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H. 96. B. 1 9 JUN 1950

June 13, 1950

PERSONAL AND CONFIDENTIAL

D. N. Heineman, Esq.
c/o SOFINA
Brussels, Belgium

Dear Dannie,

H. 5305

REC'D:		19/6/50						IN REPLY PLEASE REFER TO	
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FILE: <i>Russersmith</i>									

From time to time we have had the opportunity of discussing with each other, and I believe on several occasions with some of our associates, the question of bonuses or extra compensation for some of the members of the staff of the company in Mexico City, Toronto and New York. We have delayed taking any action with regard to this matter pending the completion of the reorganization and of the long term loan. I had the opportunity while Mr. Allan Graydon and Mr. E. A. Graydon were here last week to discuss this matter fully with them. I had discussed it previously and recently with Mr. Maryssael and Mr. E. A. Graydon when the latter was in Mexico City several months ago. We have arrived at certain conclusions which I am setting forth in this letter.

With respect to the fact that we should give certain extra compensation to certain individuals in Mexico City, Toronto and New York, there is full agreement and absolutely no difference of opinion. Only those who have been intimately associated with the reorganization and the negotiation of the long term loans and all that has been involved therein can appreciate the tremendous amount of work and detail which was involved. I will not endeavor to go into this, but it is sufficient to say that there is no doubt that the reorganization and loan negotiations were about as complicated and as difficult as any which could be conceived. I only wish to add that involved with the reorganization and the loan negotiations there was the securing of the definitive tariffs of the company which was basic to both the other operations.

The amount of work involved was really fantastic. For a period of over two years intensive demands were made on our associates in Mexico City, Toronto and New York, in that order. Naturally, the extremely preponderant effort of this extra responsibility fell on a few people in the Mexico City offices. I am not underestimating the helpful contribution of certain associates in Toronto and New York, but I am merely stating a fact that is obvious to those who know what was really involved. There were some members of the Mexico City staff in particular who did not have, literally speaking, more than a few free weekends during over two years and who, again literally speaking, three or four nights a week had to work until the early or late hours of the night.

It is quite impossible for any number of reasons to adequately compensate these persons who contributed so much inextra effort to the reorganization and the loan negotiations. Services of this kind are difficult to measure in terms of money and we cannot hope to give these people and they do not expect what would be a real compensation for this special effort. I think we are all in agreement

however that some special compensation should be given even though it may be more of a token recognition. The heavy responsibilities which Mexlight has for new construction and the financing problems which present themselves make the program our primary consideration, but the most carping critic could not object or have any reasonable basis for objection to some special compensation being given to a limited number of our people.

In this letter, I am not taking into any account and am not considering the special services rendered by Mr. Maryssael, Mr. E. A. Graydon and myself. I am confining myself to those whom Mr. Maryssael, Mr. Allan Graydon, Mr. E. A. Graydon and I consider should receive recognition, and I have discussed this with you last in Washington recently and you were in general accord. I said then I would write after having discussed this matter again with Mr. Maryssael and Messrs. Allan and E. A. Graydon.

We are in agreement that the following should be paid:

Mr. Jean Bernier should be given \$4,000
Mr. Paul Genachte, \$4,000
Mr. Mendez Armendariz, \$3,000
Mr. Del Busto, 25,000 pesos
Mr. Gomez, 15,000 pesos

This would cover the extra compensation to be paid to members of the staff in Mexico City with the exception of one or two engineers associated with Mr. Martinez who should be given probably 6 or 7,000 pesos each, or we may decide that they should be given a permanent increase in salary and no extra compensation, as their present salary is too small.

You will note that Mr. Martinez Tejeda is not included in the above list. The reason for this is that you will recall we are all in agreement that Mr. Martinez Tejeda should be elected a member of the Board of Mexlight at the meeting in early September in Toronto. In addition to this, Mr. Maryssael and I are in agreement that his salary must be substantially increased retroactive to January 1st of this year, in order to bring his salary more in line with the services he is rendering and has been rendering, and more in line with other comparable salaries paid in Mexlight. I may say in this connection that, next to Mr. Maryssael and myself, Mr. Martinez made the most important contribution to the reorganization and the loan negotiations in Mexico. I do not enter into detail because I am sure you are familiar with the extraordinary service he rendered and above all in connection with the securing of the definitive tariffs of the company.

In the Toronto office, we are in agreement that:

Mr. Stewart should be given \$1,800
Mr. Heinzen, \$1,800
Mr. Finley, \$1,200.

In the New York office, we are of the opinion that Mr. Lorie should be given \$2,500 and Mr. Goldstein, \$500.

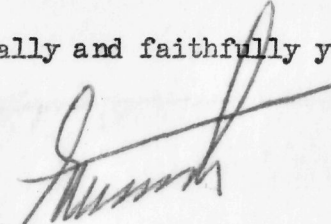
The foregoing are very inadequate sums considering them as extra compensation for the services rendered, but in view of the understanding and zeal of the persons concerned, I am sure that they will be understanding of all the factors which the Board and the officers of Mexlight have to keep in mind, and will be appreciative of these amounts.

I am writing you at this time because Messrs. Allan and E. A. Graydon and Mr. Maryssael and I are in accord that now that the reorganization and the loans are completed that we should proceed with the payment of this extra compensation and we should not delay this any longer. I would appreciate very much having a word from you if you are in accord, in order that Mexico City and Toronto will be in a position to take the definite determinations in this respect. I do not know whether it takes action by the Board or whether Mr. Maryssael and I may go ahead with this, but I will consult with Mr. Allan Graydon and Mr. E. A. Graydon in this respect and appropriate action can be taken by the Board if necessary, and if this is not necessary Mr. Maryssael and I can take the appropriate action.

I would be very glad to hear from you on this at your early convenience.

Believe me, with all good wishes,

Cordially and faithfully yours,



George S. Messersmith

GSM:cb