Burnett, and Henry Stern, in St. Louis.
  16. Report of Meyer Pink, co-counsel of Public Ownership League, entitled "The Sofina Case", dated August 22, 1941, together with Exhibits I through XV thereof.
  17. Additional materials furnished by Public Ownership League:  
Letter of Carl D. Thompson dated September 17, 1941 to William C. Reed, chairman of the Ohio division of The Cities Alliance.  
Letter of October 2, 1941 from Robert J. Bulkley to William C. Reed enclosing written answers to certain questions concerning Mokan submitted by Thompson.
  18. Sundry working papers of H. Rossener, Commission Analyst, analyzing Sofina companies' applications for licenses from F.F.C., and other materials in connection therewith.
  19. Memoranda of information obtained from examination of income tax returns filed by Loyalties, Ltd.; Charles K. Wilmers; Dannie Heineman; Sofina; and Hugh G. M. Kelleher.
  20. Photostats of certain materials relating to Sofina examined at the offices of Export Control, Board of Economic Warfare.
  21. Copy of article entitled "The Heroism of the Belgian Army of 1940" by Lieutenant-Colonel Marcel A. Ronge, Manager of Sofina.
  22. Copy of address entitled "A Humanity Holding Corporation", delivered by Dannie Heineman on April 25, 1940.
  23. Copy of address entitled "International Cooperation in Privately Managed Public Utility Undertakings" delivered by D. N. Heineman at Sofina stockholders' meeting held April 28, 1938, Brussels.
  24. Memoranda of F. W. McComb, of Trading with the Enemy Department of British Government, concerning the Sofina protection set-up and Sofina's communications with persons in occupied territory.

AMITAS, LTD., BALANCE SHEET, JUNE 30, 1941

ASSETS

Cash -	
Chase National Bank -	
Regular account	\$2,424,086.99
Payroll account	10,000.00
Petty Cash Fund	898.89
	<u>\$2,434,985.88</u>
Advances to Affiliated Companies	
Cade	\$ 216,195.01
Citra	24,209.14
Catita	8,065.30
	<u>\$ 248,469.45</u>
Accounts Receivable -	
Affiliated Companies	\$ 12,951.57
Miscellaneous	1,331.34
	<u>\$ 14,282.91</u>
Office Equipment, Furniture	
and Fixtures -	\$ 22,984.59
Less Reserve for depreciation	865.99
	<u>\$ 22,118.60</u>
Leasehold Improvements	\$ 4,814.62
Less Reserve for amortization	602.29
	<u>\$ 4,212.33</u>
Suspense	<u>\$ 1,181.42</u>
Organization Expense	<u>\$ 129.00</u>
	<u><u>\$2,725,379.59</u></u>

LIABILITIES

Funds Held -	
Cies. Reunies	\$ 31,629.19
Eduardo Aunos	2,444.64
Western Precipitation Co.	23,325.00
Others	2,623.00
	<u>\$ 60,021.83</u>
Long term loan due June 30,	
1949 granted by Sofina	2,500,000.00
Reserves for F.I.C. Taxes	360.11
	<u>\$2,560,381.94</u>
Capital Stock and Surplus	
Capital Stock	<u>10,000.00</u>
Earned Surplus -	
Balance January 1, 1941 (deficit)	\$ 174.37
Refunds service contracts	
canceled as of Dec. 15, 1940	6,575.66
Net profit for the six	
months ended June 30, 1941	161,747.68
Balance June 30, 1941	<u>\$ 154,997.65</u>
Total Capital Stock and Surplus	<u>\$ 164,997.65</u>
	<u><u>\$2,725,379.59</u></u>

Exhibit W