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IRAN-UNITED STATES CLAIMS TRIBUNAL

دادگاه داری دعاوی ایران - ایالات متحده



CASE NO. 30

CHAMBER THREE

AWARD NO. 9-30-3

GRANITE STATE MACHINE CO., INC.,  
Claimant,

and

THE ISLAMIC REPUBLIC OF IRAN, BANK  
MARKAZI IRAN, AND BANK SADERAT IRAN,  
Respondents.

IRAN UNITED STATES CLAIMS TRIBUNAL	دادگاه داری دعاوی ایران - ایالات متحده
ثبت شد - FILED	
No. 30	شماره ۳۰
Date 30 JUL 1982	تاریخ ۳۰ جول ۱۹۸۲
۱۳۶۱ / ۵ / ۸	تاریخ ۸ / ۵ / ۱۳۶۱

PARTIAL AWARD

APPEARANCES

For the Claimant : Mr. Burton V. McCullough  
Zobrist & Vienna  
Attorney

For the Respondents: Mr. M.K. Eshragh, Agent of the Islamic  
Republic of Iran  
Mr. Khosrow Tabasi, Adviser to the Agent  
Mrs. Shirin Ershadi, Bank Markazi  
Mr. Mohamood Saljoughi, Bank Saderat

DUPLICATE  
ORIGINAL  
نسخه برابر اصل

## I. THE CLAIM

GRANITE STATE MACHINE CO., INC., ("Claimant" or "Granite State"), filed a claim with the Tribunal on 10 November 1981, seeking an award of \$369,493.66 plus interest and costs against the ISLAMIC REPUBLIC OF IRAN ("Iran"), BANK MARKAZI IRAN ("Bank Markazi"), and BANK SADERAT IRAN ("Bank Saderat"), for failure to remit to it the proceeds of various bills of exchange drawn on Techno-Is Industrial Co. ("Techno-Is"), an Iranian company. As will be further explained under Section III below, the Respondents, Bank Saderat and Bank Markazi have admitted liability with regard to the principal amounts, denying responsibility for interest and costs.

## II. THE FACTS

On 2 May 1978 Techno-Is, a company organized under the laws of Iran, placed four separate orders with Granite State for the purchase of goods from Granite State, the total purchase price being \$362,260.00. The goods were shipped in four equal shipments to Techno-Is in late 1978 and early 1979 along with copies of the title documents. In accordance with normal commercial practice, the original title documents to the goods were to be forwarded by Bank of America-New York on Granite State's behalf to Bank Saderat, along with bills of exchange, or drafts, drawn on Techno-Is. The drafts were payable 90 days from the date of issuance, along with interest over those 90 days at the rate of 8½%. The original documents were then to be delivered to Techno-Is by Bank Saderat against payment of the drafts. Techno-Is was to present the original documents to the shipper to secure release of the goods. The collection process was made subject to the Uniform Rules for the Collection of Commercial Paper adopted by the International Chamber of Commerce.

The amounts of the drafts, and the dates of issuance and payment were as follows:

<u>DRAFT NO.</u>	<u>DRAFT DATE</u>	<u>DRAFT AMOUNT</u>	<u>DRAFT PAYABLE</u>
1	Aug. 30, 1978	\$90,565.00	Nov. 10, 1978
2*	Aug. 30, 1978	1,539.36	Nov. 10, 1978
3	Sept. 29, 1978	90,565.00	Dec. 29, 1978
4*	Sept. 29, 1978	1,898.10	Dec. 29, 1978
5	Jan. 19, 1979	90,565.00	Apr. 19, 1979
6*	Jan. 19, 1979	1,898.10	Apr. 19, 1979
7	Apr. 10, 1979	90,565.00	July 10, 1979
8*	Apr. 10, 1979	1,374.30	July 10, 1979
		<hr/>	
		\$368,969.86	

As of 3 March 1979 Bank Saderat had not received the title documents forwarded to it by Bank of America regarding the first shipment of 30 August 1978. On 19 March 1979 Bank Saderat sought instructions from Bank of America, and on 21 March 1979 received the reply that a certified duplicate bill of lading would be obtained from Granite State. According to Bank Saderat, it never received the original nor the certified copy of that bill of lading. Nevertheless, on 25 April 1979 Bank Saderat endorsed Techno-Is' copy of the bill of lading, in exchange for eight promissory notes from Techno-Is in the aggregate sum of \$121,276.41. Bank Saderat asserts it made such endorsement to facilitate the delivery of goods to Techno-Is and thereby assist the seller as well. Thus Techno-Is obtained possession of those goods. Bank Saderat, however, states that Techno-Is has never paid it the amounts due on the promissory notes.

With respect to the second and third shipments, Bank Saderat received the original title documents on 8 May 1979.

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\* Drafts 2, 4, 6 and 8 represent the amount of interest on the purchase price of the goods over the 90 day period.

The documents for the fourth shipment were received sometime prior to 10 July 1979. However, it was not until 25 February 1980 that Techno-Is authorized and directed Bank Saderat to debit provisionally the account of Techno-Is maintained with Bank Saderat for the amount of drafts 3 through 8, pending receipt from Granite State of certificates of origin on the shipments. Also on 25 February 1980, Techno-Is notified Granite State by telex that their bankers could not then make payment in United States dollars. In the telex, Techno-Is asked in what other currency Granite State would be willing to be paid. By telex dated 29 February 1980 to Techno-Is, Granite State agreed to be paid in Deutsche Marks, and at the same time Granite State dispatched the requested certificates of origin. By 8 April 1980 Techno-Is received those certificates, and on that date it requested that Bank Saderat secure authorization from Bank Markazi for the transfer of the proceeds of the bills to Granite State in Deutsche Marks. No such authorization was given, despite Bank Saderat's request on 16 April 1980 for such transfer.

On 4 August 1981 at the request of Bank Markazi, Bank Saderat transferred to Bank Markazi the Iranian Rials equivalent of \$276,865.50, representing the payment by Techno-Is for the second, third and fourth shipments. According to Bank Markazi, these funds have since been held in an account at Bank Markazi.

### III. THE PARTIES' CONTENTIONS

Granite State has claimed that Bank Saderat is liable in the principal draft amounts of \$92,104.36 as it released the title documents for the first shipment to Techno-Is without receiving cash payment on the drafts. The Claimant would also hold Iran responsible for that same amount on the ground that Iran, allegedly having acquired ownership of Techno-Is,

received the benefit for the first shipment of goods.

Bank Saderat admits liability with regard to the two drafts relating to the first shipment.

Iran denies the allegation that Techno-Is is controlled by Iran.

Granite State has further alleged that Bank Saderat, Bank Markazi and Iran are liable to Granite State in the principal draft amounts of \$276,865.50, as Techno-Is paid Bank Saderat for the goods, which payment was later transferred to Bank Markazi, and as Techno-is and Iran received the benefit of the last three shipments of goods.

Bank Markazi has admitted liability with regard to the last three shipments, whereas Bank Saderat and Iran have denied such liability.

Granite State has further sought interest on the draft amounts and compensation for costs incurred in connection with this claim.

The Tribunal has, by virtue of Article 32, paragraph 1, of the Tribunal Rules, decided to issue a partial award on the sole question of liability for the draft amounts claimed, and retains jurisdiction to resolve the issues of interest and costs.

#### IV. REASONS FOR AWARD

Bank Saderat has conceded liability with regard to the drafts related to the first shipment, and Bank Markazi with regard to the drafts related to the last three shipments. Granite State shall

therefore be awarded \$368,969.86, representing the total draft amounts due.

In view of the positions taken by the two banks, the Tribunal need not now address the question whether Iran is liable by virtue of its alleged control of Techno-Is through the Foundation for the Oppressed, nor the question whether Bank Saderat is liable jointly and severally with Bank Markazi for the drafts related to the last three shipments.

#### V. PARTIAL AWARD

The Tribunal hereby makes the following PARTIAL AWARD in favour of Claimant GRANITE STATE MACHINE CO., INC.:

1. The sum of Ninety-Two Thousand One Hundred Four and 36/100 United States Dollars (\$92,104.36) for the claims in connection with BANK SADERAT;

2. The sum of Two Hundred Seventy-Six Thousand Eight Hundred Sixty-Five and 50/100 United States Dollars (\$276,865.50) for the claims in connection with BANK MARKAZI.

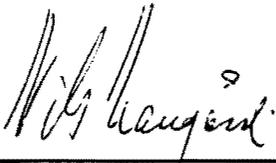
Such payment, totalling Three Hundred Sixty-Eight Thousand Nine Hundred Sixty-Nine and 86/100 United States Dollars (368,969.86), shall upon notification by the President of this Partial Award be made out of the Security Account established pursuant to paragraph 7 of the Declaration of the Government of the Democratic and Popular Republic of Algeria, dated 19 January, 1981.

This Partial Award is hereby submitted to the President of the Tribunal for immediate notification to the Escrow Agent.

The Tribunal retains jurisdiction to resolve the issues of interest and costs.

The Hague, The Netherlands

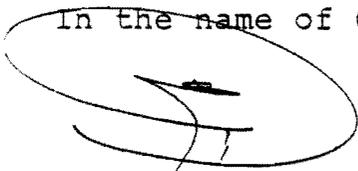
Dated: 29 July 1982



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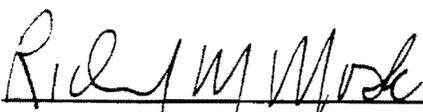
Nils Mangård  
Chairman  
Chamber Three

In the name of God,



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M. Jahangir Sani



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Richard M. Mosk