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Habana, June 13, 1947

MEMORANDUM OF CONVERSATION

Participants: Mr. Hugh Fenwick, Expreso Aereo Interamericano and George C. Howard, Commercial Attaché.

Subject: Expreso Aereo Interamericano.

Last evening I asked Mr. Fenwick to come home and have a chat with me after he had made several appointments to see me at the office and had been forced to break them because of developments in the Expreso situation.

Mr. Fenwick opened the conversation by saying that he was not one of those people who always rushed to the American Mission to be helped out of jams but that he would appreciate any suggestions that I might have as regards their present position.

He stated that in February, by Ministry of National Defense Resolution No. 82, they obtained permission to center their operations at Camp Columbia but that they had not taken advantage of this. He said that their permission to utilize Camp Colombia was only obtained after a payment to Colonel CHAVEZ consisting of 10,000 shares of Expreso stock which at that time was worth \$1.50 per share on the Habana market. Colonel Chavez had been quite frank to say that a Presidential decree was under consideration but that it would not go through unless this payment was made. Mr. Fenwick was unwilling to make payment across the counter as Colonel Chavez wished, so requested his United States principals (Trans-Air) for permission to engage an attorney to conduct negotiations which might eventuate during an indefinite period. This permission was granted and through this attorney the payment was made to Colonel Chavez.

Not until the first of June did Expreso decide that they wanted to use Camp Columbia. By utilizing the Army base there they were able to effect a considerable saving in personnel (they were able to discharge a considerable number of their 210 employees), they could save \$12,000 a year on bus service and the wages of some

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16 men in the operation of their tower, by taking advantage of the services of the Cuban Army Air Force tower. Consequently they moved their DC-3 planes to Camp Columbia on June 1. They were informed by Colonel Chavez that they could use Columbia's facilities for 30 days but that if they acquired property adjoining the airfield, this could be extended indefinitely until they had their own installation built. Consequently, they entered into negotiations for the purchase of some adjoining land.

Almost immediately from the time they moved in they began to encounter difficulties. They were told that their employees were Communists and therefore would not be allowed on the field. (The aviation workers' syndicate is recognized as one of the pinkest of all the labor syndicates). Mr. Fenwick told Colonel Chavez that if he could point out the members of the syndicate who were Communists, he would gladly get rid of them. Objections were immediately withdrawn. The next demand was that each employee to enter Camp Columbia must furnish two photographs. This was done. Other petty demands were made and complied with. On June 9 they were instructed to get off the field. No reason was given and no reason could be obtained.

At this time, Mr. Donald STEWART, who until ten days ago was a director of the company but whose resignation was accepted by the Board on the 9th, brought Ned BOONE to a Directors' meeting. Mr. Boone stated to the Directors that in case they were having difficulty with the Cuban Army he, Boone, was their savior; that he was the only United States Military Attaché who had ever received a decoration from the Cuban Government; that Chavez and Genovevo FEREZ were his boon companions; and that if there was any fixing to be done, he could fix it. Mr. Stewart suggested then and there that the Directors elect Boone to the Board. This was not done. When the trouble arose every effort was made to locate Boone but it was found that he was not available.

Inquiry was made of Chavez as to why the company had been ordered off the field when all details had been complied with and when they were occupying their position only as a result of the Cuban Government's permission to do so, but Chavez would give them no

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reason. Genovevo was in the country and a member of Expreso's board took a plane and went to his country place to see him, without success. Shortly thereafter a member of his staff told them to make any requests of the General in writing. This they did and they were informed that if they purchased land adjoining Camp Columbia they would be allowed to use the runways, etc. As a result, a telegram was sent to Expreso to proceed with the purchase of land for which they had been negotiating and Chavez was informed of the situation. Obviously Chavez telephoned to Genovevo because a few hours later Expreso was informed that they had to vacate irrespective of whether they purchased this land or not. Again inquiry was made as to the reason and again no information was forthcoming.

On the morning of the 9th at 11:00 a.m., as the company could not get trucks, the Army offered to move them. When their stuff was loaded, the Army was asked if they would move them out to Rancho Boyeros and they said yes. However, the stuff was moved about 200 yards nearest the public road and discharged on the **roadside**.

That, so far as I can learn from Mr. Fenwick, is the present situation, i.e., after paying \$15,000 for the privilege of using Camp Columbia and getting Governmental permission to do so, they have been thrown out after about ten days and can get no reasonable excuse for their expulsion.

Fenwick confirmed my guess that 75 percent of the shares of Expreso are American-owned. On this basis he felt that the Embassy might be in a position to do something for them.

I pointed out that Cuba had in no way agreed to ownership and control definition of a Cuban company; that the Embassy was on record as being opposed to any American company or interests paying bribes or even contributing to funds for political purposes in Cuba; that it would be impossible for the Embassy to intercede in connection with the Cuban Government's treatment of a Cuban firm; and therefore the extent to which I thought we could go would be, quite unofficially and verbally, to ask TORRES MENIER or GOYTISOLO of the Dirección General de Transportes for an explanation of the situation.

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When I first heard of this trouble, I wrote a memo in which I said I believed that QUEVEDO of Aerovias "Q" could be behind it because: (a) he could either take over Expreso on behalf of Expreso's shareholders and operate it under that name, thereby procuring the valuable Miami route, mail contract and Expreso's domestic routes; or (b) could acquire the company for a song and as the only really Cuban company could apply and probably obtain these routes. This was the thought expressed to me by Fenwick, who feels that (a) PAULINA is definitely the power behind Aerovias "Q" and that under their reciprocal terms, the Cuban Government could insist that Aerovias "Q" take over any route relinquished through failure of Expreso.

Incidentally Fenwick states what I have heard from other sources: That in order to obtain a permit from the Cuban Government, an aviation company must now go first to Paulina and that the U. S. Airlines paid \$35,000 cash in order to get their route permit which was granted several weeks ago. (U. S. Airlines flatly denied this.) I understand from other sources (confirmed by U. S. Airlines) that U. S. Airlines paid \$5,000 to Dr. MUSSO, who later was asked to resign from the Dirección General de Transportes. A sum somewhere between these figures is probably the correct amount.

Fenwick tells me that he is not financially interested in Expreso -- that he has not got that kind of money -- but that he is merely a paid employee of Expreso through the controlling interest held by Trans-Air.

He apparently has no faith in the continued existence of Expreso and is frankly at a complete loss as to the reasons for their expulsion from Camp Columbia. He says that they have been at loggerheads with their syndicate but that the syndicate came to him yesterday and told him that while they did not cancel any of their demands or make any promises as to their future attitude, they were 100 percent with Expreso in their present trouble and would do anything that Fenwick suggested.

It occurs to me that as this syndicate is notoriously Communist and as GRAU is notoriously a Communist co-operator, and as Expreso was given Government blessing allowing them to use Camp Columbia (even though it might

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American Embassy, Habana
July 7, 1947
Enclosure No. 2 to Despatch No. 4147

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have been a face-saving gesture to cover up the
flagrant favoritism previously shown toward Aerovias
"Q"), the syndicate would be in a position through
the CTC to put Grau in a rather uncomfortable spot
versus the Army, particularly in view of the fact
that one of the excuses given by the Army for debarring
Expreso was the fact that their people were Communists.

G. C. Howard

GCHoward:dts/dml