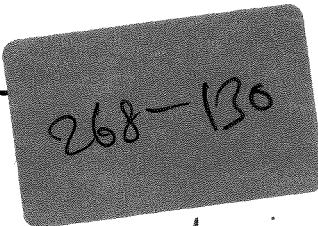


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Case No. 268

Date of filing: 14 Mar '90



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\*\* CONCURRING OPINION of \_\_\_\_\_  
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CASE NO 268

CHAMBER ONE

AWARD NO. 474-268-1

ROBERT R. SCHOTT,  
CLAIMANT,

and

ISLAMIC REPUBLIC OF IRAN,  
MINISTRY OF MINES AND  
INDUSTRIES OF IRAN,  
MINISTRY OF HOUSING AND  
URBAN DEVELOPMENT OF IRAN,  
REVOLUTIONARY GUARD OF IRAN,  
BANK MARKAZI IRAN,  
RESPONDENTS.

IRAN-UNITED STATES CLAIMS TRIBUNAL	دیوان داوری دعاوی ایران - ایالات متحدہ
FILED	ثبت شد
DATE	14 MAR 1990
	تاریخ ۱۳۶۸ / ۱۲ / ۲۲

AWARD

Appearances:

For the Claimant	:	Mr. Thomas F. Connell, Attorney Mr. Robert R. Schott, Claimant Mr. Robert B. Schott, Representative.
For the Respondents	:	Mr. Mohammad K. Eshragh, Agent of the Government of the Islamic Republic of Iran, Mr. Ali Nobari Heyrani, Deputy Agent, Mr. Ali Akbar Riyazi, Legal Adviser to the Agent, Mr. Karamali Kamayestani, Legal Assistant to the Agent, Mr. A. Behabadi and Dr. M.A. Amini, Representatives of Bank Markazi

Mr. Kh. Dadashzadeh, Representative of Ministry of Industries  
Mr. P. Sadeghi, Auditor.

Also Present : Mr. Timothy Ramish, Agent of the United States.

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1. This Case encompasses eight separate claims against the Government of the Islamic Republic of Iran and certain governmental entities and organizations ("the Respondents"). Claimant ROBERT R. SCHOTT ("Schott") alleges expropriation of his ownership interests in various Iranian companies and also seeks to recover bank accounts and other debts allegedly owed to him by the former Iranians' Bank. In addition, Schott alleges expropriation of physical property, consisting of a collection of Persian carpets and antique ceramics and glass. Schott seeks U.S.\$217,552.00 as compensation for his interest in the Iranian companies,<sup>1</sup> U.S.\$263,929.00 for the unpaid debts and U.S.\$1,278,350.00 as compensation for his antique collection.<sup>2</sup> The Respondents deny any liability. A Hearing was held on 13 and 14 June 1989.

I. FACTS AND CONTENTIONS

A) Claims based on Expropriation of Ownership Interest in Iranian Companies.

2. Schott states that he served in the American Foreign Service for 25 years from 1945 until 1970, including eight years on assignment in Iran. His last post in the Foreign Service was as a Special Assistant to the American Ambassador in Tehran, in charge of political and military

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<sup>1</sup>This excludes an amount "in excess of \$3,240,000," which Schott originally sought for the alleged expropriation of his interest in the Akam-Dillon Construction Co. This part of the claim was withdrawn pursuant to the Award on Agreed Terms that the Tribunal issued in National Corporation for Housing Partnerships, et al. and Ministry of Mines and Industries of Iran, et al., Award on Agreed Terms No. 157-87-SC (21 Dec. 1984), reprinted in 7 Iran-U.S. C.T.R. 260.

<sup>2</sup>All references to dollars in this Award are to United States dollars.

affairs. After leaving the American Embassy, Schott continued to reside in Tehran. For approximately nine years, he was employed by Iranians' Bank, as Special Assistant to the President. Schott further contends that due to the unsafe situation in Iran for U.S. nationals at the time of the Iranian Revolution, he left Iran on 1 February 1979 and returned to the United States. Schott alleges that, while in Iran, he participated in various business ventures and advised American firms interested in doing business in Iran. As a result of these activities, he allegedly acquired interests in several Iranian companies, including Tehran Beton, Iran Industrial Gases Co., Iran Security Services, Securitas (Iran) Limited and Iranians' Bank.

1. The Claim with Respect to Tehran Beton

3. Schott alleges that he initially acquired 9 shares in Tehran Beton, an Iranian company producing ready-mixed concrete, in 1973. By 1975, Schott allegedly had acquired 27 shares, all of which are stated to have been fully paid with a value of 1,350,000 Rials. Schott contends that, in 1977, the company distributed a portion of its profits to the shareholders and used the remainder of the profits made to double the company's capital, from 45 million Rials to 90 million Rials. As a result of this, according to Schott, his shares were doubled, from 27 to 54 shares.

4. Schott's interest in Tehran Beton was placed in the name of his daughter, Barbara Schott Mostofi ("Mostofi"). Schott asserts that he placed the shares in Mostofi's name for purposes of convenience and to gain the financial advantages of an inter vivos gift. Mostofi is, as Schott states, a dual national. She was born in Iran, as a national of the United States; she became also an Iranian national as a result of her marriage in 1973 to an Iranian national, Djahan Mostofi.

5. Schott further contends that on 18 May 1981, Mostofi assigned all of her ownership interests in Tehran Beton to him, to enable him to pursue this expropriation claim together with the other claims he is pursuing before the Tribunal.

6. Schott states that, when the shares in Tehran Beton were expropriated in 1979, his interest was worth 6,600,000 Rials or \$93,650. He is, therefore, claiming for his three percent ownership in the amount of \$93,650. At a minimum, Schott asserts, he is entitled to the stated face value of his shares, which totaled 2,700,000 Rials or \$38,311.

7. He further alleges that Tehran Beton paid annual dividends to him up until the time of the alleged expropriation and that, for example, in the year 1975-1976, the company declared and paid a dividend of 22,500 Rials per share. In that year, he received 607,500 Rials (less 91,125 Rials withheld for Iranian taxes) on his 27 shares. Although he stopped receiving dividends after 1978, Schott alleges that the company declared dividends in 1979, but did not pay any to him because of the company's nationalization by the Revolutionary Government of Iran. He states that he also received no notices, reports or other communications from the company after late 1978 and that neither he nor his daughter was afforded any ownership rights. Schott claims \$25,000 for the 1979 dividends that he alleges were declared but not paid to him.

8. Schott alleges that in 1979 the Government of Iran expropriated his interests in Tehran Beton. Under the Law for the Protection and Development of Iranian Industry ("The Law for Protection"), enacted on 5 July 1979, all enterprises owned by 51 individuals and families named on a list attached to that law were nationalized. That list included the Lajavardi family, who were the principal shareholders in



Tehran Beton. Schott contends that the companies nationalized pursuant to the Law for Protection, including Tehran Beton, have been controlled and administered by government-appointed directors, under the supervision of the National Industries Organization of Iran, which is part of the Ministry of Mines and Industries of Iran.

9. The Government of Iran and Tehran Beton request the Tribunal to dismiss the claim for lack of jurisdiction. They argue first that Schott has never been a shareholder of the company and therefore lacks locus standi. They further contend that the claim could have been asserted only by Mostofi since the shares were registered in her name. Regarding Mostofi, the Respondents argue that she is a dual national whose dominant and effective nationality is Iranian, relying on the fact that she was born in Iran, acquired Iranian nationality by marrying an Iranian national, and lived most of her life in Iran until December 1978. The Respondents therefore assert that a claim by Mostofi is outside the Tribunal's jurisdiction.

10. With respect to the assignment of the claim, the Respondents argue that transfer of any rights relating to the company's shares is governed by Iranian law. According to Iranian law, the assignment is allegedly invalid since, under Article 40 of the Commercial Code of Iran, transfer of shares has to be registered in the company's share registration book. Tehran Beton asserts that Mostofi failed to comply with this requirement. The Respondents further contend that the alleged transfer, even if proper, was effected after 19 January 1981 and therefore does not meet the ownership continuity requirement of the Claims Settlement Declaration ("CSD").

11. The Respondents further deny the expropriation of the shares originally placed in Mostofi's name. The Respondents confirm that the shares belonging to the Lajavardi

family were brought under state ownership by the Law for Protection. However, Respondents argue that the interests held by the other shareholders including Mostofi were not affected and that Tehran Beton Co. continues to be a private joint stock company. In this respect, the Respondent Tehran Beton submits that every year, in accordance with Tehran Beton's Articles of Association, its shareholders are invited through notices published in the Kayhan newspaper to attend the annual general meetings.

12. After the time limit for the filing of written pleadings had expired, on 7 April 1989, a document was filed by Tehran Beton entitled "Report on the Value of Tehran Beton (Private Joint Stock Company) as of 3rd March 1980".

2. The Claim with Respect to Iran Industrial Gases Co.

13. Schott states that he held 100 shares in Iran Industrial Gases Co., for which he paid 1,000,000 Rials or \$14,189. He argues that the Law for Protection nationalized all companies in the oil and gas industry, including Iran Industrial Gases Co. Schott claims for the full amount of his investment.

14. The Government of Iran denies the expropriation of Iran Industrial Gases Co. It argues that the company was not covered by the Law for Protection, because the law only confirmed the fact that the industry dealing with exploration and extraction of oil and natural gas "had previously been nationalized", and that Iran Industrial Gases Co., was allegedly only a service company engaged in the distribution of industrial gases. The Respondents further submit that the company ultimately was dissolved pursuant to the decision of an extraordinary general meeting of the shareholders held on 29 January 1980, as reflected in a liquidation notice published in the Official Gazette dated 17 February 1980. The Respondents argue that, provided he

was a shareholder, Schott could have participated, in person or by proxy, in the meeting of shareholders and that the fact that he chose not to do so cannot be attributed to the Government of Iran.

3. The Claim with Respect to Iran Security Services

15. Schott claims he owned a ten percent interest in Iran Security Services, a company established in 1977 to furnish guard services for various companies. He states that he paid 200,000 Rials or \$2,838. Although Schott does not know whether the company has been explicitly nationalized, he contends that it is clear that his interests were expropriated in 1979; he has received no notices of Board meetings or monthly or annual reports since that year. Neither has he since received any dividends. He alleges that his ownership interest in the company was expropriated and that he learned of this expropriation from an Iranian expatriate who had previously been a large shareholder of Iran Security Services. Schott claims the full value of his investment in the amount of 200,000 Rials or \$2,838.

16. The Government of Iran states that, after having made investigations, no record could be found with respect to Iran Security Services in the Corporate and Industrial Ownership Registration Bureau. At any rate, the Respondent denies that such a company was expropriated.

4. The Claim with Respect to Securitas (Iran) Limited

17. Schott claims he owned a five percent interest in Securitas (Iran) Limited, a company that also provided security services. He states that he paid 500,000 Rials for the 50 shares acquired in that company. As with Iran Security Services, Schott alleges that his interests were expropriated in 1979. Since then, he has received no dividends or communications from the company. The same

Iranian referred to in para. 15, supra, who was also a senior management official of Securitas (Iran), allegedly informed Schott that his ownership interest in the company had been expropriated. The Government of Iran was reported to have seized all the assets of the company and have repudiated its contracts with the company. Schott claims the full value of his investment in the amount of 500,000 Rials or \$7,095.

18. The Respondent, the Government of Iran, again contends that no trace could be found of this company in the Corporate Registration Bureau. The Respondent further denies any expropriation of such a company.

5. The Claim with Respect to the Shares of Iranians' Bank

19. In his written pleadings, Schott alleges that he owned more than 1,000 shares in Iranians' Bank, where he was employed from 1970 to 1979. He had paid 1,000 Rials per share. He alleges that some of the shares were registered in the name of his daughter, Barbara Mostofi. Schott acknowledges that, at the time he bought those shares, Iranian regulations would not have permitted him to purchase them in his own name, because Iranians' Bank was limited to a maximum of 35 percent foreign ownership and this limit had already been reached by Citibank's purchase of shares. However, after Citibank sold most of its shares in 1978, Mostofi's shares remained in her name; Schott concedes that he took no steps to have his daughter's shares registered in his name. He alleges, however, that Mostofi transferred all the rights she had by virtue of the shares to him in January 1982. At the Hearing, Schott alleged that, in addition to 350 shares that he initially purchased in his daughter's name and for which he still holds the certificates, about 1700 shares of the Bank were subsequently registered in his daughter's name. The latter shares evidently correspond to the copies of share certificates submitted by Bank Tejarat

as being held by Mostofi. Having alleged that the original 350 shares in Iranians' Bank (corresponding to the share certificates that remain in his possession, copies of which he had previously placed in evidence) are distinct from the 1,700 shares evidenced by Bank Tejarat's submission, Schott requested at the Hearing permission to increase the number of expropriated shares for which compensation is sought to 2,050.

20. Schott asserts that, on 7 June 1979, the Iranian Government nationalized all banks in Iran, including Iranians' Bank; since then, Schott contends, the Bank has been controlled and administered by Bank Markazi Iran. Schott argues that he is entitled to recover for the expropriation of all of the shares held originally by his daughter since he is the assignee of his daughter's claim. He claims that the shares were valued at 3,100 Rials each on the Tehran Bourse shortly before their expropriation. Therefore, he is in his view entitled to 6,355,000 Rials as compensation for the expropriation of 2050 shares.

21. As to this part of the claim, Bank Tejarat states that the shares in Iranians' Bank are registered in Mostofi's name. Mostofi, as a result of her marriage to an Iranian national in 1973, became an Iranian national. Since it is only in that capacity that Mostofi could originally acquire the shares, Respondent argues that the claim arising from these shares' expropriation does not qualify as one "owned continuously" by a United States national for purposes of the CSD. Therefore, in Bank Tejarat's view, the Tribunal lacks jurisdiction over this portion of the Claim. The Bank also notes that, at the time of the purchase of the shares, Mostofi gave an undertaking in writing that if and when she abandoned her Iranian nationality she would be legally bound to sell her shares to Iranian nationals.

22. In response to the argument that the claim was assigned to Schott, the Bank contends first that the

transfer of shares in Iranians' Bank must be effected through the offices of Iranians' Bank and registered in the books. Secondly, transfer of such shares to non-Iranian nationals is forbidden by law and the Bank's Articles of Association. The Bank further argues that the alleged transfer occurred after the date the Algiers Declarations entered into force and that such a claim, even if proper, is barred by the requirement of the continuous ownership as provided by Article VII, paragraph 2 of the CSD.

23. Furthermore, the Bank contends that upon Schott's recommendation, in August 1978 Iranians' Bank granted a loan of 1,500,000 Rials to Mostofi. For that purpose, according to the Bank, a cheque in the same amount was issued to the order of Mostofi, which cheque on the reverse side was signed by Schott. The Bank submits that the loan has not been repaid and that Mostofi owed the Bank until the date of its nationalization the sum of 1,701,683 Rials. The Bank further states that as a consequence of the nationalization, Mostofi was pursuant to the Decree No. 1007/SH of the High Council of Banks entitled to a sum of 1,300,000 Rials as compensation for the loss of her 1,700 shares. The Bank states that it has set off the amount to which Mostofi is entitled against the amount of 1,701,683 Rials, which she owed the Bank for not repaying the above-mentioned loan.

B. The Claim for Recovery of Bank Accounts at Iranians' Bank

24. Schott states that he left Iran on 1 February 1979 and returned to the United States. At the time of his departure from Iran, he allegedly had fixed deposit certificates for 11,000,000 Rials, on which he was receiving ten percent annual interest. In addition, he held a current account with a balance of 2,036,590 Rials. The interest on his fixed deposit certificates was, according to Schott, deposited monthly in his current account, which also bore

ten percent compounded interest that was paid monthly. Schott contends that the Bank has refused to pay interest on any of his accounts since December 1978. Moreover, Schott contends that by a letter he sent on 25 September 1979 to Mr. Karimabadi, then in charge of the Bank, he asked for payment of the funds from his fixed deposit certificate and all funds from his current accounts. The Bank refused to repay the principal. Schott's claim in this respect was initially 13,036,590 Rials or \$184,982. In his Reply Memorial filed on 18 May 1987, Schott further claims payment of \$790.58 from a dollar account and £78.35 from a pounds sterling account, which accounts he requested be closed out, in the same letter of 25 September 1979.

25. Bank Tejarat does not dispute the existence and the amount of the four fixed deposits and the current account, or of the U.S. dollar account and the pounds sterling account. In its Hearing Memorial, Bank Tejarat contends that interest accrued on the fixed deposits until 20 December 1979 and that this was credited to Schott's current account, which now amounts to Rials 2,036,590. From that date on, no application for the extension of the maturity date of the fixed deposits was made. Therefore, in the Bank's view, from 20 December 1979 onward no interest has accrued on the deposits. The Bank further denies that Schott was entitled to special interest rates on the amounts in his current account.

26. The Bank argued in its written pleadings that it was entitled to a set-off against the funds in Schott's account for all the debts left by bank customers whom Schott had introduced to the Bank. The Bank first adopted this position in its letter dated 11 October 1979 (responding to Schott's letter to the Bank of 25 September), which stated that compliance with Schott's requests would depend on proper settlement of the accounts of the clients recommended and introduced to the Bank by Schott. Schott has throughout

the proceedings in this Case taken the position that he has never been a guarantor of any loans made by the Bank. In his position as Special Assistant to the President he had indeed introduced customers to the Bank, but Schott emphasizes that this did not mean that he was guaranteeing the credit of any of the Bank's customers. At the Hearing, Bank Tejarat admitted that, notwithstanding what it regards as Schott's moral duty to guarantee the loans made to these customers, Schott's entitlement to his account was not dependent on the settlement of the accounts of the Bank's clients introduced by Schott.

27. After the time limit for the filing of written pleadings had expired, on 16 May 1989 a document styled as an "Affidavit of Mr. Fariborz Shabanian," Bank Tejarat's Director of Legal Affairs, was filed as further rebuttal to Schott's claims against the Bank. On the same date, a submission was also filed by Bank Markazi of Iran entitled "Further Explanation."

C. The Claim for Salary, Retirement and Severance Pay

28. As noted, (see para. 2, supra) Schott worked for Iranians' Bank for approximately nine years as Special Assistant to the President. He alleges that he left Iran on 1 February 1979, after it had become clear that U.S. nationals were unable to function satisfactorily in their jobs. He asserts that the President of the Bank gave him permission to leave. He also states that he intended to return to Iran and to his position at the Bank but was prevented from returning solely by political circumstances which were beyond his control. Schott claims salary from the Bank in the amount of \$18,000, from the date he allegedly departed from Iran, 1 February 1979, until the date of his request for termination of the employment, in his letter of 25 September 1979 to Mr. Karimabadi.



29. Schott in addition claims severance pay in the amount of \$10,000 and retirement pay in the amount of \$50,000. Schott argues that, based on the arrangements he made in this respect with Mr. Ebtehaj, who was the President of the Bank, and in conformity with general Iranian practice, he is entitled to receive both severance and retirement pay from the Bank in amounts consistent with the usual custom in Iran.

30. Bank Tejarat denies that Schott is entitled to the above-mentioned amounts. It submits that he was employed as an unofficial and temporary employee of Iranians' Bank and that he had no official employment contract with the Bank. The Bank makes reference to the letter of appointment by Iranians' Bank dated 1 August 1970, in which he was engaged on 4 July 1970 as Special Assistant to the President of the Bank and in which he was notified of the amount of his salary and of fringe benefits. Further in support of its contentions, the Bank states that as a temporary employee, Schott's work permit had to be extended every six months at the request of the employer. The Bank claims that Schott left his work on 21 January 1979 and denies that he was given the permission to leave his job. Because of his sudden departure, the Bank says that it sent him a letter, which stated:

You are required to report to the Personnel and Employees Welfare Department of the Bank, not later than March 6, 1979, in order to clarify your employment position, otherwise you will be regarded as having resigned from service.

Schott asserts that he did not receive this letter. However, since Schott did not report to work after the notification, the Bank considered him as resigned as of 21 January 1979. Therefore, in the Bank's view, the request for payment of salary and severance pay is without merit and should be dismissed.

31. Regarding the claim for retirement pay, Bank Tejarat argues that since Schott was not an official employee of the Bank, no deductions from his monthly salary were made during his nine years of service as employee's contribution for retirement benefits. Further the Bank submits that Schott has presented no evidence indicating that he is entitled to such pay. Therefore, the Bank concludes that the Claim for retirement pay should be dismissed.

D. The Claim Based on Expropriation of Schott's Physical Property

32. Schott contends that at the time of his departure from Iran, he left behind with his personal effects at his home in Tehran approximately 35 antique carpets and approximately 400 pieces of antique ceramics and glass. Soon after his departure, he asked his son, Robert B. Schott ("Schott Jr."), to gather and pack this carpet and antique collection and either to export the collection from Iran or to store it safely in Tehran. Schott Jr. was at that time an employee of General Electric Technical Services Company ("Getsco"), an overseas subsidiary of General Electric Company in Iran. Schott further alleges that in July and August 1979, at his request, his son returned to Iran and gathered and packed all of the carpets and antiquities into several wooden crates and attempted to export them from Iran. At the Iranian customs, customs officials and representatives of the Revolutionary Government of Iran allegedly attempted to confiscate them. Although the officials eventually released the property, Schott Jr. allegedly was told that no permission would be granted to export the goods. Prevented from exporting the goods, Schott Jr. then stored them in a well-guarded, locked warehouse that, as Schott asserts, was owned by Electro-Mechanical Services Company ("Emsco"), a joint venture established by General Electric. Schott

submits that as a trusted employee of General Electric, Schott Jr. was authorized to use the warehouse for that purpose. Thus, in August 1979, Schott Jr. allegedly placed several wooden crates containing the entire carpets and antiquities collection of his father in the warehouse for storage.

33. Schott contends that following the Revolution, the Revolutionary Guard of Iran confiscated the entire collection and occupied the warehouse. Although he twice requested the return of his property, directing that any items that could not be exported be turned over to Credit Suisse, as Schott's agent in Tehran, the Government of Iran has refused those requests. Schott argues that by occupying the warehouse and refusing to return his property, the Government of Iran has confiscated his property. In the Statement of Claim, Schott claims \$200,000 as compensation for the confiscated ceramics and glass and \$65,000 for the carpets. In support of Schott's claim, Affidavits are submitted by Schott himself, Schott Jr., Mr. William W. Lehfeldt, a close friend of Schott and formerly Vice President and General Manager of Getsco, by Mr. Christopher Phylactou, also a close friend of Schott, who worked in Iran from 1975 to 1978, and by Mr. Rabi Soleimani, an antique dealer previously living in Tehran.

34. Based on Mr. Soleimani's appraisal of a substantial portion of Schott's collection, Schott increased (in his Hearing Memorial, filed on 18 August 1986) the amount of the relief sought for the entire collection from \$265,000 to \$1,278,350. The appraisal of Mr. Soleimani is reflected in his Affidavit, which forms part of the written pleadings in this Case. The portion of the collection that was appraised by Mr. Soleimani, was - as alleged by Schott - bought at the Tehran antique shop owned by Soleimani's father and uncle. The appraisal is based on a list itemizing the collection submitted to Mr. Soleimani by Schott and the list is not

based on Soleimani's own knowledge of the collection. Soleimani stated in his Affidavit that he "was personally present at the time of many of these purchases" and that "although I cannot verify that Mr. Schott purchased every item on the list", he "believe[d] that the list accurately reflects those purchases." The appraisal amounts to \$871,050.66. Based on Mr. Soleimani's appraisal, Schott valued the remaining portion of his collection at \$407,300.

35. The Respondents, the Government of Iran and the Ministry of Sepah Pasdaran request the claim to be dismissed on the grounds that Schott has failed to present evidence proving his contentions. Firstly, the Ministry argues that Schott has not produced any evidence that the properties allegedly owned by Schott existed and belonged to him. Secondly, Respondents contend that no proof has been submitted that the goods were left behind in Iran and that they were stored in the warehouse of Emsco. Further, they argue that proof is lacking that a company named Emsco even existed or that it owned the warehouse in question. The Ministry refers to a letter from the Department of Registration of Corporate and Industrial Ownership, declaring that there was no trace in the Department's record of such a company. Furthermore, the Respondents argue that no proof has been presented that the warehouse was occupied by the Revolutionary Guards of Iran and that the properties allegedly stored therein were confiscated. With respect to the Affidavits by Schott Sr., Schott Jr., Mr. Phylactou and Mr. Lehfeldt in support of Schott's Claims, the Respondents remark that these affidavits lack legal validity since all the Affiants are interested Parties and the statements therein are not supported by any corroborative evidence. Finally, the Respondents argue that Schott's valuation of the antique collection has not been substantiated, while in their view, the difference between the valuation first presented in the Statement of Claim, in the amount of U.S. \$265,000, and the subsequent valuation in the Hearing

Memorial in the amount of U.S. \$1,278,350, cannot be reconciled.

II. REASONS FOR AWARD

A. Jurisdiction

36. There is no dispute that the Claimant is a United States national. Schott asserts the claims with respect to the former Iranians' Bank against Bank Markazi Iran, since the latter is in Schott's view the administrator and controller of the Iranians' Bank. Bank Markazi objected to being named a Respondent in this Case. Bank Tejarat, although not named as a Respondent, has responded in the pleadings to Schott's bank claim, since, as it submits, the claims were stated to be against its predecessor, the Iranians' Bank. In view of the conclusions reached in paras. 48 - 50, infra, the Tribunal does not need to address the question whether Bank Markazi Iran is a proper Respondent in this Case. Although there are other jurisdictional issues in this Case, the Tribunal finds it more appropriate to deal with each of them in connection with the substantive issues in which they arise. The Tribunal will now address the merits of the various claims separately.

B. Merits

1. The Claim for Expropriation of the Shares in Tehran Beton Co. and for Payment of Dividends

37. Schott alleges that in 1979 the Government of Iran expropriated his interests in Tehran Beton and that the company since then has been managed by government-appointed Directors. Tehran Beton and the Government of Iran asserted that only the shares owned by the Lajavardi family were

expropriated under the Law for Protection. The Tribunal finds that Schott has failed to prove the expropriation of his shares. Nor is there any evidence -- such as correspondence between Schott and Tehran Beton Co. -- that Schott, after he left Iran in February 1979, attempted unsuccessfully to exercise his right as a shareholder. There is, on the other hand, evidence in the record that an Extraordinary General Meeting of shareholders of Tehran Beton, Private Joint Stock Company was held on 5 September 1979, pursuant to a notice published in the Kayhan newspaper of 14 August 1979. There is also evidence presented of notices published in the Kayhan during the years 1981, 1984, 1985 and 1986 inviting the shareholders of Tehran Beton to attend the annual stockholders' meeting. No evidence is produced to show that Schott attempted to exercise his ownership rights pursuant to these invitations and that such attempts were frustrated by the action on the part of the Government of Iran. These notices do not indicate that Tehran Beton was government-controlled or that the interests of shareholders other than the Lajavardi family were expropriated. The Tribunal concludes that the claim based on expropriation of Schott's shares in Tehran Beton must be dismissed for lack of evidence.

38. Likewise, the claim for payment of dividend is dismissed. With respect to this portion of the claim, the Tribunal notes that there is nothing more than Claimant's general statement about Tehran Beton's dividends to support the allegation that they were by the action on the part of the Government of Iran withheld from him after 1978. Schott does not explain how he knows that dividends were declared in 1979 in the amount of approximately \$500 per share, nor does he identify any of the "other" individuals who allegedly received this dividend. Indeed, although Schott claims to have received dividends annually through 1978, he offers as supporting evidence only a notice of dividends

from 1976 and does not explain the absence or unavailability of the other notices.

39. In view of its conclusion regarding Schott's Tehran Beton claims, the Tribunal need not to address the issue of Schott's locus standi with respect to this portion of his claim or the Tribunal's jurisdiction over the claim in view of the assignment of ownership interests in Tehran Beton by Mostofi to Schott. Neither does the Tribunal need to decide the admissibility of the late-filed document, submitted on 7 April 1989, entitled "Report on the Value of Tehran Beton (Private Joint Stock Company) as at 3rd March 1980."

2. The Claim based on Expropriation of Iran Industrial Gases Co.

40. Schott claims \$14,189 based on expropriation of his shares in Iran Industrial Gases Co. As proof of such an expropriation, Schott relies exclusively on the text of the Law for Protection. That statute refers to "oil" and "gas" as "industries" that had "previously been nationalized." Respondents assert, however, that the law applied only to companies that owned gas or oil deposits or were engaged in petroleum exploration and extraction. By contrast, the registration document of Iran Industrial Gases, published in the Official Gazette of 6 October 1976 and presented in evidence, describes that company's main activities as the production, distribution and sales of industrial gases, including specifically "medical" gases and "gases used in welding industry." At the Hearing, Claimant insisted that Iran Industrial Gases sold petroleum gas for home use rather than chemical gases used in industrial settings. However, Schott also acknowledged that the company only distributed such products and was not engaged in exploration or extraction. Given the scope of the Law for Protection and the uncertainty as to Iran Industrial Gases' activities, the

Tribunal cannot conclude -- solely on the basis of the Law for Protection's enactment -- that Schott's shares in this company were expropriated. No other evidence of the expropriation of the company has been offered.

3. The Claim based on Expropriation of Shares in Iran Security Services

41. Schott claims \$2,838 as the value of his shares in Iran Security Services. In dealing with this expropriation Claim, the Tribunal first observes that no proof has been offered that such a company was ever established. As has been noted, Respondent, the Government of Iran, asserts that, despite its investigations, no corporate records could be found. For his part, Claimant has not furnished copies of any share certificates because, allegedly, they had not yet been printed at the time that he left Iran. Even assuming that such a company did exist, there is insufficient evidence of any acts constituting an expropriation. Schott's statement in his affidavit that he had not received any dividends since 1979 is not supported by any corroborating evidence and by itself, cannot support a finding of expropriation since there is no indication that dividends were ever declared in the years following 1979. Schott does state further in his affidavit that he was informed by an unnamed Iranian expatriate who had previously been a large shareholder of Iran Security Services that Schott's ownership had been expropriated. The Tribunal however is of the view that this anonymous statement is too vague and without probative value to prove an expropriation of the shares. Therefore, the claim is dismissed because of lack of evidence.



4. The Claim based on Expropriation of Shares in Securitas (Iran) Limited

42. Schott's claim based on expropriation of Securitas (Iran) Ltd. is for the value of his shares in the amount of \$7,095. The Tribunal again finds that Schott has offered no proof of an expropriation. As with his claim that Iran Security Services was expropriated, Schott relies exclusively on information he received from the unnamed Iranian expatriate referred to in para 41, supra (who was allegedly also a senior management official in Securitas (Iran)), to the effect that Schott's ownership interest had been expropriated. Once again, such a statement is too vague to be considered proof of expropriation. Therefore, this portion of the claim is also dismissed for lack of evidence.

5. The Claim Based on Expropriation of Shares in Iranians' Bank

43. On the basis of the record and the statements made at the Hearing it is undisputed that prior to the nationalization of the Bank a total of at least 1700 shares in Iranians' Bank were held by Schott's daughter, Barbara Mostofi. Apart from the fact that the allegation about 350 additional shares has been raised at the last stage of the proceedings, see supra para. 19, the Tribunal notes however, that no conclusive evidence has been produced concerning these shares. It is undisputed that at the time the shares were purchased, foreign nationals could not have acquired any shareholding interest in Iranians' Bank because 35 percent of the shares -- the legal limit for foreign ownership -- was already owned by Citibank. Thus, the only way in which Mostofi could acquire shares was by making use of her Iranian nationality. That she did use her Iranian nationality for that purpose is not contested by the Parties and is also evidenced by a statement signed by Mostofi that if she were to surrender her Iranian nationality, she would transfer the shares to another Iranian national. It is

therefore clear that irrespective of her dominant and effective nationality Mostofi relied on her Iranian nationality when she acquired the shares. See Case No. A18, Decision No. DEC 32-A18-FT, p. 27 (6 April 1984), reprinted in 5 Iran-U.S. C.T.R. 251, 265-66 and Nasser Esphahanian and Bank Tejarat, Award No.31-157-2, p. 15 (29 March 1983), reprinted in 2 Iran-U.S. C.T.R. 157, 166.

44. The Tribunal notes that when Citibank sold most of its shares in 1978, -- thus making it possible for other foreign nationals to acquire Iranians' Bank shares -- Mostofi's shares remained in her name, and she did not take any action to change the status under which she held the shares. The Tribunal therefore finds that Schott is estopped from arguing that Mostofi's dominant and effective nationality was American for the purpose of the Tribunal's jurisdiction over this portion of the claim. Consequently, the Tribunal finds that for the purpose of determining its jurisdiction over this claim, Mostofi's nationality is Iranian. It is not contested that at the time of the nationalization of Iranians' Bank in 1979, the shares were still held by Mostofi; therefore, this portion of the claim does not fulfill the jurisdictional requirement of continuous ownership by a United States national as stated in Article VII, paragraph 2 of the CSD. Schott's claim based on expropriation of the shares in Iranians' Bank is therefore dismissed.

6. The Claim for Unpaid Debts

a. The Bank Accounts

45. It is not disputed that as of 20 December 1979 Schott held fixed deposit certificates for 11,000,000 Rials and a current account with a balance of 2,036,500 Rials at Iranians' Bank.

46. The jurisdictional question arises whether the claims for the bank funds were outstanding on 19 January 1981 within the meaning of Article II, paragraph 1, of the CSD.

47. The Tribunal has previously held that a mere right to payment from a bank account is not a "claim" within the meaning of the Claims Settlement Declaration. Rather, in order for the possession of such a bank account to qualify as an outstanding claim, a demand for payment from the account must have been made prior to 19 January 1981. See Harza Engineering Company and Islamic Republic of Iran, Award No. 19-98-2, pp.8-9 (30 Dec. 1982), reprinted in 1 Iran-U.S. C.T.R. 499,504; Tippetts, Abbett, McCarthy, Stratton and TAMS-AFFA Consulting Engineers of Iran, et al., Award No. 141-7-2, p. 7 (29 June 1984), reprinted in 6 Iran-U.S. C.T.R. 219, 223; Computer Sciences Corporation and Government of the Islamic Republic of Iran, et al., Award No. 221-65-1, p.39 (16 April 1986), reprinted in 10 Iran-U.S. C.T.R. 269, 299-300; Training Systems Corporation and Bank Tejarat, et al., Award No. 283-448-1, para. 24 (19 Dec. 1986), reprinted in 13 Iran-U.S. C.T.R. 331, 337.

48. Schott argues that he effectively requested payment of funds from his fixed accounts and from his current account. By letter dated 25 September 1979, Schott requested Mr. A. Karimabadi, Managing Director of Iranians' Bank, to take the following action:

Please arrange to send me \$3,000 per month from my fixed deposit account (time) which will enable me to live . . . Even when others were taking their money abroad, I left my funds in our bank because I could hardly do otherwise if I were to advise others to do so. Since these funds represent my life's savings you are requested to assist me to obtain some money in order to live. I will open an account here in Athens at a local bank and you can transfer the \$3,000/mo. to me here.

49. Given the wording of this request, Schott obviously did not seek withdrawal of all his funds from the fixed deposits. Rather, he asked Mr. Karimabadi to arrange the transfer of \$3,000 on a monthly basis to Athens. Evidently, even after Schott's departure to Greece, it was his intention to leave some funds in Iran. Schott's request therefore cannot be considered as a demand for payment of the deposits prior to 19 January 1981, as the term "demand" has been interpreted by the Tribunal in the above-cited precedents. The Tribunal finds that the request for payment of \$3,000 monthly does not constitute a "claim" for the fixed deposits within the meaning of Article II, paragraph 1 of the CSD. The Claim for payment of the funds from Schott's fixed deposit certificates is therefore dismissed because of lack of jurisdiction. The Tribunal need not determine whether Schott had a claim, within the meaning of the Claims Settlement Declaration, for one or more monthly payments of \$3,000, since no such alternative claim was presented.

50. Regarding Schott's claim for 2,036,590 Rials from his current account no. 30075-6, of \$790,58 from account no. 700030 and of £78.35 from his pounds sterling account no. 75017, the Tribunal notes that there is again no evidence in the record of a proper demand for payment of these amounts before 19 January 1981. Schott's letter of 25 September 1979 simply requests the bank

to close my other various accounts (2 \$ accounts, one [pound] account and my son (Conrad's) savings account; all to be consolidated (all of these funds) in one account ( 30075-6).

In the same letter, Schott also gives Iranians' Bank the option to deposit the proceeds of the requested sales of the shares in Iranians' Bank in his current account. It appears therefore that Schott did not intend to withdraw the funds from all his accounts in Iran but wanted to have at least one consolidated account in Iran. Thus, these Claims are

also dismissed for lack of evidence of any proper demands made before 19 January 1981. In view of this conclusion, the Tribunal does not need to decide the admissibility of the late-filed documents by Bank Tejarat and Bank Markazi Iran. See para. 27, supra.

51. The Tribunal notes that, at the Hearing, a representative of Bank Tejarat confirmed that Schott is entitled in Rials to the amounts credited to his time deposits and his current account. As noted in para 26, supra, the Respondent admits that the Bank was not entitled to a setoff against the funds in Schott's accounts for the debts left by bank customers whom Schott allegedly had recommended and introduced to the Bank.

b. The Claim for Salary, Retirement and Severance Pay

52. Schott claims back pay in the amount of \$18,000 from the time he left Iran on 1 February 1979 until 25 September on which date he allegedly resigned. It has been established that Schott from July 1970 until at least 21 January 1979, when he left the Bank, was employed by Iranians' Bank as Special Assistant to the President of the Bank. The letter of appointment signed by the President of the Bank, Mr. Ebtehaj, shows that he would earn a monthly amount of 70,000 Rials and a sum of 50,000 Rials as fringe benefits and housing allowance. Schott states that he left Iran on 1 February 1979 due to the unsafe conditions for U.S. nationals. Schott asserts and Respondent denies that the President of Iranians' Bank had given him permission to leave. The Tribunal notes that no documentary evidence supports Schott's statements that he was granted a leave of absence by the Iranians' Bank's President, be it with pay or without pay. Significantly, Schott's letter to the Bank dated 25 September 1979 does not mention a leave of absence granted by the Bank's President or request payment of

salary. This portion of Schott's claim, relating to payment of salary, is dismissed for lack of sufficient evidence.

53. Schott also claims severance pay in the amount of at least \$10,000 and retirement pay in the amount of \$50,000. In his letter to the Bank dated 25 September 1979 Schott writes

Please arrange to credit my account with appropriate separation pay according to the prevailing practice in Iran. Also, it would be appreciated if my retirement, or bonus, which should be paid after working 9 years, could be given and deposited to my account (acct. 30075-6).

Although Schott believes he is entitled to severance pay according to the prevailing Iranian practice, he has offered no proof of such a practice. Nor was there any agreement that would entitle Schott to severance pay. Likewise there is no proof presented that Schott participated in a private pension plan or that he was paying premiums that might entitle him to social security benefits. Schott concedes that he does not have any records in his possession that would indicate whether deductions for retirement were made from his salary, but he asserts that he understood he would be entitled to retirement pay in the same manner as other employees. Apart from the lack of proof of such entitlement, the nature of his function as Special Assistant to the President and the terms of his employment as laid down in his letter of appointment dated 1 August 1970 suggest that his function was not comparable to those of other employees. Therefore, the Tribunal dismisses the claim for severance and retirement pay for lack of evidence.

7. The Claim based on Expropriation of Schott's Physical Property

54. Schott asserts that the Iranian Revolutionary Guard, after having occupied the warehouse where his property was stored, confiscated his entire antique collection. He is claiming \$1,278,350 as compensation. In order to prevail on this claim, Schott has to establish two important elements: first, that he had a collection and that the collection as itemized by him was stored in the warehouse in Tehran in mid-1979 and, secondly, that the collection was confiscated by the Revolutionary Guard.

55. There seems to be no doubt that Schott was a collector of Persian carpets, antique ceramics and glass. This has not been contested and is confirmed by the testimony in the Affidavits of Mr. William W. Lehfeldt, Mr. Rabi Soleimani and Mr. Christopher Phylactou. Mr. Lehfeldt contends that, as a close friend of Mr. Schott he visited Schott's house in Tehran on many occasions, where his collection was displayed. Mr. Phylactou, a citizen of the United Kingdom and a business executive, has known Schott since the early sixties when they were both living and working in Cyprus. At the invitation of Schott, in 1975 Mr. Phylactou moved to Iran and lived there until September 1978. Mr. Phylactou and Schott were also close friends. Mr. Phylactou states that he visited Schott's house in Tehran and was familiar with the antique collection which he states was an impressive collection of Persian antiquities. Mr. Phylactou appeared as a witness at the Hearing. He confirmed that the two photographs that form part of the evidence were taken by him. He added that he was not an expert on this type of antiques and therefore could not estimate the value of the collection. Mr. Phylactou stated that he had not seen the collection after his own departure from Iran which took place at the end of August or the beginning of September 1978, and did not know what had

happened to the goods since. However, Mr. Phylactou contends that while Mr. and Mrs. Schott were staying at his London flat during the summer of 1979, Mr. Phylactou had overheard a telephone conversation between Schott and Schott Jr., who then was in Iran, and understood that part of Schott's effects were not allowed to be exported. The only Affidavit, apart from Schott Jr's, that addresses the issue of what had happened to the collection after Schott's departure is that given by Mr. Lehfeldt. Mr. Lehfeldt states that, after he left Iran on 21 December 1978, he maintained frequent telephone contact with General Electric's employees in Iran, initially from his London office and later from his address in the United States. He states that:

During one of these conversations, in late 1979, I was informed that Revolutionary Guards of the Islamic Republic of Iran had seized Emsco's warehouse and had found, among other things, several sealed wooden crates of belongings stored in one of the warehouses by Robert B. Schott. I was told that the Revolutionary Guards had opened Mr. Schott's crates (as well as many others), had determined that they contained Persian antiquities and other valuables, and had seized them and their contents.

The Tribunal first notes that Mr. Lehfeldt also did not see the collection after he left Iran in December 1978 and further that he did not identify the individual at the Emsco office with whom he had this telephone conversation. The Tribunal next has to examine the statements made in support of Schott's allegations by his son, Schott Jr., who submitted two Affidavits, and who appeared and provided information at the Hearing. Schott Jr. states that he left Iran in March 1979, as he was advised to do by the American Embassy in Iran and by his employer General Electric. Subsequently, his father asked him to return to Iran inter alia to ship his household effects and other personal possessions out of Iran. If necessary, he was to store securely any items that could not be shipped out of Iran.



Accordingly, Schott Jr. returned to Iran in July 1979 and stayed there through the beginning of August 1979. He states that he hired an Iranian named Daroughi to ship his father's personal possessions out of the country. He had been informed that Mr. Daroughi was an experienced shipper and a Vice-President of the civilian branch of the Iranian Customs Service. Their first attempt to export the goods failed; after Schott Jr. had packed his father's household effects in six or more large crates and the antique collection in two large sealed crates, he and Mr. Daroughi took the crates to the Iranian customs house in Tehran for processing. Allegedly, customs officials and representatives of the Central Revolutionary Komiteh inspected the household effects and, finding inter alia a silver candelabra bearing an insignia identified with the Shah of Iran, confiscated all eight crates. Eventually the crates were released, but Mr. Daroughi was told that they could not be exported. Schott Jr. states that the next day they returned to the customs house with the six crates of household effects, since he had been advised by Mr. Daroughi not to bring the crates containing the antiquities back to the customs in light of the anti-American atmosphere at the time. Rather, Daroughi advised Schott Jr. to place the crates of antiquities in a safe storage until the political climate in Iran became favorable.

56. The six crates containing household goods were thus inspected a second time, by a different group of customs officials, and the goods were cleared for export. According to Schott Jr., they were exported from Iran. Schott Jr. allegedly delivered the two remaining crates containing the antique collection to a warehouse in Tehran, owned by a joint-venture of General Electric in Iran, called "Emsco". He points out that, at the time, General Electric had made the Emsco warehouse available to its employees in Iran for storing their personal goods. Moreover, he considered the warehouse an ideal location for storage, since it was well secured and surrounded by high walls. He

further states that after returning to the United States he checked several times with employees of General Electric to make sure that his father's possessions were still secure at the warehouse; he was initially informed that they were secure. In late 1979 or early 1980, Schott states, he was told by Mr. Lehfeldt about the nationalization of Emsco. Mr. Lehfeldt informed him that the Iranian employees in charge of Emsco had told him that Iranian Revolutionary Guards had seized Emsco's warehouse, that they had found the two crates and had confiscated them.

57. With respect to Schott Jr.'s statements, the Tribunal notes that any corroborating evidence is lacking. First, there is no evidence such as shipping documents demonstrating that the six crates containing household goods were indeed exported. Secondly, there is no further proof that Mr. Daroughi indeed assisted Schott Jr. The Ministry of Sepah Pasdaran contends that Mr. Daroughi never was employed by the customs service of Iran and presents a letter to that effect by the Ministry of Economic Affairs and Finance under which Ministry the Iranian Customs operates. Further, Schott Jr.'s statements about the delivery of the two crates containing the antique collections are not supported by any documentary evidence, apart from Mr. Lehfeldt's statement in his Affidavit that he understood that the goods had been stored by Schott Jr. in one of the warehouses. Since Mr. Lehfeldt was no longer in Iran at that time, the Tribunal finds his statements to have limited probative value. Furthermore, Schott has not presented in evidence any correspondence or documents, such as a receipt for the delivery of the two crates or an inventory of the goods, indicating that the goods had been stored in one of the warehouses. Nor has Schott Jr. identified any employee in the warehouse to whom he delivered the crates. Furthermore, the Tribunal notes that the only information in the record indicating that the goods were confiscated by Revolutionary Guards comes from Mr. Lehfeldt in his Affidavit, as noted in para. 55, supra.

Again the Tribunal notes that Mr. Lehfeldt has not given any direct testimony concerning the storage of the goods, the occupation of the warehouse by the Revolutionary Guards, or the confiscation of the goods. Mr. Lehfeldt did not identify the source from whom he obtained the information. Schott Jr. pointed out at the Hearing that Mr. Lehfeldt had been reluctant to disclose the name of the Emsco employee who reported the Guards' activities out of concern for the employee's welfare. According to Schott Jr., the source had been a certain Mr. Hashemi, whose first name was Kariyan. However, the Tribunal feels that, particularly since the identity of the source was not presented previously as part of the evidence in this case, it cannot rely on this allegation as sufficient corroboration of Schott's allegations.

58. Furthermore, in the letter dated 25 September 1979 to Mr. Karimabadi, the Managing Director of Iranians' Bank, see supra, para. 48, Schott requested Mr. Karimabadi's assistance in various financial matters and adds

Now that I am not able to return to Iran because I have fortunately been able to find a job in Athens, I want to thank the bank for being helpful to my son, Robert B. Schott, who was recently in Iran arranging to have our personal effects shipped to me in Athens. This was most kind of everyone concerned; & I cannot express enough how grateful I am to you all.

The Tribunal notes that although Schott is thanking the Bank for its assistance to his son while in Iran arranging to have his personal effects shipped to Athens, no mention is made of any attempt or failure to have the antique collection exported; the collection is not mentioned at all in the letter. The Tribunal, therefore, feels that the contents of the letter are not supportive of Schott's allegations that he owned an antique collection that was left behind in Iran.

59. In view of the above, the Tribunal concludes that Schott has failed to meet his burden of proof establishing that the antique collection was stored at one of Emsco's warehouses during summer 1979 and that the collection was confiscated by the Revolutionary Guards. It should be added that Schott's allegation about the taking of Emsco's warehouses by the Revolutionary Guards is denied by the Respondents and there exists no evidence in the record to prove the allegation.

60. Schott also relies on a letter by Mr. Sadeqi - Neshat, a deputy director of Iran's Bureau of International Legal Services, acknowledging that the Emsco warehouse is under the control of the Ministry of Sepah. The Ministry, however, has disputed the statements in that letter and submitted an Affidavit by Mr. Mohammad Amirkhani Farahani, a functionary of the Ministry of Sepah who denies any involvement of the Iranian Government with such a warehouse. The Ministry has even denied the existence of the warehouse in question. Given these disputed facts, the Tribunal feels it cannot pronounce upon the question whether the warehouse was taken. At any rate, the Tribunal feels it is not necessary to decide this question in view of its conclusions reached above.

61. Similarly, the Tribunal feels that there is no need to address the various estimations of the value of Schott's antique collection. It does observe, however, that the estimates show substantial discrepancies. The estimation by Mr. Soleimani is based solely on a list presented by Schott. Mr. Soleimani estimates the objects without having seen them, which is unusual in this particular profession. Moreover, the Tribunal notes that Mr. Schott's statements at the Hearing left serious doubts concerning the type or origin of the 35 Persian carpets for which compensation is sought. Schott stated only that all carpets were small, several of them were old and they included two silk carpets and that as far as he knew the carpets left behind did not

include any kilims. In this respect, the Tribunal notes that he was contradicted by Schott Jr., who recalled at the Hearing that there were among the carpets four or five kilims, which, as the Tribunal observes, are typically among the least expensive carpets. The Tribunal finally notes that, apart from the statements in the Affidavits, there is no proof in the record that the goods existed or were left behind. There are no invoices from purchases made by Schott and no insurance policy covering the collection was produced. Schott alleged at the Hearing that there was no need to have his antique collection insured since his house was secured by a laser security system provided by Securitas Iran, in which company he was a shareholder. Moreover the house and its garden were surrounded by a big wall, Schott submitted.

C. COSTS

62. Schott seeks compensation for the costs incurred with respect to the proceedings in this Case. By submission entitled "Claimant's Initial Bill of Costs" filed on 14 June 1987, Schott stated that his costs for legal representation were \$117,783.16. The Respondents request the Tribunal to condemn Schott to pay all the damages incurred by them in connection with the proceedings. In view of the outcome of the proceedings, the Tribunal finds it reasonable to award the Respondents jointly costs of arbitration in the amount of \$5,000.

III. AWARD

For the foregoing reasons,

THE TRIBUNAL DETERMINES AS FOLLOWS:

- a) The claims against the GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN and its instrumentalities: the MINISTRY OF MINES and INDUSTRIES OF IRAN, MINISTRY OF HOUSING AND URBAN DEVELOPMENT OF IRAN, BANK TEJARAT, BANK MARKAZI IRAN, THE REVOLUTIONARY GUARD OF IRAN, and against TEHRAN BETON COMPANY are dismissed.
- b) The Claimant ROBERT R. SCHOTT is obligated to pay THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN, THE MINISTRY OF MINES AND INDUSTRIES OF IRAN, BANK MARKAZI IRAN and THE REVOLUTIONARY GUARD OF IRAN, jointly the costs of arbitration in the amount of U.S.\$5,000.

Dated, The Hague

14 March 1990

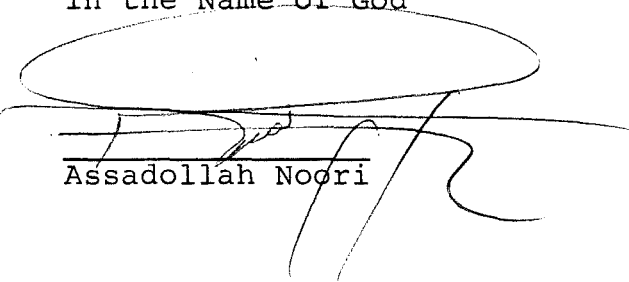


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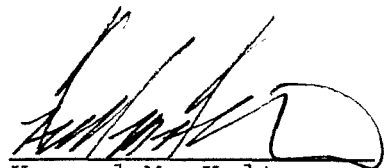
Chairman

Chamber One

In the Name of God



Assadollah Nodri



Howard M. Holtzmann

Dissenting from Part II.B.7 of the Award, denying any compensation for the collection of antiques and rugs; otherwise concurring. See Separate Opinion.