During the conversation held on August 26th between Messrs Helneman and Maryssael, Mr. Maryssael stated in reply to a question of Mr. Heineman's what had prompted Mexlight to terminate the service agreement and to do it as abruptly as it was done, that this happened because a letter written by Sofina to Mexlight on March 6, 1953 had made Mr. Messersmith very angry; Mr. Maryssael pointed out that the reason of Mr. Messersmith's discontentment was that the said letter was in contradiction with an understanding reached during Mr. Brosens' stay in Mexico in December 1952. Faced with that "retractation", Mr. Messersmith deemed that a termination of the contract was the only further step to be taken, as this would compel Sofina to come to an understanding speedily.

Mr. Colinet immediately pointed out that far from constituting a contradiction or a retractation from the understanding reached in Mexico in December 1952 between Messrs Brosens and Messersmith, Sofina's letter of March 6, is a partial implementation of the understanding. The facts apparent from the files fully confirm Mr. Colinet's view.

The facts are the following:

1.- Mr. Brosens cabled to Brussels on December 16, 1952 from Mexico that as a result of his talks he was in favor of maintaining the present agreement with Mexico but to enter in addition into parallel agreements with each of the subsidiaries for the purpose of establishing a 7% purchasing commission. He added that a meeting should be held in Mexico to discuss the implementation of this decision.

2.- While it appeared that the contemplated meeting could not at that time (Jan. 20, 1953), Sofina wrote on March 6th a letter to Mexlight referring to the Mexico meeting with Mr. Brosens in December 1952 in which it had been recognized by both parties that parallel agreements for the 7% commission should be entered into with subsidiaries and in order to implement this understanding Sofina had prepared a draft agreement which it forwarded to Mexico. According to the terms of this letter, if the draft was agreeable no more needed to be done as the intention was to bring the net amount of 7% the 7% commission into account with Mexlight Toronto, as a deduction from the service fee owing by them. If the draft was not satisfactory remarks were invited and a further meeting was contemplated.

3.- No reply was received to this letter.
4.- In the interim between March 6th and the end of June 1953, there were various contacts between representatives of the Sofina group and Mexlight such as an extended stay of Mr. Le Paige in Mexico and various visits of Mr. Messersmith in New York during which he met with Mr. Heineman. It is a further fact that prior to the Board meeting in Toronto on June 29, 1953 both Mr. Maryssael and Mr. Messersmith passed through New York and it is believed that no mention was made neither to Mr. Le Paige nor to Mr. Heineman of any intention to terminate the service agreement as of June 30, 1953.

5.- Attention should be drawn to the terms of the letter that Mexlight on June 30, 1953 addressed to Sofina: in this letter it is said that Mexlight have deemed it advisable to give formal notice of termination "since it has already been agreed between us that the contract should be revised"; it is true that it had been agreed that the contract should be revised. This is borne out by Mr. Brosens' telegram of December 16, 1952 from Mexico and by Sofina's letter of March 6, 1953. But it is equally true that when both parties to an agreement are desirous of amending it, there is no need for one party to terminate, because by agreeing to the revision both parties automatically terminate and amend the old agreement.

Consequently, the reason given in the letter of June 30th is in the nature of a pretext. It is more likely that the reason for termination is that Mexlight was desirous of forcing Sofina into a position where it had no alternative to either agree to a revision acceptable to Mexlight or to be without a contract passed December 31, 1953.

6.- During the conversation, it was also pointed out that the notice convening the Directors to the June 29th meeting failed to point out that the termination of service agreement was on the agenda.