

August 5, 1948

re: Conversations with Lazard Freres
regarding Mexlight

On Thursday July 29th, at 6:00 P.M., Mr. Duncan called me up on the telephone to tell me that he had just received a call from the senior partner of Dillon Read & Co., who were anxious to get into the "financing" of Mexlight. Mr. Duncan said that, apparently, the matter of the financing of Mexlight was already talked about in the Street, and that it was high time for somebody to see Lazard Freres, and to give them the facts before they learned them from outsiders.

I decided to pay a courtesy visit to Mr. André Meyer, and arranged to see him on Friday 30th at 3:00 P.M. at his office. I had hardly an opportunity to start talking to Mr. Meyer when he raised his voice and told me that he knew much more about the Mexlight business than I thought he did and that he had plenty of information about it; he insinuated that he had gotten such information from the banks, and mentioned the World Bank and Mr. McCloy. To prove to me his excellent relations with Mr. McCloy, he read to me with an expression of extreme satisfaction a short letter, 4 to 5 lines, written to him by Mr. McCloy on the occasion of the 100th anniversary of the firm of Lazard Freres, expressing congratulations "from one of the youngest financial institutions to one of the oldest".

To revert to my interview with Mr. Meyer, he actually received me like a dog in a bowling alley, and I had all I could do to check myself and not lose my temper, and to remain calm and polite. Before continuing his diatribe against me and Sofina, he said that for many years he had known of my unfriendly attitude towards his firm, and that he was fed up with being treated by Sofina like "le dernier des margouilins". He said that he had never been consulted by Sofina, that we did not do any business with them, but that, on the other hand, when Mr. Heineman had asked them to do Sofina a favor in joining us in the organization of Sulectra, they had done so although it was of no interest to them.

Mr. Meyer repeatedly stated that his firm was not interested in small brokerage business, and I told him that the small brokerage business we had done from time to time was mostly transacted through brokers who took the initiative of suggesting investments to us, and that we had never received any such suggestions from his firm.

Mr. Meyer then told me bluntly that if they were not asked to do the Mexlight job for us, he would tender his resignation as Director of Sofina and break all relations with out group.

I assured Mr. Meyer that he was entirely mistaken as to my attitude towards his firm, and that Sofina had not transacted any important business which could have been transacted through them.

Mr. Meyer does not remember that, on several occasions, I took the initiative to call him up and ask for his advice regarding investments, or submitted to him business propositions such as the shipping business of Bernstein.

Mr. Meyer complains that he does not know the American portfolio of the Sofina group. I told him that I was willing to call on him within a week, and to show him our American portfolio, also to discuss it with him; he said that this would be the first proof of confidence shown him, and seemed pleased with the idea. He repeated, however, that they should get into the picture of the reorganization of Mexlight. He said that we were absolutely free to choose whoever we liked to entrust with this job, and that he knew perfectly well that my influence would prevail in the matter.

I told him that once more he was mistaken, and that it was up to the Board of Mexlight, of which I am not a member, to make a decision, and that the matter had received the best attention of the Board; I stated furthermore that I believed that the decisions had already been taken. He then said that he knew that a decision had been taken to entrust the First of Boston, and that he knew that the name of Lazard Freres had not even been suggested.

I told Mr. Meyer that I would transmit the substance of our conversation to the Chairman of the Board, Mr. Messersmith and that there was nothing more I could do.

I reached Mr. Messersmith on the telephone on Sunday and gave him the story. I saw Mr. Messersmith on Monday, 10:00 A.M. and talked the matter over once more with him.

It is of course obvious that Mr. Meyer did not have in mind the best interests of Sofina but was only concerned with the best interests of his firm, and especially his prestige. During our conversation, which lasted fully an hour, he told me that his firm would not ask for any fees, or would be willing to turn over such fees, if any, to some charitable organization.

I asked Mr. Messersmith whether he would consider suggesting that Lazard Freres come in at the British end, but his reaction was that their approach was so improper and unfriendly that he would not at all like the idea. I then mentioned that in such a delicate situation it might not be a good thing to have a firm like Lazard Freres against us.

Having given the matter more thought, I fully agree with Mr. Messersmith that the attitude taken by Lazard Freres is "inqualifiable".

On Monday August 2nd, at 11:00 A.M., Mr. Messersmith went to the First of Boston; Messrs. Bernier, Lorie, Van de Maele and myself accompanied him. Mr. Messersmith then dictated a letter addressed to Mr. Meyer, copy of which is attached hereto, and said he

would leave it to me to hand it over to Mr. Meyer on the occasion of the visit I had promised to make Mr. Meyer within the week, or just destroy it, as I saw fit.

On Wednesday morning, August 4th, I arranged an appointment with Mr. Meyer for Thursday at 3:00 P.M. at his office. My intention was to hand him Mr. Messersmith's letter, and to show him, as promised, the American investments of the Sofina group. However, about noon time, Mr. Duncan told me that he had received a telephone call from Mr. George Murmane, who had requested him to join him and Mr. Meyer for luncheon. He stated that they were sore.

I went to see Mr. Duncan - who was out of town at the time I had seen Mr. Meyer-- and I reported to him the unpleasant conversation I had had with Mr. Meyer.

Upon his return from lunch, Mr. Duncan told me that the attitude of both these gentlemen was the same as explained by me, and that they were insisting very much upon getting into the picture and that they would be willing to work together with the First of Boston. They confirmed to Mr. Duncan that in case this should not materialize, they would break relations with Sofina.

I suggested that Mr. Duncan inform Mr. Messersmith of his conversation with them and he did so and told Mr. Messersmith the whole thing on the telephone.

This morning, August 5th, I had a telephone conversation with Mr. Messersmith in the course of which he told me that, in his opinion, it would prove quite disadvantageous to us, and would complicate and delay matters, to bring in Lazard Freres, and that the banks concerned would not like it either and that he could not make an opinion as to whether or not Lazard Freres would carry out their threat to break off with Sofina.

I told Mr. Messersmith that after Mr. Duncan reported his conversation with Messrs. Meyer and Murmane, I had decided not to call on Mr. Meyer today as arranged, as I did not wish to discuss with him either the Mexlight business or the Sofina portfolio since there was a possibility that within a day or so, he might tender his resignation as director of Sofina. I therefore sent Mr. Meyer the following lines:

"I am sorry that I will not be able to call on you this afternoon at 3 o'clock, as we had previously arranged. I hope we can get together some time next week.

Sincerely yours, "