

# U.S.-Cuba Trade and Economic Council, Inc.

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## Marriott Again Delays Management Contract Implementation For Hotel Inglaterra In Havana

Second-largest certified claimant, Bethesda, Maryland-based **Marriott International, Inc.** (2018 revenues approximately US\$20 billion) and its subsidiary, Stamford, Connecticut-based *Starwood Hotels and Resorts Worldwide LLC*, have a series of two-year licenses from the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington DC to manage two (2) properties located in the Republic of Cuba.

The OFAC licenses were first issued in 2015 during the Obama Administration and were renewed during the Trump Administration, although there has been a reported delay by the OFAC in transferring the licenses from Starwood Hotels and Resorts Worldwide LLC to Marriott International. The third license renewal for the licenses is in 2019.

Both properties (one currently through Starwood Hotels and Resorts Worldwide LLC) are in the city of Havana, the 186-room *Four Points by Sheraton Havana* (which employs approximately 125 Republic of Cuba citizens) and 83-room *Hotel Inglaterra* (delayed opening without public explanation from December 2016 to December 2017 to December 2019 to “sometime” in 2020).

Both properties are owned by entities controlled by the Revolutionary Armed Forces of the Republic of Cuba (FAR).

Marriott International reported that the OFAC-authorized management contract for at least one of the properties requires the investment of millions of United States Dollars; unstated as to the shared responsibility for that investment.

## Certified Claims Background

There are 8,821 claims of which **5,913** awards valued at **US\$1,902,202,284.95** were certified by the USFCSC and have not been resolved for nearing sixty years (some assets were officially confiscated in the 1960's, some in the 1970's and some in the 1990's. The USFCSC permitted simple interest (not compound interest) of 6% per annum (approximately US\$114,132,137.10); with the approximate current value of the 5,913 certified claims **US\$8,521,866,236.75**.

The first asset to be expropriated by the Republic of Cuba was an oil refinery in 1960 owned by White Plains, New York-based **Texaco, Inc.**, now a subsidiary of San Ramon, California-based Chevron Corporation (USFCSC: CU-1331/CU-1332/CU-1333 valued at **US\$56,196,422.73**).

The largest certified claim (*Cuban Electric Company*) valued at US\$267,568,413.62 is controlled by Boca Raton, Florida-based **Office Depot, Inc.** The second-largest certified claim (*International Telephone and Telegraph Co, ITT as Trustee, Starwood Hotels & Resorts Worldwide, Inc.*) valued at US\$181,808,794.14 is controlled by Bethesda, Maryland-based **Marriott International**; the certified claim also includes land adjacent to the Jose Marti International Airport in Havana, Republic of Cuba. The smallest certified claim is by *Sara W. Fishman* in the amount of US\$1.00 with reference to the Cuban-Venezuelan Oil Voting Trust.

The certified claim controlled by Marriott International also includes land adjacent to the Jose Marti International Airport (HAV) in Havana, formerly known as *Rancho-Boyerros Airport*, located in the town of Boyeros, approximately 9 miles from Havana. HAV handles approximately 25 international airlines and serves approximately 60 destinations in approximately 30 countries.

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The two (2) largest certified claims total US\$449,377,207.76, representing **24%** of the total value of the certified claims. Thirty (30) certified claimants hold **56%** of the total value of the certified claims. This concentration of value creates an efficient pathway towards a settlement.

Title III of the Cuban Liberty and Democratic Solidarity (**Libertad**) Act of 1996 requires that an asset had a value of US\$50,000.00 when expropriated by the Republic of Cuba without compensation to the original owner. Of the 5,913 certified claims, 913, or **15%**, are valued at US\$50,000.00 or more. Adjusted for inflation, US\$50,000.00 (3.70% per annum) in 1960 has a 2019 value of approximately US\$427,267.01. The USFCSC authorized 6% per annum, meaning the 2019 value of US\$50,000.00 is approximately US\$1,649,384.54.

### The ITT Corporation Agreement

In July 1997, then-New York City, New York-based **ITT Corporation** and then-Amsterdam, the Netherlands-based STET International Netherlands N.V. signed an agreement whereby STET International Netherlands N.V. would pay approximately US\$25 million to ITT Corporation for a ten-year right (after which the agreement could be renewed and was renewed) to use assets (telephone facilities and telephone equipment) within the Republic of Cuba upon which ITT Corporation has a certified claim valued at approximately US\$130.8 million. *ETECSA*, which is now wholly-owned by the government of the Republic of Cuba, was a joint venture controlled by the Ministry of Information and Communications of the Republic of Cuba within which Amsterdam, the Netherlands-based Telecom Italia International N.V. (formerly Stet International Netherlands N.V.), a subsidiary of Rome, Italy-based Telecom Italia S.p.A. was a shareholder. Telecom Italia S.p.A., was at one time a subsidiary of Ivrea, Italy-based Olivetti S.p.A. The second-largest certified claim (*International Telephone and Telegraph Co, ITT as Trustee, Starwood Hotels & Resorts Worldwide, Inc.*) valued at US\$181,808,794.14 is controlled by Bethesda, Maryland-based Marriott International.