

1253  
GENOVA 44  
MEXICO CITY  
MEXICO, D. F.

H. 8758

REC'D: 2/10/53				
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REPL: —				
Dear Dannie: FILE: Messersmith				

September 28, 1953

I have been wanting to write you about my definite plans for the trip north but have been unable to do so as I had to be sure of certain developments here. Although I had made my arrangements with the doctor and surgeon to leave here October 1 and go into the hospital shortly thereafter, I felt that I could not leave here until we had the arrangements with the government altogether completed and the tariffs actually in effect and no repercussions. The Minister of Economy has signed the official letter to the Tariff Commission approving the new tariffs and we are now in a position to publish the tariffs, but the Minister has indicated that he does not wish them to be published until September 30. I think he has done this so that there will be no possibility for anyone to raise objections before they become effective. You will recall that according to the original schedule the government had in mind the tariffs were to be published in the Diario Oficial on September 26. Now it will be September 30 and they will be effective for the October billings.

Whether there will be any unfavorable repercussions we cannot foretell, but the probabilities are at least that they will be of secondary importance if there are any. I therefore feel that I can definitely plan to leave here on Monday, October 12.

I had planned to leave some days before October 12 but I have been in touch with Graydon in Toronto about a Board meeting. I think there should be a Board meeting before I go into the hospital. We want to discuss, at least in a preliminary way, questions concerned with the possible issue of a preference series of shares of the company in pesos. At the same meeting we can approve the loan agreement which has been signed by the company with the Financiera for 175 million pesos. We can also discuss again in a more formal way the paying of the first preferred dividend which cannot be definitely approved at that meeting but the Board could authorize me at a meeting to approach the Bank in a formal way orally as to whether it will give its agreement if the Board decides to pay the dividend. After we have this approval or agreement from the Bank, we can then have another brief meeting of the Board to

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authorize the dividend. The details of this procedure which have to be carefully observed to meet stock exchange requirements, etc., I have discussed with Graydon.

As the matter of shares should be discussed at least in a preliminary way and I do not see how it could be in any thing but a preliminary way at this stage, I think it would be desirable to have the three Toronto Directors present, as well as as many of the Mexico City Directors and those resident in the United States as possible. I think the Directors in Europe through my letters which have been circulated to the Board have already preliminary information on this matter so that it is not so important for them to be at this first meeting. It is important I think that Allan Graydon, who has this intimate knowledge of Canadian law, should be present and I would be very glad if Arthur Dean can find the time, even if it is only a few hours, to be present at the Board meeting. I hope also that John Snyder can come. I have asked E. A. Graydon to explore this matter with you all and he tells me this morning that the best day seems to be Thursday, October 15, as Allan Graydon could come down from Toronto for that day but could not do it for the 13th as I had originally suggested. Whether Arthur Dean can attend a meeting even for a part thereof I do not know, as he has some very special occupations these days, but I am sure he will do his best. It would be useful to have him there at this first meeting where we can discuss at least in a general way this share matter.

The way the thing stands, therefore, Graydon is trying to fix a meeting for Thursday, October 15, in New York and he said he would telephone you today to see if this would be agreeable to you. I have suggested that the meeting be held in New York instead of Toronto this time as I think we have a better chance of having more people and it will save you and me the trip to Toronto. I will not go further into this as I am sure Graydon is keeping you informed.

In any event, if the meeting can be held in New York on the 15th, I shall leave here with Marion on Monday morning, October 12, and be in New York late that evening at the Carlyle. This will give me October 13 and 14 to see the doctor and surgeon, as they have indicated they want at least two days with me before I go to the hospital, for certain tests, etc.

Maryssael would be leaving here on the morning of October 14 so as to be there for the meeting the 15th and he would be returning shortly thereafter to Mexico City.

Martinez has promised his wife a trip to Europe for several years and has not been able to take a holiday for some time, due to the constant crises that we were in and in which he has been so helpful. He is now planning to make this trip to Europe with his wife, but he will wait until after the meeting of the Board in New York on the 15th and he is presently trying to arrange for passage by air to Europe from New York on October 16. He plans to be gone a maximum of two months. He has thoroughly deserved this holiday which he really should have been able to take a year or two ago, but he is very conscientious and I need not say that his presence here has been most helpful during these difficult times.

My plan is that on the evening of Thursday, October 15, after the Board meeting Maryssael and I should go to Washington by train or plane to have October 16 in the Bank to get their agreement to our formal request to pay the preferred dividend. We have asked Graydon to prepare a preliminary profit and loss account for the first 6 months of 1953 for the information of the Board and the Bank in connection with the payment of this dividend and here we are preparing cash forecasts for 1953, 1954 and 1955 to lay them before the Board and also to give them to the Bank as a basis of their consideration of our formal request for the payment of the dividend. While the Bank I believe will give us their formal agreement, it will not be done in writing except in a letter dated October 15 which is the same date on which the Board meeting will be held, as we cannot reach any formal decisions on the payment of the dividend until it can immediately be made known to the exchanges.

The way it looks, therefore, if nothing interferes with the above schedule, I will be able to go to the Lennox Hill Hospital on Saturday, October 17, or Sunday, October 18. I am engaging a bed room and sitting room for Marion at the Carlyle for the evening of October 12. It will be convenient for her, as the Lennox Hill Hospital is so close to the Carlyle.

I have had a good many operations in my time and I don't look forward to further ones with any pleasure, and would much rather not go through this, but it is I believe the best thing to be done. The operation for hemorrhoids I think will have to be done. The operation for the double hernia (which has nothing to do with the hernia of the esophagus which seems to be much better) also seems to be desirable, according to the doctor and surgeon. The third operation which they thought should be done to remove a small growth in the right breast I doubt



if they will find necessary, as it seems to have disappeared. All three of the operations are secondary, but both the hernia and hemorrhoid operation are the kind that keep you in the hospital for some time and the surgeon told me that I would probably have to be in the hospital the better part of a month. It looks, therefore, that I will be in New York, mostly in the hospital, until the middle of November. Marion and I expect to return to Mexico City as soon as possible after I leave the hospital. I think there will have to be at least some interval between the operations so that there is a certain amount of time that I will be able to spend with her at the Carlyle. About all this I can only make guesses.

Maryssael had a letter I believe last Friday or Saturday from Praet that he was planning to come here but that he could not get here before the 15th and that he would be spending a few days in New York to see you before he came down here. Maryssael is writing him today saying that I will not be here at that time but that he could probably see me in New York. In any event, it is not necessary for me to be here while Praet is here. Praet did not mention whether anyone else is coming with him. I believe Maryssael told me on his return from his last trip to New York that most likely Praet and Rongé would come. The important thing is to get this matter of the Service Contract straightened out and they do not need me here for that.

I had a letter from Graydon that Stewart of the company and Richardson can come down here in the near future to talk about accounting practice, which I mentioned I believe in a recent letter to you and that Stewart can stay down here for some months, which I think will be a very good thing. We are having a talk with Cummins of Price, Waterhouse tomorrow morning and will fix a time when he and his people can be sure to be able to talk with Stewart and Richardson and then we will arrange for them to come down. Richardson is very much occupied also, so he will probably only be here a week and that would be sufficient. It is not necessary for me to be here while they are talking about these accounting matters, for there are others here who have so much more competence in this than I, and Maryssael will be able to handle all that very well.

Marion has continued to feel very fit and ever so much better than she did before we went to New York the last time, all of which makes me very happy. I am feeling quite good on the whole, but I am completely tired out. One can hardly call a stay in the hospital for several

operations a rest, but I hope it will be a mental rest anyway.

We are all very sorry to see Jimmy and June go. I particularly will miss him. They are now living at the Maria Cristina and I think their household goods are all packed ready to go and I understand June and the children are leaving the end of this week and Jimmy will be going about the same time. I have been so used to having Jimmy around me that it means a big change, but I am sure that so far as Jimmy is concerned, as well as the family, it will be best. Mexico is a good country in which to live, but I do not think he would wish to bring up the children here. In any event, it is going to be a big loss for us. I think everyone in the company who knows Jimmy is very sorry to see him go, and so many of the people in the city who know him really deeply regret his leaving. If anyone has made himself persona grata here among many people, Jimmy has done so, as well as June.

I gather from what Jimmy says that you are not decided upon whether you will be going somewhere for a change or not. Now that the worst of the New York weather is over for some months, perhaps it is as pleasant at Greenwich as elsewhere. If you have any plans for a holiday away from New York, I hope you will not change them on account of my coming, much as we would look forward to seeing you, and so far as the Board meeting is concerned, while I would be very unhappy if you cannot be there, I would understand. The discussions at this first meeting of the matter of shares will have to be preliminary, but I think it will be very useful to explore in this preliminary way the whole situation in this respect. I hope before I leave here, and we shall make every effort to this end, to have a talk with Carrillo Flores and also with Hernandez Delgado and Martinez Ostos of the Financiera. While I think they are very much interested in this idea of our company and some others issuing a series of preference shares which they hope will be absorbed as much as possible by Mexicans, and while I think they are planning this legislation, I do not believe that their views are really well crystallized and I am not at all certain that they will be able to present any legislation to the Congress during the present session, but after all it will be in session until the end of December. We will try to talk with them to see just what they really have in mind before we go north for this Board meeting, as it will be useful to have that background.

We will also try to talk with one or two of the bankers here who may have some useful ideas and who are

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close to the government, but this is not so important at this stage as talking with Carrillo and Hernandez Delgado.

I am hoping that it will not be necessary to change the plans as I have set them forth in this letter, but if there is any change I will let you know. I hope that you will give our love to Hettie and Edna and Yvonne, and with all good wishes, believe me,

Cordially and faithfully yours,

GSM/cbc

  
Grayson tells me  
today that Oct 15  
gives you for Bond  
meetings. Fine!  
My plans are therefore  
as stated in this  
letter.