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Volume III
Documents 101 through 168
To Accompany

**Summary Report in re Leasing Arrangements
Between American Zinc Company of Illinois and
the Defense Plant Corporation**

Prepared by

**Susan K. LaMountain, M. A.
Morgan, Angel and Associates
Washington, D. C.
April 1995**

NA RG234 Reconstruction Finance Corporation, Office of the Secretary,
General Correspondence with other Government Agencies, 1932-57, Defense Plant Corporation, box 18.

101
EXPLANATION REGARDING OWNERSHIP OF PROPERTY
BY RFC DEFENSE CORPORATIONS

1. Rubber Reserve Company: Its sole activity is to acquire and carry a reserve stock of crude rubber. Except to the extent that it may become necessary to use such reserve stock for emergency purposes, title thereto will at all times remain in Rubber Reserve Company and the reserve stock will ultimately be liquidated in a manner that will cause the least dislocation in the normal market.

2. Metals Reserve Company: Its activities at present are to acquire and carry reserve stocks of various strategic and critical metals such as tin, manganese, chrome, graphite, tungsten, antimony, etc. Except to the extent that it is necessary from time to time to use such reserve stocks for emergency purposes, title thereto at all times remains in Metals Reserve Company and such stocks will ultimately be liquidated in an orderly manner.

3. Defense Supplies Corporation: Its activities consist of acquiring and carrying reserve supplies of strategic and critical materials deemed necessary in the national defense program. One of such activities is to transport and store in this country 250,000,000 pounds of Australian wool. The wool belongs to Great Britain but the U. S. Government has the right to use any part of it that it may need. Defense Supplies Corporation has also contracted to purchase nitrate of soda from Chile and a supply of diamond dies for use in the wire-drawing industry. Title to these materials will remain in Defense Supplies Corporation unless and until it becomes necessary to make them available to industry for emergency uses.

4. Defense Plant Corporation: Its activities at present are to acquire emergency plant facilities and lease the same to manufacturers having contracts with the U. S. Government for the furnishing of national defense supplies or materials. The lease arrangement evolved by Defense Plant Corporation provides for the construction of the facilities by the lessee with Defense Plant Corporation assuming the cost, taking title in its own name, and leasing the facilities to the contractor for a fixed period, subject to a provision for renewal and an option to purchase. In the case of manufacturers and suppliers having contracts directly with the Government, the rental is generally nominal and Defense Plant Corporation is reimbursed under an agreement with the War or Navy Department. In the case of sub-contractors, an actual rental is usually required to be paid by the lessee based upon a percentage of its sales. The lessee's option to purchase is based on a figure representing the actual cost minus depreciation at specified rates computed to the date of the purchase. In the event of the exercise of any such option, full title to the facilities will become vested in the lessee who will thereafter be free to use such facilities for normal industrial purposes. If such option is not exercised, the arrangement with the War or Navy Department in both cases requires title to the facilities to be transferred to such Department, upon termination of the

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lease, in consideration for the agreed reimbursement to Defense Plant Corporation of the cost (such reimbursement from the Department in the first case being received directly and in the second case being received indirectly through payment by the lessee of rentals which are loaded into the contract price to the Department). In a few special instances no arrangement is entered into with the War or Navy Department for transfer of title and the residuary interest remains in Defense Plant Corporation. It is to be assumed that whether title is in Defense Plant Corporation or in the War or Navy Department, such facilities will ultimately be used for governmental purposes or will be disposed of in an orderly manner.

NA RG234 Reconstruction Finance Corporation, Legal Division, ESO Office Files of Max Hersh
Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-59,
box 4, "Defense Plant Corporation, General."

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March 4, 1941

MEMORANDUM

With respect to the part that the RFC and its created corporation, Defense Plant Corporation, is playing in the national defense picture, it should be pointed out that by an act of Congress of 1940 the RFC was empowered to create a number of subsidiary corporations for the purpose of obtaining strategic materials and constructing plants for the production of munitions of war.

Defense Plant Corporation has over forty different construction projects now in operation with every indication that more than three times this amount will be prosecuted before the middle of 1941. Included in the activities of Defense Plant is a program which looks to the acquisition of machinery rather than the construction of buildings. The entire program contemplates an expenditure of millions of dollars and is designed to fill a gap which now exists in our expanding national industry.

The RFC, as well as its subsidiaries, is doing its part in the granting of business loans to industry. One example will be sufficient to illustrate RFC's activities in this regard. Company "A" is engaged under a contract with Defense Plant Corporation in the building of a manufacturing plant. The total price of the contract is \$1,500,000. Company "A", in an attempt to fill orders

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for private industrial firms, among which are Glen Martin and several other plane manufacturers, finds itself in sore need of working capital. In order, therefore, that Company "A" may obtain this needed capital, the RFC as distinguished from Defense Plant has made a loan of \$1,200,000 to Company "A" and has taken as security therefor the pledge of accounts receivable from Defense Plant under the \$1,500,000 contract. At first blush this may seem to be a silly set-up but it must be remembered that the powers of Defense Plant Corporation are wholly different from the powers of the RFC as is indicated by Section 5(d) of the RFC Act, as amended. In order to function the law it was necessary that the RFC create the corporations which would have the power given by Section 5(d). RFC of itself had no such power and does not now enjoy a power which would permit it to construct manufacturing plants throughout the United States. As per the direction of Congress that power was to be granted to corporations which might be established by the RFC. One can therefore see that this is more than just a mere bookkeeping entry.

It has become necessary, because the type of work carried on by Defense Plant is of a governmental nature, to adhere to the many provisions of the law with respect to public contracts and labor law. This has necessitated the setting up of systems of control and review. It becomes necessary for the Legal Division of the RFC and Defense Plant Corporation to pass upon the adequacy

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of compliances with the laws as well as the adequacy of the substance of each and every contract. In this connection it should also be mentioned that myriad problems arise with respect to workmen's compensation, insurance, etc. all of which are handled by members of the Legal Division.

In order that there be no confusion as to personnel it should be stated that primarily all personnel is employed and paid by the RFC. Any time which is spent by RFC employees in connection with activities of Defense Plant Corporation is carried as a charge against the Defense Plant Corporation and the RFC is reimbursed therefor.

It might not be amiss to point out that a very close alliance now exists between the Army, Navy and the RFC and its subsidiary corporations. Munitions manufacturers and representatives of other industries engaged in the manufacture of products vital to the national defense are in constant conference with members of the Legal Division of the RFC. From these conferences come the finished working program which starts many a manufacturing plant on its first step toward the establishment of a production line designed to furnish adequate supplies and equipment for the national defense effort.

NA RG234 Reconstruction Finance Corporation, Legal Division, ESO Office Files of Max Hersh, Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-59, box 4, "Defense Plant Corporation, General."

MEMORANDUM TO MR. KLAGSBRUNN

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RE: LIABILITY OF LESSOR FOR DAMAGES AS A RESULT OF NEGLIGENCE OF THE TENANT OR THE CONTRACTOR OR SUB-CONTRACTOR DURING THE CONSTRUCTION OF THE BUILDING PLACED UPON THE PREMISES OR SUBSEQUENT TO COMPLETION OF CONSTRUCTION

In view of the broad scope of the question and the lack of specific facts, only some general principles of law can be submitted in reply to the problem. Bennett, "Law of Landlord and Tenant", Chapter 42, and 45 C.J. pages 877 through 897 are the authorities for the following statements.

It appears to be the rule that the landlord is not liable for the torts of the tenant and this is based upon control of the leased premises, so that where the landlord surrenders absolute control of the premises to a tenant it would appear that he is not liable for the latter's torts. Furthermore, liability for injuries arising in the operation of mechanical equipment installed on the leased premises when operated by the tenant who has exclusive control and use of the premises, creates liability upon the tenant as though he were the sole owner. However, where a statutory duty is imposed upon the owner, it would appear that such duty may not be delegated to another. Accordingly, if a person is employed by a landlord to perform a duty imposed upon the landlord and where the employee, although an independent contractor, fails to fulfill the duty or commits some act or wrong whereby another is injured, the landlord cannot escape liability because the work was done by an independent contractor and the injury arose because of the contractor's fault. The landlord's liability remains, notwithstanding the duty was delegated or an attempt made to delegate it. The duty is on the owner of the premises and may not be delegated to an independent contractor. Furthermore, the mere fact that the premises were leased, and the tenant assumed the liability, does not release the landlord therefrom, although as between the landlord and tenant some rights or obligations may exist.

The owner of property may be liable for an injury not only where it was caused by the negligent acts of his employees

upon the premises, but also where it was caused by an act connected with the property which he permitted another to do or by a defective or dangerous condition of the premises which he permitted another to create. However, the fact that a negligent act was committed on a person's property will not render him liable where he had no control over the persons committing such act, and the act was not committed on his account.

Ordinarily, the owner of property is not liable for an injury caused by the negligence of an independent contractor or his servants upon the theory that the owner has no right to exercise and, in fact, does not exercise any control over the contractor in the performance of his contract. However, there are exceptions to this general rule even though an independent contractor is employed to do work on the premises, and the owner may be liable for injuries due to their defective or dangerous condition as where the work contracted for is of such a nature that it is likely to render the premises dangerous or result in injury unless due precautions or means of prevention are adopted, or the owner fails to perform a duty imposed upon him by statute or ordinance, or he is in control and possession of the building or premises and knows or could have known of the defect causing the injury.

It appears to be the general rule that where the work of an independent contractor is completed, turned over to, and accepted by the owner, the contractor is not liable to third persons for injuries subsequently suffered by reason of the condition of the work, even though he was negligent in carrying out the contract. There are exceptions to this rule such as where the work is a nuisance per se or the work turned over by him is so negligently defective as to be dangerous to third persons, provided, in the cases of the latter exception, the contractor knows or should know of the dangerous situation created by him, and the owner does not know of the dangerous condition or defect and could not discover it by reasonable inspection.

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see 2587 591

"LANDLORD AND TENANT"

(36 C. J.)

"(B 874) E. INJURIES FROM DANGEROUS OR DEFECTIVE CONDITIONS*--
1. LANDLORD'S LIABILITY--a. PERSONAL INJURIES TO TENANT AND ALL
OTHERS ENTERING UNDER HIS TITLE--(1) In General -- (a) WHERE PREM-
ISES ARE WHOLLY DEMISED--aa. GENERAL RULE. A landlord who, with-
out covenanting to repair, and without knowledge of latent defects,
puts a tenant into full possession and control of demised premises,
not intended for public purposes, and which are free from defects
of construction constituting a nuisance, will not be liable for
personal injuries sustained on the demised premises, by reason of
the defective condition thereof, by the tenant, members of his family,
employees, guests or invitees, or others entering upon the premises
under the tenant's title. The rule applies only when there is an
actual and bona fide contract of tenancy, and where the contract is
merely a sham lease designed and intended to protect the landlord from
liability, he will not be thereby relieved. Obviously, the rules
applicable to the relationship of landlord and tenant will not apply
when the alleged tenant is a mere trespasser.

"(B948) c. PERSONAL INJURIES TO STRANGERS --(1) WHERE PREMISES
ARE WHOLLY DEMISED--(a) GENERAL RULE. Where a lessor has given up
full control and possession of the demised premises and appurtenances
thereto to a tenant, and at the time of the letting the premises were
not in a dangerous condition due to defects in construction or to a
continuing nuisance thereon, the lessor is not liable for personal
injuries to a stranger due to the negligence of the lessee, or his
servants or agents, or to the defective condition of the premises oc-
curring after the beginning of the lease. Even though the premises
leased are but a part of the whole building, and although the landlord
may have rented the same to several tenants, he will not be liable for
personal injuries to a stranger when they were due to defects in that
part of the premises which was used exclusively for, and in connection
with, that part of a building leased by a tenant. Thus, a landlord
will not be liable for personal injuries sustained by a passenger on the
sidewalk from the falling of portions of the building leased to the ten-
ant by reason of its lack of repair, such as a cornice, window glass,
skylights, blinds, or like material. The landlord will not be liable
for the falling of signs affixed to the building by the tenant, nor will
the landlord be liable for injuries resulting from the negligent main-
tenance of awnings by the tenant. Furthermore, a landlord will not be
liable for injuries resulting to a stranger by reason of the negligence
of the tenant in permitting articles to fall from windows."

NA R3234 Reconstruction Finance Corporation, Legal Division, ESO Office Files of Max Hersh, Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-59, box 4, "Defense Plant Corporation, General."

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DEFENSE PLANT CORPORATION
Memorandum for Files

Date August 21, 1942

Company American Zinc Company of Illinois - Plancor 127
Address East St. Louis, Illinois
Callers: R. C. Perkins, Assistant Secretary, American Zinc Company
Captain Adler and Lt. McMullen, Ordnance Department
K. E. Hulford, Legal Department, Atlas Powder Company
Mr. Craig, Ordnance, Oleum Specialist and
John Anderson, DPC Engineer

Purpose of call: Desired information in connection with possible over-run due to increased costs caused by Ordnance's desire to have plant completed as soon as possible.

Comments and disposition: Company will make request from WPE for increased commitment, and I will speak with Mr. Moroney upon his return with respect to the matter for his consideration and disposition.

Interviewed by MAX HERSH

For release in morning papers of
Friday, January 5, 1945

RFC-2137

THE SECRETARY OF COMMERCE

WASHINGTON

January 4, 1945

Jesse H. Jones today announced that the Reconstruction Finance Corporation, through Defense Plant Corporation, has made commitments for war plants, facilities and machine tools aggregating \$10,704,935,000. Of this total \$757,656,000 has been cancelled, and \$7,177,700,000 disbursed.

The total figure includes pool order commitments for machine tools aggregating \$1,985,000,000. These orders are issued to insure the machine tool manufacturer a market for his product, and, as the tools are sold by the manufacturer, our obligation ceases.

We have only been required to buy tools under these orders aggregating \$4,912,000, and our outstanding commitments at this time are only \$33,271,000. However, we have an informal request now from War Production Board to issue new pool orders in a substantial amount, to be handled in the same manner.

In addition to the pool orders, machine tools have been supplied to 1,007 contractors in the amount of \$1,087,000,000, the contractors paying a fixed rental.

Total commitments include 920 complete, integrated plants wholly owned by Defense Plant Corporation, in the amount of \$6,055,000,000; and the expansion of 122 existing privately owned plants in the amount of \$740,000,000. These expansions are wholly owned by Defense Plant Corporation, and are located on land owned by it or held under long-term lease.

NA RG234 Reconstruction Finance Corporation, Legal Division, E50 Office Files of Max Hersh, Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-59, box 4, "Defense Plant Corporation, General."

Mr. Max Hersh

DPC General

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9-B

The overall commitments include:-

574 for aircraft facilities in the amount of \$3,100,000,000

183 for steel and pig iron facilities in the amount of \$1,023,000,000

161 for chemical facilities in the amount of \$119,000,000

156 for machine tool facilities in the amount of \$80,000,000

97 for aluminum facilities in the amount of \$812,000,000

92 for ordnance facilities in the amount of \$356,000,000

57 for synthetic rubber manufacturing facilities in the amount of \$715,000,000

50 for other rubber manufacturing facilities necessary in the war effort in the amount of \$115,000,000

52 for magnesium facilities in the amount of \$453,000,000

38 for aviation gasoline facilities in the amount of \$245,000,000

6 for pipe lines in the amount of \$189,000,000

247 plants aggregating \$3,100,000,000 are leased to operators at an annual rental of \$1 a year. In these plants no charge is made to the government procurement agency for plants or plant facilities in the supply contracts. In the remaining 1,858 projects, in the amount of \$4,900,000,000, rentals have been collected aggregating \$422,000,000.

The plants and projects are located in 46 states, and each was undertaken at the request of the War or Navy Departments, Maritime Commission, War Production Board, or other agency having responsibility for the procurement of war materiel.

Recently, a number of facilities that had finished their war work were transferred to new operators for other emergency war production.

The distribution of plants and projects by states follows:

<u>State</u>	<u>Plants & Projects</u>	<u>Commitment</u>
Alabama	16	\$ 73,733,000
Arizona	16	98,402,000
Arkansas	12	88,853,000
California	120	323,206,000
Colorado	5	6,235,000
Connecticut	63	152,866,000
Delaware	7	3,383,000
D. C.	3	4,850,000
Florida	14	16,008,000
Georgia	11	4,279,000
Idaho	1	225,000
Illinois	132	695,679,000
Indiana	84	507,485,000
Iowa	20	14,999,000
Kansas	10	44,544,000
Kentucky	56	161,432,000
Louisiana	27	232,816,000
Maine	2	352,000
Maryland	42	72,598,000
Massachusetts	71	94,901,000
Michigan	209	808,000,000
Minnesota	27	29,376,000
Mississippi	5	1,620,000
Missouri	32	161,308,000
Montana	3	12,478,000
Nebraska	6	28,125,000
Nevada	5	150,259,000
New Hampshire	3	2,521,000
New Jersey	132	298,337,000
New Mexico	4	5,268,000
New York	166	577,542,000
North Carolina	9	13,420,000
Ohio	232	778,515,000
Oklahoma	20	46,985,000
Oregon	26	43,019,000
Pennsylvania	172	581,663,000
Rhode Island	13	6,937,000
South Carolina	11	8,050,000
Tennessee	23	47,545,000
Texas	92	647,080,000
Utah	18	248,601,000
Vermont	6	4,126,000
Virginia	10	16,553,000
Washington	30	149,068,000
West Virginia	12	93,093,000
Wisconsin	56	171,463,000
Wyoming	4	12,899,000
Facilities in more than 1 state: Pipe lines, etc.	60	398,268,000
Total	2098	\$7,939,465,000

Am. M. A.

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Commitments for facilities to produce critical and strategic materials in foreign countries have aggregated \$42,714,850. They include the production of copper in Chile, nickel in Cuba, vanadium concentrates in Peru, peat in Canada, flourspar in Newfoundland, and balsa wood in Ecuador.

The figures throughout are substantially as of December 31, 1944.

RECONSTRUCTION FINANCE CORPORATION

Washington, D. C.

Herish

VIA COMMERCIAL WIRE

SEPTEMBER 25, 1945

AT THE REQUEST OF THE WAR PRODUCTION BOARD, THIS CORPORATION HAS ORDERED THAT ALL WORK ON THE CAPTIONED PLANGOR BE STOPPED, EXCEPT WORK APPROVED BY THE SUPERVISING ENGINEER. ACCORDINGLY, (A) ALL ENGINEERING AND CONSTRUCTION WORK SHALL BE STOPPED; (B) NO FURTHER SHIPMENTS OF MACHINERY, EQUIPMENT OR MATERIALS SHALL BE MADE; (C) NO COMMITMENTS WITH RESPECT TO CONSTRUCTION AND ACQUISITION SHALL BE INCURRED BY YOU FOR OUR ACCOUNT; AND (D) YOU SHALL ~~TERMINATE~~ ^{cancel} ALL COMMITMENTS INCLUDING ENGINEERING AND CONSTRUCTION CONTRACTS, EXCEPT PARTICULAR ORDERS FOR MACHINERY OR EQUIPMENT WHICH ARE SO SUBSTANTIALLY COMPLETE THAT YOU CONSIDER COMPLETION NECESSARY TO PROTECT THE INTERESTS OF THE GOVERNMENT. AS TO SUCH PARTICULAR ORDERS, YOU SHALL IMMEDIATELY ADVISE MACHINERY, EQUIPMENT AND MATERIAL VENDORS TO STOP ALL WORK ALREADY STARTED. WITH RESPECT TO SUCH PARTICULAR ORDERS, AND IN THE EVENT YOU ARE OF THE OPINION THAT ANY ORDER ~~TERMINATED~~ ^{stopped} SHOULD BE REINSTATED FOR THE FOREGOING REASON, YOU SHOULD MAKE SUCH RECOMMENDATION TO THE ENGINEER SUPERVISING THIS PROJECT.

LEO NIELSON, ASSISTANT SECRETARY
RECONSTRUCTION FINANCE CORPORATION

- CC: Sullivan (3)
 McConley
 O'Hara
 Boss (3)
 Rutland (3)
 Wiley (3)
 Greely (3)
 Stephenson (138)
 Elliott (138)
 Nielson
 Greene
 Fulton
 MacNeal (25)
 Burnside (138)
 Herish
 Pope Glueck General Files (138)

APPROVED
BY BOARD
RECONSTRUCTION FINANCE CORPORATION

SEP 25 1945

FOR THE
SECRETARY

Herish

NA RG234 Reconstruction Finance Corporation, Legal Division, ESO Office Files of Max Herish, Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-59, Box 12, "Miscellaneous Termination Proceedings."

PENNSYLVANIA SALT MANUFACTURING COMPANY
1000 WIDENER BUILDING
PHILADELPHIA, PENNSYLVANIA
ATTENTION: LEONARD T. BEALE, PRESIDENT
RE: PLANCOR 2219

PITTSBURGH EQUITABLE METER COMPANY
MERCOR NORDSTROM VALVE DIVISION
400 NORTH LEXINGTON AVENUE
PITTSBURGH, PENNSYLVANIA
ATTENTION: E. W. MEYERS, JR., CONTROLLER
RE: PLANCOR 1392

SEATTLE OXYGEN COMPANY, INC.
5510 EAST MARGINAL WAY
SEATTLE, WASHINGTON
ATTENTION: H. A. HALLUM, PRESIDENT
RE: PLANCOR 1062

Eagle-Picher Mining & Smelting Company
Joplin, Missouri
Attention: Mr. J. N. Bowlby, President
Re: Plancor 1023

The Hegeler Zinc Company
Danville, Illinois
Attention: Mr. J. W. Hegeler
Re: Plancor 971

The Residue Company
Fort Smith, Arkansas
Re: Plancor 1842

American Zinc, Lead and Smelting Co.
Paul Brown Building
St. Louis, Missouri
Attention: Mr. Howard I. Young, President
Re: Plancor 1761

National Cylinder Gas Company, Inc.
205 West Wacker Drive
Chicago, Illinois
Attention: Mr. James W. Dunham, Vice President
Re: Plancor 1243

Stuart Oxygen Company
Balfour Building
San Francisco, California
Attention: Mr. P. Coyne, President
Re: Plancor 1201

American Zinc Company of Illinois
1600 Paul Brown Building
St. Louis, Missouri
Attention: Mr. Howard I. Young, President
Re: Plancor 327; Plancor 1251

RE: BUREAU OF MINING
MINING AND SMELTING
PLANT AND EQUIPMENT
TOO LARGE TO BE LISTED
IN THE BUREAU OF MINING

NA RG234 Reconstruction Finance Corporation, Legal Division, ESO Office Files of Max Hersh, Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-1959, box 10, "DFC Planor Lists."

Statistical and Economic Division
Reconstruction Finance Corporation

ND-28

PROJECTS APPROVED BY RFC OFFICE OF DEFENSE PLANTS AS OF FEBRUARY 1955

SPONSOR SYMBOLS

AA - War - Air Forces
 ACW - War - Chemical Warfare
 AEC - War - Engineers Corps
 AO - War - Ordnance Dep't.
 ASC - War - Signal Corps
 QMC - War - Quartermaster Corps
 ASF - War - Service Forces
 WRA - War - Relocation Authority
 WTC - War - Transportation Corps
 WSA - War - Shipping Administration
 NA - Navy- Bureau of Aeronautics
 NO - Navy- Bureau of Ordnance
 NS - Navy- Bureau of Ships

PAM - Petroleum Administrator for War
 TR - Treasury Dept.
 WFB - War Production Board
 MC - Maritime Commission
 RRC - RFC- Office of Rubber Reserve
 MRC - RFC- Office of Metals Reserve
 DA - Department of Agriculture
 ODT - Office of Defense Transportation
 FEA - Foreign Economic Administration
 OWI - Office of War Information
 OSS - Office of Strategic Services
 FS - Flying Schools

GROUP USED ON NO-29	PLANTOR NO. AND SPONSOR	NAME	AMOUNT APPROVED (EXCEPT CANCELED)			AMOUNT APPROVED ON PROJECTS CANCELED		PLANT LOCAT
			LETTERS OF INTENT	COMMITMENTS	AGREEMENTS EXECUTED	L - Letter of Intent C - Commitment E - Agreement Executed		
15-6 5	2271 WFB 880 PAM	Abbott Laboratories J. S. Abercrombie Co. and Harrison Oil Co.			206,300 28,576,734.00		North Chicago Sweeny, Texas	
4-3 17-0 7	2152 AA 2307 ODT 897 ASF	Acme Aluminum Alloys, Inc. Acme Freight Lines, Inc. Acme Machine Tool Co.			178,694.30 93,000.00	E 61,250	Dayton, Ohio - Cincinnati, O	
3-3 11	380 AA 797 ASC	Ace Mfg. Corp. Acorn Insulated Wire Co., Inc.			67,974.00 94,297.29		Philadelphia, Brooklyn, N.	
3-3 3-0 3-3	1508 AA 1572 AA 1439 AA	Aero Electric Co. Addressograph-Multigraph Corp. Adel Precision Products Corp.			50,563.50	E 550,682 E 371,535	Cleveland, Oh Euclid, Ohio Burbank, Calif	
10-4 17-0	372 AO 2370 ODT	Adirondack Foundries & Steel, Inc. Adkins Transfer Company, Inc.			1,832,200 59,000		Colonie, N. Y -	

PROJECTS APPROVED BY RFC- OFFICE OF DEFENSE PLANTS AS OF SEPT. 30, 1945 - Continued

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Page No. 8

GROUPS USED ON ND-29	FLANCON NO. AND SPONSOR	NAME	AMOUNT APPROVED (EXCEPT CANCELED)			AMOUNT APPROVED ON PROJECTS CANCELED			PLANT LOCATION
			LETTERS OF		AGREEMENTS EXECUTED	L - Letter of Intent	C - Commitment	E - Agreement Executed	
			INTENT	COMMITMENTS					
13-A	759 WFB	American Rolling Mill Co.							
13-B	1259 WFB	" " " "			807,070.00			Hamilton, Ohio	
13-C	1694 WFB	" " " "				E 439,300		Middletown, Ohio	
3-F	2125 AA	American Seating Co.			493,468.00			Ashland, Ky.	
13-B	269 AO	American Steel Foundries		3,100,000	26,044,951.04		E 1,195,467	Grand Rapids, Mich. E. Chicago, Ind.	
13-A	686 WFB	American Steel & Wire Co., of N. J.			8,000,000.00			Duluth, Minn.	
3-F	1921 AA	American Thermometer Co.				E 32,190.80		St. Louis, Mo.	
2-B	1710 AA	American Type Founders, Inc.				E 672,386		Newark, N. J.	
2-B	1977 NA	" " " "			498,544.00			Elizabeth, N. J.	
17-C	2452 ODT	American Transportation Co., Inc.			32,800.00				
14-B	2057a WFB	American Viscosa Corp.			3,384,980				
14-B	2057b WFB	" " " "				E 730,640.00		Lewistown, Pa.	
14-B	2057c WFB	" " " "			2,612,195			Marcus Hook, Pa.	
14-B	2094 WFB	" " " "			8,166,105			Parkersburg, W. Va. Front Royal, Va.	
14-B	2458 WFB	American Viscosa Corp.			813,825				
10-C	250 AO	American Welding and Mfg. Co.			1,173,750.00			Marcus Hook, Pa.	
2-B	1267 AA	" " " "				C 1,300,790.00		Warren, Ohio	
9-A	327 WFB	American Zinc Co. of Illinois			6,325,000			Warren, Ohio	
9-A	1251 WFB	" " " "			900,000			Monsanto & Fairmont Cy., Ill.	
3-D	1761 WFB	American Zinc, Lead and Smelting Co.			80,000			Dumas, Texas	
3-D	733 NA	Ameco Metals, Inc.			2,143,366.30			Metaline Falls, Wash.	
3-D	1720 WFB	" " " "			319,121.00			Milwaukee, Wisc.	
7	642 ASF	Ameco Twist Drill Co.			85,683.00			" "	
4-B	1791 AA	Anaconda Alloys Corp.				E 16,625,110.00		Jackson, Mich.	
9-B	133 WRC	Anaconda Copper Mining Co.				E 3,822,421.00		Columbus, Nebraska Stillwater Co., Mont.	

NA RG234 Reconstruction Finance Corporation, Legal Division, ESO Office Files of Max Hersh,
Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-59,
box 4, "Complete Set-Four Freedoms Reports."

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FOUR FREEDOMS LETTERS

September 24 to October 1, 1945

SPONSOR SYMBOLS

AA - War - Air Forces
ACW - War - Chemical Warfare
AEC - War - Engineers Corps
AO - War - Ordnance
ASC - War - Signal Corps
ASF - War - Service Forces
WTC - War - Transportation Corps
WSA - War - Shipping Administration

NA - Navy - Bureau of Aeronautics
NS - Navy - Bureau of Ships

MC - Maritime Commission
RRC - Rubber Reserve Company
PAN - Petroleum Administrator for War
WPB - War Production Board
FS - Flying Schools

Corrections and changes

NA RG234 ESO, Box 4 "Complete Set-Four
Freedoms Reports"

FOUR FREEDOMS LETTERS

WAR PRODUCTION BOARD

<u>PLANCOR</u>	<u>LESSEE</u>	<u>DATED</u>
1244	Air Reduction Sales Company	9/26/45
1249	Air Reduction Sales Company	9/26/45
1250	Air Reduction Sales Company	9/26/45
1337	Air Reduction Sales Company	9/26/45
1338	Air Reduction Sales Company	9/26/45
1339	Air Reduction Sales Company	9/26/45
1340	Air Reduction Sales Company	9/26/45
1373	Air Reduction Sales Company	9/26/45
1399	Air Reduction Sales Company	9/26/45
1400	Air Reduction Sales Company	9/26/45
1401	Air Reduction Sales Company	9/26/45
1835	Air Reduction Sales Company	9/26/45
2156	Allied Chemical and Dye Corporation	9/26/45
2262	Allied Chemical & Dye Corporation	9/26/45
1272	American Distilling Co., Inc., The	9/26/45
2057-A	American Viscose Corporation	9/18/45
2057-C	American Viscose Corporation	9/18/45
2094	American Viscose Corporation	9/18/45
327	American Zinc Company of Illinois	9/26/45
1251	American Zinc Company of Illinois	9/26/45
1761	American Zinc, Lead and Smelting	9/26/45
1519	Barton Distilling Company	9/26/45
1877	Basic Chemical Corporation	9/26/45
2425	Battery Chemical Company	9/26/45
1559	James B. Beam Distilling Co.	9/26/45
1465	Belle Meade Distilling Corporation	9/26/45
2216	Bernheim Distilling Company	9/26/45
1655	Bonds Mill Distilling Company	9/26/45
1466	A. Smith Bowman Company	9/26/45

110

73 (C) 1147

MP RG204 Reconstruction Finance Corporation, Legal Division, ESJ Office Files of Max Hersh
 Percy Assistant General Counsel in Charge of Litigation and Liquidation, 104 E-59, Box 1 (S.W.A.)-Authority as of

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LIST OF FLANCOES SENT TO LIQUIDATION

Flancon No.

- | | |
|------|--|
| 2307 | Acme Freight Lines, Inc. |
| 653 | Ahlberg Bearing Co. |
| 662 | Alan Wood Steel Co. |
| 2328 | Allied Chemical & Dye Co. |
| 415 | Allied Machine Co. |
| 226 | Aluminum Company of America |
| 652 | " " " " |
| 1148 | " " " " |
| 1214 | " " " " |
| 1369 | " " " " |
| 1395 | Aluminum Forgings, Inc. |
| 327 | American Zinc Company |
| 1855 | Approved Flax Company |
| 1059 | Associated Refineries |
| 8 | Bardix Aviation Corp. |
| 69 | Briggs Mfg. Co. |
| 159 | Boeing Airplane Co. |
| 156 | Boeing Aircraft Co. |
| 201 | Basile Magnesium Co. |
| 242 | Barnes, W. F. & John Co. |
| 252 | Briggs Manufacturing Co. |
| 410 | Brady Aviation School |
| 1135 | Basic Vegetable Products Co. |
| 1562 | Barr Typewriter Corp. |
| 2352 | Brown & Root, Inc. |
| 927 | Budd, Edw. G. Mfg. Co. |
| 2227 | California Feed Mills |
| 2140 | Capital Foundry Corp. |
| 1207 | Carbide Carbon Chemical Corp. |
| 186 | Carnegie Illinois Steel Corp. |
| 1734 | Carrollton & Springs Pure Dye Distillers |
| 532 | Castle Dome Copper Company |
| 390 | Chain Belt Company |
| 1297 | Chalons, John J. & Co. |
| 792 | Chrysler Corporation |
| 1652 | Civil Aeronautic Administration |
| 33 | Cleveland Pneumatic Tool Co. |
| 666 | Columbia Aircraft Products, Inc. |
| 301 | Columbia Steel Company |
| 667 | " " |
| 676 | Copolymers Corporation |
| 1595 | Corps of Engineers - U. S. Army |
| 466 | Crucible Steel Company of America |
| 1122 | Crucible Casting Company |
| 16 | Currier-Wright Corp. |
| 17 | " " |
| 18 | " " |
| 43 | " " |

FILE COPY



RECONSTRUCTION FINANCE CORPORATION

WASHINGTON 25, D. C.

December 15, 1947

MEMORANDUM TO MR. ALAN BROWN: 755

Reference is made to our recent discussions regarding the discontinuance of keeping extra copies of lease agreements in the ODP Legal Files.

The attached list reflects the Plancors in litigation and includes cases involving Plancors in which we have an interest but may not be named a party.

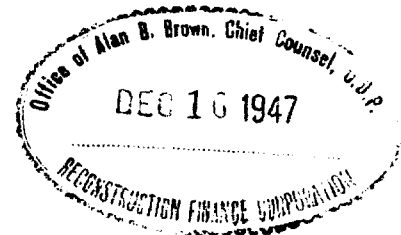
If and when you abandon the keeping of extra copies of the lease agreements in the ODP Legal Files, it will be appreciated if you will forward to the Litigation Files two copies only, if available, of each of the agreements of lease and all amendments involving the Plancors on the attached list.

E.A. STANSFIELD
Assistant General Counsel

Attachment

EAS:gr

cc: Mr. Digges
Mr. Harvith



LIST OF PLANCORS IN CONNECTION WITH LITIGATION

<u>PLANCOR NO.</u>	<u>NAME</u>	<u>ADDRESS</u>
8	Bendix Aviation Corp. ✓	Englewood, N.J.
11	Wright Aeronautical Corp.	E. Paterson, N.J.
14	Bendix Aviation Corp.	Wayne, Mich. & So. Bend, Ind.
16	Curtiss-Wright Corp. ✓	Buffalo, N.Y.
17	Curtiss-Wright Corp. ✓	St. Louis, Mo.
18	Curtiss-Wright Corp. ✓	Columbia, Ohio
20	Consolidated Aircraft Corp.	San Diego, Calif.
26	North American Aviation Inc.	Grand Prairie, Texas
31	Edo Aircraft Corp. ✓	College Point, L.I.
32	Sperry Gyroscope Co., Inc.	Brooklyn, N.Y.
33	Cleveland Pneumatic Tool Co. ✓	Cleveland, Ohio
35	Liberty Aircraft Prod. Corp.	Penningsdale, N.Y.
40	Studebaker Corp. ✓	So. Bend, Ind.
43	Curtiss-Wright Corp. ✓	Caldwell, N.J.
47	Reynolds Metals Co. ✓	Louisville, Ky.
51	Machine Tool Program	
53	Hudson Motor Car Co. ✓	Detroit, Mich.
54	The Murray Corp. of America ✓	Scranton, Pa.
57	Thompson Aircraft Prod. Co.	Euclid, Ohio
58	N.A. Woodworth Co.	Fremont, Mich.
59	Bridgeport Brass Co.	Indianapolis, Ind.
60	Ernstler Aeronautical Corp.	Johannsville, Pa.
62	Omite Foundries Co.	Rockford, Ill.
69	Briggs Mfg. Co. ✓	Detroit, Mich.
90	Chace Brass & Copper Co. ✓	Euclid, Ohio
96	The Ohio Crankshaft Co. ✓	Cleveland, Ohio
104	Pullman Standard Car Co. ✓	Chicago, Ill.
105	Hudson Motor Car Co. ✓	Detroit, Mich.
108	Colt's Patent Firearms Mfg. Co.	Hartford, Conn.
109	Buffalo Arms Corp.	Buffalo, N.Y.
112	Honda Engineering Co.	Buffalo, N.Y.
117	Willy's Overland Motors Inc.	Toledo, Ohio
127	Firestone Tire & Rubber Co.	Akron, Ohio
135	Anaconda Copper Mining Co.	Columbus, Mont.
139	Boeing Airplane Co. ✓	Wichita, Kans.
143	Hughes Tool Company ✓	Houston, Texas
146	Champion Mach. & Forging Co.	Cleveland, Ohio
146	Sperry Gyroscope Co., Inc.	Brooklyn, N.Y.
147	Walter Kilde & Co. Inc.	Belleville, N.J.
148	Kelsey Hayes Wheel Co.	Plymouth, Mich.
151	Ford Motor Company ✓	Ypsilanti, Mich.
155	Gen Motors Corp. (Chevrolet)	Warren, Mich.
156	Boeing Aircraft Co. ✓	Benton, Wash.
161	Emerson Elec. Mfg. Co. ✓	St. Louis, Mo.
164	Jacobs Aircraft Engine Co. ✓	Pottstown, Pa.
173	Phelps Dodge Copper Prod. Corp. ✓	Los Angeles, Cal.
181	Westinghouse Elec. & Mfg. Co.	East, Pa.
183	Menasco Mfg. Co. ✓	Burbank, Cal.
186	Carnegie-Illinois Steel Corp. ✓	Homestead, Pa.
201	Basic Magnesium Inc. ✓	Las Vegas, Nev.
211	Monsanto Chemical Co.	Texas City, Tex.
215	Douglas Aircraft Co. Inc.	Santa Monica, Calif.
222	Isclantite, Inc.	Belleville, N.J.
226	Aluminum Co. of America ✓	Pittsburgh, Pa.
236	Vega Airplane Co. ✓	Burbank, Cal.
242	W.F. & John Barnes ✓	Rockford, Ill.
243	Dow Magnesium Corp. ✓	Velasco, Texas
244	Diamond Magnesium Co.	Painesville, Ohio
245	Clu Corp.	Tacoma, Wash.
252	Briggs Mfg. Co. ✓	Detroit, Mich.
254	Ford Motor Co. ✓	Dearborn, Mich.
257	Republic Steel Corp. ✓	Cleveland, Ohio
261	Republic Steel Corp. ✓	Cadaden, Ala.

PLANCOR NO.	NAME	ADDRESS
262 ✓	Republic Steel Corp. ✓	Mineville, N.Y.
265 ✓	International Min. & Chem. Co. ✓	Austin, Texas
266 ✓	Inland Steel Company ✓	E. Chicago, Ind.
267	Briggs Mfg. Co. #3	Detroit, Mich.
270 ✓	General Steel Castings Corp. ✓	Granite City, Ill.
291	Kalvita, Inc.	Salt Lake City, Utah
297	Emerson Babcock Shipbuilding Co.	Duluth, Minn.
299	Soulin Steel Corp.	St. Louis, Mo.
301 ✓	Columbia Steel Co. ✓	Provo, Utah
312 ✓	Granite City Steel Co. ✓	Granite City, Ill.
317 ✓	General Motors Corp. #3 ✓	Flint, Mich.
326	Dohm Alum. & Brass Corp.	Los Angeles, Cal.
327 ✓	American Zinc Co. ✓	Monsanto & Fairmont, Ill.
332 ✓	Castle Dome Copper Co. Inc. ✓	Miami, Ariz.
344	Midnight Tool Co.	Chicago, Ill.
346	American Rolling Mill	Houston, Texas
349 ✓	Wood Newspaper Mch. Corp. ✓	Plainfield, N.J.
363	General Electric Co. #8	Shrewsbury, N.J.
364	General Electric Co. #9	Cleveland, Ohio
378 ✓	Dalzan Tool & Mfg. Co. ✓	Detroit, Mich.
382	Dallas Shipbuilding Co.	Dallas, Texas
382	Los Angeles Shipbuilding Co.	Los Angeles, Calif.
389	Arrow Tool & Machine Co.	Detroit, Mich.
390 ✓	Chain Belt Company ✓	Milwaukee, Wisc.
394	Pittsburgh Photo Engr. Co.	Ham Martinsville, W. Va.
396	Ortti, Inc.	Trenton, N.J.
402 ✓	Manganese Ore Co. ✓	Las Vegas, Nev.
406	Chicago, Ill.	Chicago, Ill.
407 ✓	Tavares Construction Co., Inc. ✓	National City, Cal.
410 ✓	Brady Aviation School ✓	Brady, Texas
415 ✓	Allied Machine & Engr. Corp. ✓	New Phila., Ohio
417 ✓	Roote Bros. Gear & Mch. Corp. ✓	Chicago, Ill.
422	Republic Steel Corp.	Chicago, Ill.
423 ✓	Pennsylvania Salt Mfg. Co. ✓	Cornwell Hts., Pa.
426 ✓	Harman Flying School ✓	Hallinger, Texas
431 ✓	Oklahoma Air College Inc. ✓	Oklahoma City, Okla.
432	Smooty Mine Police Air Academy	Smooty Mine, Utah
436	Utah Manufacturing Co.	Shannon, Utah
434 ✓	Phelps Dodge Corp. ✓	Morenci, Ariz.
438 ✓	Koppers United Co. ✓	Granite City, Ill.
442	Phillips Overland Motors Inc.	Dearborn, Mich.
449 ✓	Ford Motor Co. ✓	Dearborn, Mich.
463	Industrial Lubricators Co.	Burbank, Cal.
466 ✓	Crucible Steel Co. of America ✓	Midland, Pa.
472 ✓	Mergenthaler Linotype Co. ✓	Brooklyn, N.Y.
483 ✓	Koppers United Co. ✓	Kobuta, Pa.
484 ✓	Phillips Petroleum Co. ✓	Borger, Texas
488	Humble Oil Refining Co.	Baytown, Texas
494	The National Steel Co.	Cleveland, Ohio
505 ✓	Camp Chemical ✓	Velasco, Texas
506 ✓	Fairchild Engr. & Airplane Co. ✓	Burlington, N.C.
523 ✓	General Motors Corp. ✓	Flint, Mich.
537 ✓	Reed Roller Bit Co. ✓	Houston, Texas
536 ✓	Goodyear Aircraft Corp. ✓	Akron, Ohio
547 ✓	New England Lime Co. ✓	Canaan, Conn.
549 ✓	General Motors Corp. (Frigidaire) ✓	Dayton, Ohio
561	Tennessee & Williams Steel Corp.	Alliance, Ohio
558 ✓	Tubular Products Inc. ✓	Gary, Ind.
578 ✓	National Union Radio Corp. ✓	Maplewood, N.J.
579 ✓	United Drill & Tool Corp. ✓	Chicago, Ill.
586 ✓	General Motors Corp. ✓	Trenton, N.J.
591 ✓	Southport Petroleum Co. ✓	Texas City, Texas

NA RG234 Reconstruction Finance Corporation, Legal Division, ESO Office Files of Max Hersh,
Deputy Assistant General Counsel in Charge of Litigation and Liquidation, 1947-59,
box 4, "Defense Plant Corporation, General."

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December 28, 1949

Pending Matters as of Close of Business Today:

ODP Matters

Capital Transit - Plancor 1040 - Questions and work relating to disposal
of remaining buses.

American Zinc - Plancor 327 - Rental claim. Also possible disposal.

American Zinc - Plancor 1251 - small rental claim.

Castle Dome - Possible disposal.

National Carbide - OWAL #3 lease - Recently gave 30-day extension pending
possible one year lease.

Joliet Industrials - OWAL Lease #6 - rental claim, etc.

Cleveland Pneumatic Tool - Plancor 33 - substantial rental claim.

United Distillers - Plancor 1300 - possible disposal.

United Distillers - Plancor 1731 - rental claim.

Aircraft Service Corp. - Plancor 1266A - Rent and other claims involving
Navy Department.

Chile Exploration - Plancor 851 - This is a conditional sale - so-called
lease still in effect.

Publicker and Continental Distilling - Claims against RFC, etc. with
which you are familiar.

H. H. H.

cc [unclear] [unclear] [unclear] [unclear] [unclear]

LITIGATION

Barge Program - 3 cases including Hyer.

Pacific Exploration - 6 cases (3 referred to Justice).

U. S. Barge Lines - Plancor 1332.

NATURAL RUBBER PROGRAM

Any need to detail this mess?

LOSS & DAMAGE CLAIMS

None on desk now but Malloy says he has approximately 500 claims. I expect that about 20% to 30% may come to Legal for clearance or review.

DOCK DEMURRAGE CLAIMS

5 more claims to be cleared and releases prepared.

MISCELLANEOUS

Tube Reducing claim.

Arkansas, Louisiana Gas claim. Handling with Freeman.

Nathieson Alkali. Handling with Clinton.

Other miscellaneous matters as they arise.

H. Herah

Handwritten signature

tNA RG234 Reconstruction Finance Corporation, Records of the Federal Loan Agency,
E122 Directives from Federal Agencies, 1939-49, box 1, "DFC-Part 1."

DEFERRED TO BE AN
ADMINISTRATIVE
E.O. 12065, Section 102
By Bill DATE 1/10/95

113
Copy of Copy

SECRET

January 4, 1943

MEMORANDUM FOR THE SECRETARY OF WAR

**Subject: War Department Policy on Industrial
Plants.**

1. Your notes after Cabinet meeting last week show that there was discussion of what would happen to expanded industrial plants after the war, - who would own them, etc.
2. War Department policy does not permit a private manufacturer to inherit an industrial plant the cost of which has been met by the Government.
3. Many plants are owned by the Government, either directly or through Defense Plant Corporation, a subsidiary of Reconstruction Finance Corporation, and leased to private companies. In the majority of cases of Defense Plant Corporation ownership and in some cases of direct United States ownership, the private company has a firm option to purchase the plant at the end of the war, but the exercise of the option involves a payment by the company of the cost of the plant less normal depreciation.
4. Other plants have been financed with private funds and are now owned by private companies. In the great majority of such cases the only item of plant cost recognized by the War Department is normal depreciation on the plant. This is paid by the Government in the price of the products sold by the company. In a few cases the War Department has agreed to reimburse the company for more than normal depreciation but in those instances special contractual provisions protect the Government's interest in the plant. In none of these cases can the private company be said to get the plant at Government expense.

/s/ Robert P. Patterson

Robert P. Patterson
Under Secretary of War.

RPP:er

cc to C.G. SOS - atten. Gen. Styer
cc to Col. Ege, USWO

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WAR PRODUCTION BOARD

ACTIVE

WASHINGTON, D. C.

January 29, 1944 *John Snyder*

IN REPLY REFER TO:

PLEASE PREPARE REPLY FOR
MR. JONES' SIGNATURE

Dear Jesse:

As you know, Defense Plant Corporation has entered into numerous contracts for the construction of projects which the Office of Production Management and the War Production Board have certified as necessary in the interests of national defense. This construction has been carried forward by various companies as agents of Defense Plant Corporation and under the supervision of DPC's engineers and auditors. Many of these projects are now approaching completion. In a number of cases it appears that the cost of construction will exceed the original estimates, so that the companies involved are applying for additional funds. In order that these applications may be considered without delay or confusion, I am expressing my understanding of the appropriate procedure.

The applications fall into two general classes:

1. Cases involving additional facilities beyond those originally authorized. In this type of case, Defense Plant Corporation is clearly entitled to our recommendation as to whether or not the additional facilities are in the interest of the war program, and this is a decision which falls within our field of responsibility, and which we are qualified and willing to make. Applications in such cases should therefore be referred in the first instance to the War Production Board, for consideration and appropriate recommendation to Defense Plant Corporation.

2. Cases involving increased cost without enlargement of facilities. On a good many jobs, the cost of construction is running over original estimates even though no change has been made in the facilities originally authorized. These increases develop day by day in the course of construction. We have no organization that attempts or is qualified to follow these expenditures so as to be in a position to determine whether and to what extent an increased cost is justified in any particular case. Defense Plant Corporation, on the other hand, has engineers and auditors on each job, and any questions of cost arising between DPC and the company which acts as its agent in constructing the facility should be settled between those two parties. Therefore, applications involving only additional funds should be referred direct to Defense Plant Corporation for consideration and decision.



If the foregoing conforms to your understanding I think it would be helpful if you and I gave general instructions to this effect to our respective organizations.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. M. Nelson".

Donald M. Nelson
Chairman

The Honorable
The Secretary of Commerce
Washington, D. C.

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U.S. NATIONAL ARCHIVES

M. H. A. H. [unclear] [unclear]

August 13, 1943

Dear Harold:

Receipt is acknowledged of Mr. Bailey's letter of July 17, 1943, saying that you desired to have an expression of our views regarding a proposed directive, prepared by the Department of Justice for issuance by the President, to the Secretaries of War, Navy and Commerce and the Chairman of the Maritime Commission with respect to the disposition of plants and facilities acquired by the Government in furtherance of the war effort.

I have assumed that the President and Congress would determine upon the disposition or other treatment of war plants when they are no longer needed for war purposes, with proper consideration for the rights of the builders or operators of the plants under existing contracts. These rights are the result of considered action by the War and Navy Departments, National Defense Advisory Council and ourselves.

Whatever purchase rights there are in contracts of Defense Plant Corporation run only for a short time after the war, and generally provide that DPC will receive cost plus interest less rentals plus interest, or cost less depreciation, whichever brings Defense Plant Corporation the most money, with a specified residual value.

No option runs to the builder of the big steel plant in Utah, nor to builders and operators of the aluminum, magnesium and rubber plants and pipe lines. In one instance, Reynolds Metals Company has the right to sell us its aluminum plant at Longview, Washington, at cost less depreciation in part payment of the loan made to the company for the construction of aluminum plants.

In our opinion, the purchase rights running to the builders or operators of plants built by the DPC have very little value to them.

If the President should issue such an order as contemplated consideration should be given to existing rights. Furthermore, some latitude should be left with the administrators who must make the contracts. Obviously, it would be too burdensome to have the President approve each contract where some manner of option was made necessary or desirable because of the circumstances or character of the contract.

If the President is unwilling to leave with the several administrators the discretion to make exceptions to the general policy, he could designate the heads of the four departments as a committee to which the authority would be given, with general instructions from him.

I am attaching a memorandum which discusses the proposed directive in detail.

Sincerely yours,

(Signed) Jesse H. Jones
Secretary of Commerce

Honorable Harold D. Smith
Director
Bureau of the Budget
Washington, D. C.

*cc: J. C. ... RHC
JHJ*

MEMORANDUM TO ACCOMPANY LETTER OF AUGUST 12, 1943 FROM THE
SECRETARY OF COMMERCE TO THE DIRECTOR OF THE BUREAU OF THE
BUDGET:

The proposed order to the Secretaries of War, Navy and Commerce and to the Chairman of the United States Maritime Commission is intended to centralise the disposition of Government industrial facilities in order that uniform and proper policies may be followed. However, as conceived, it is insufficient in certain respects for the purpose and indeed may have an opposite effect to that intended.

[

The purchase of Government owned plants is not the only method by which private concerns acquire facilities constructed with Government funds. The proposed order leaves untouched other methods involving negligible private risk or investment, which would be greatly stimulated by the issuance of the order unless they likewise were covered by it. Some of these methods are as follows:

1. Supplies Contracts - The supplies contract can be the source of guaranteeing a private concern a substantial amount of the facilities costs. If more than normal depreciation or amortisation is allowed, if unusual allowances for indirect costs or contingencies are made, or if the profit margin is made unusually large, a substantial proportion of the cost of the plant may be included even in a short term contract. In addition, a supplies contract may be made for a number of years without cancellation provision or may allow upon cancellation substantial damages for unreimbursed facilities costs. Also a supplies contract may contain a lump sum payment for facilities. In any such event an unwarranted amount of private facilities may be paid for by the Government.
2. Loan or Guaranty - A facilities loan or loan guaranty by the Government to a company without adequate financial resources and upon security limited to the facilities to be erected may provide private facilities at Government risk and expense, since the company has no liability and yet can own the plant if its gross revenues, after expenses, can amortise the loan.
3. Five-Year Tax Amortization Statute - Under that law plant amortization for tax purposes is allowable not merely over a five-year period but, in the event of a shorter war, over the period of the war. Although in the case of companies in high income tax brackets plants can be substantially paid for with tax savings alone, this result was apparently sanctioned by Congress. However, in combination with the other methods listed, additional advantages are obtained by companies. For example, despite Congressional intent to the contrary there has been, and may again be, some tendency to allow such suppliers more than normal plant depreciation in their prices.
4. Emergency Plant Facilities Contract - Under this contract title to facilities was retained by the private manufacturer. The Government agreed to reimburse the manufacturer for his costs in sixty equal monthly instalments. After the war the manufacturer was, in earlier forms of the contract, permitted to retain whatever portion of the facilities he chose by paying their useful value to him (rather than their general market value, if higher). He also could require the Government to remove the balance of the facilities at Government cost and to restore the manufacturer's site to its former condition. With the right to compel the

Government to remove the facilities, the price could be even below the useful value to the manufacturer.

Two or more of these methods may be combined, as they have been at times, and result in a gift of facilities by the Government to a private concern.

II

In addition to the foregoing, the proposed order does not consider other contractual provisions that are relevant here. Some of these provide:

1. That the Government would not put the facilities it owns to commercial use.
2. That the Government will not dispose of the facilities.
3. That the Government will demolish the facilities, and if the site belongs to the operator, will restore it to its former condition.

III

The Defense Plant Corporation lease with its option provision was devised to protect the Government against the windfalls and restrictions described in I and II above, which were advanced strongly in the early days of the war and are still often urged.

It is believed that the usual form of option in Defense Plant Corporation leases provides proper Government protection and indeed has certain distinct advantages.

This option may be exercised only for all the facilities covered by the lease - not for such parts as the lessee may select. This protects the Government against leaving certain key buildings or key items of machinery purchased while the balance are left to the Government. The option does not run beyond a brief period (generally 90 days) following termination of the lease and is not effective if the lease is canceled for lessee's fault. The option price is computed on the basis of the cost of the facilities, less stated depreciation rates (which are generally calculated at 5% for buildings, 12% for machinery and 25% for durable tools), with a minimum residual value on all items of 15% to 35%, and with the further provision (except in certain leases with direct suppliers of the Government in which generally no rental is payable) that the option price in no event shall be less than the balance of the Government's investment then outstanding.

Some of the advantages of an option along these lines are as follows:

1. It expedites the war program. In many instances the facilities are constructed on sites adjacent to or near existing plants of lessees, often on sites that were held by the lessees for future expansion. This is done because the managerial and supervisory problems are greatly simplified by coordinated operations, and thus maximum output is increased and reached sooner. Without an option the lessee may

hesitate for fear that the plant may be disposed of to a financially stronger competitor at a nuisance, rather than a fair, price and seriously impede his peace-time operations. Other causes for hesitation may be the fear that tools specially built by the lessee and special processes, which are furnished the Government at cost, would fall into competitor's hands without compensation therefor. Accordingly, either the Government's negotiations for necessary productive capacity would be greatly protracted by such objections, or the efficiency of the war program would be impaired by remote sites or less effective productive units.

2. It results in better construction, equipment, and maintenance of the facilities and in lower cost to the Government. If the lessee is interested in purchasing the properties and has in mind an option price which he will wish to exercise, he will take pains to keep the original cost at a low figure and to have the plant properly designed and constructed, and to keep the properties adequately maintained. If, on the other hand, he has no interest in the ultimate acquisition of the plant at an option price, his initial cost is immaterial to him, and, indeed, with inadequate maintenance he may be able to command a still lower price. Furthermore, in view of the option, the manufacturers have to date been willing to handle the construction and equipment of the plant and the acquisition of the machinery at actual cost upon reimbursement only for direct expenses incurred. The lease agreements have made no provision for payment of any amount for overhead or for any fees to the lessee for this work.
3. It will in all probability result in greater dollar recovery to the Government. If there is no option, the lessee will rely on negotiations in the open market. Since these will take place at times when plant facilities will be greatly in excess of peace-time needs, it is doubtful whether prices comparable to cost less depreciation can be obtained. If, on the other hand, an option as discussed above is present, the lessee will be risking the loss of the plant if the brief option period expires. Since with an option he often places the facilities on land adjacent to existing plants, the necessity of exercising the option rather than risking loss of the facilities to a competitor is frequently increased and may assure the Government of the full option price.
4. It affords certain incidental benefits. In many instances the Government has been able to obtain, on very favorable terms, options for raw materials, or agreements with companies to operate badly scrambled facilities for the Government after the war, on the ground that such an alternative was only fair if the manufacturer did not exercise the option privilege afforded him.

In addition, many Defense Plant Corporation leases and operating agreement provide that if the Government wishes to sell the plant, it will during a limited period of time following termination of the agreement (generally six months), give the operator an opportunity to buy the plant at the best offer received. There is, of course, no obligation upon the Government to sell the plant.

[V

In addition to the foregoing general considerations, certain specific clarifications of the proposed order are required:

1. If the property intended to be covered by the order includes surplus construction equipment and materials, or, what is more important, surplus production equipment urgently required in other war plants, the present flexibility in handling and disposing of such facilities, designed to reduce the manufacture of further equipment, would be materially impaired. Such disposition is presently coordinated with the War Production Board and the Service Departments.
2. It is assumed that the prohibition of property disposition is not meant to prevent the exercise of existing options. However, that point should be made clear in order that there may be no ambiguity with respect to this important constitutional and legal point.
3. It is not clear what is meant by "renegotiated contracts". It may merely mean that no option or "other preferential right" shall be added to any "renegotiated contract" where the original contract contained no such provision, or it may mean that no such provision shall be retained in any "renegotiated contract", even though such a provision appeared in the original agreement. The term "renegotiated contracts" might mean either contracts "renegotiated" pursuant to section 403 of the Sixth Supplemental National Defense Appropriation Act, as amended, or merely contracts revised by mutual agreement of the parties.

(a) If clause (b) merely prohibits the insertion of new options or "preferential rights" where none existed before, the meaning of "renegotiated contracts" in that clause is immaterial, since the intention would obviously be to prohibit the granting of any such rights under any circumstances.

(b) If clause (b) means that any existing provision granting an option or other "preferential right" shall be eliminated in the event the contract in which the provision appears is "renegotiated", the meaning of the term "renegotiated contracts" in such clause (b) becomes material. If that term refers to contracts "renegotiated" under section 403 of the Sixth Supplemental National Defense Appropriation Act, 1943, as amended, an attempt to eliminate an existing option or other "preferential right" as part of the "renegotiation" would be illegal, for while such an option or "preferential right" might have some value to the contractor, such value does not appear to be part of the "contract price" within the meaning of such section 403.

(c) If clause (b) includes the enlargement of existing projects, it is doubtful whether the option can be eliminated as to facilities contracted for, and unless a single option covers the new facilities as well as the old the Government would be inadequately protected, since the manufacturer would be in a better position to exercise his option for the old facilities alone and at the same time to leave the Government with incomplete equipment and isolated structures.

V.

In order for the proposed order to be both effective and workable, the matters set forth herein should be considered.

There is sound basis for continuing to permit options and their exercise, but it may be advisable to provide certain minimum standards. There appears to be no change in circumstances warranting a repudiation of the program undertaken by all interested government agencies after much deliberation in 1940 and 1941, if the proposed order can be interpreted to contemplate a change as to past transactions. In any event, if a change is contemplated for future transactions, other procurement and financing methods, as outlined in I and II hereof, should be carefully reviewed and appropriate safeguards provided. Otherwise the restriction on options may stimulate procedures under which private concerns could acquire government property without any of the protection provided by the options.

METALS RESERVE COMPANY

WASHINGTON, D. C.

116

July 24, 1942
Our ref: HIGH GRADE ZINC
WTJ

NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations—Metals Reserve Company, Administrative Subject Files, box 147, "Zinc."

MEMORANDUM FOR MR. G. TEMPLE BRIDGMAN:

Metals Reserve Company will shortly have deliveries of high grade zinc to it by the following companies under contracts and arrangements as indicated.

(a) New Jersey Zinc Company, under Mexican Ore and Concentrates Agreement No. AA-76, dated May 5, 1942.

(b) American Smelting & Refining Company, from their Corpus Christi, Texas plant under Contract P-269, dated April 11, 1942.

(c) Anaconda Copper Mining Company at Black Eagle, Montana, under Toll Contract No. T-1, dated December 24, 1941.

(d) Possibly from American Zinc Company of Illinois at St. Louis, Missouri, under Mexican Ore and Concentrates Agreement No. AA-72, dated May 4, 1942, if Metals Reserve Company requests high grade zinc.

All of these contracts and agreements provide that the respective sellers to Metals Reserve Company act as sales and shipping agents for Metals Reserve Company with respect to the metal produced by them either for sale to us or under toll arrangements.

New Jersey Zinc Company first, and later the other companies, have advised us that all sales to ultimate consumers of high grade zinc are made on 30 day credit terms. Metals Reserve Company terms for the sale of all our materials are net cash before shipment or sight draft with order bill of lading attached. New Jersey Zinc Company objected to these terms since they claim that they would be selling their own product to their own customers on 30 day terms, whereas they would also be selling Metals Reserve Company zinc, as our agents, on C.O.D. terms. American Smelting and Refining Company have objected to C.O.D. terms because under the terms of their contract with us they are to pay all delivery charges to ultimate destination and they feared that being unable to offer 30 day credit terms they would have to accept deliveries at the most



RG234 MRC Admin. Subject files 1940-45, "Zinc-31 42-5,
Box 146

Memorandum for Mr. Bridgman

-2-

July 24, 1942

unfavorable delivery points. We have not yet heard from Anaconda or American Zinc Company of Illinois as to their respective positions in this matter.

New Jersey Zinc Company has proposed the following plan and it has been approved by War Production Board: New Jersey Zinc Company will repurchase from Metals Reserve Company so much of each month's delivery by New Jersey Zinc as is not withheld from sale at the request of War Production Board and for which they are able to find purchasers against bona fide zinc allocation certificates. At the end of the month New Jersey would then bill Metals Reserve Company for the zinc repurchased by them and sold to their own customers and would also by credit memo repurchase from Metals Reserve Company at the same price as their sale to us this same tonnage of material. They would also bill Metals Reserve Company for the unsold or withheld tonnage at the end of any month for payment by Metals Reserve Company at the contract price. New Jersey would sell zinc available to it in their own name and on their own credit terms.

American Smelting and Refining Company have objected to a similar arrangement in the case of their Corpus Christi contract with us and have proposed the following: In substance American Smelting and Refining would arrange for sales of the Corpus Christi zinc in our name under the usual credit terms current in the high grade zinc trade and would assume the credit risk themselves with remittance to Metals Reserve Company by the 15th of the month following that in which sales were made. Their invoices to us covering their sales would be rendered according to contract P-269. This contract does not provide for any specific time for American Smelting to render invoices except that they may be rendered after shipment of zinc for our account or after storage of zinc for our account. While there would seem to be no objection to the credit standing of American Smelting and Refining Company, New Jersey Zinc Company might easily claim that they are being discriminated against because Metals Reserve Company does not settle with them as zinc is shipped.

It appears to me that in order to set up a consistent procedure we should endeavor to have the same arrangement with all companies selling us high grade zinc. It is my belief that the proposal of the New Jersey Zinc Company is the simplest of all submitted so far and I would recommend that we endeavor to work out a similar arrangement with the American Smelting and Refining Company, Anaconda Copper Mining Company and American Zinc Company of Illinois, in case we desire to request the latter company to deliver high grade zinc.

Memorandum for Mr. Bridgman

-3-

July 24, 1942

Attached you will find letter from the New Jersey Zinc Company, letter from the War Production Board and proposal as finally submitted by American Smelting and Refining Company.

Incidentally, I understand that Mr. Kenneth C. Brownell of the American Smelting and Refining Company will be in Washington some time next week.


T. A. Hamilton
Traffic Manager

Attachments

1 Returned to T.A.H.

WAR PRODUCTION BOARD

WASHINGTON, D. C. -25

June 10, 1944

IN REPLY REFER TO:

JD:Zinc:1545 Tempo. H

*Mr. J. F. [unclear]
Mr. [unclear]
Mr. [unclear] 117
Mr. [unclear]*

Mr. Henry DeWitt Smith
Metals Reserve Company
811 Vermont Avenue
Washington, D. C.

Dear Mr. Smith:

It has become increasingly apparent during the past year that certain smelters treating Tri-State concentrates had reached the point at which the smelting of Joplin ore was being continued at a financial loss or at best a mere break-even basis.

Base price F.O.B. mines or mills of Tri-State concentrates having been established at \$55.28 per ton and the sale price of Prime western slab zinc having been set by the Office of Price Administration at 8.5¢ per pound smelters have found the margin between these two figures growing progressively more narrow to the vanishing point.

Actual smelting costs have substantially increased during the past year and a half due to changes upward in price of coal, coke, gas and supplies and to the ever additional cost per ton directly assignable to labor wage increases must be added labor shortages as an important factor in raising costs. Four smelters, of which we have direct knowledge, have appealed to us for relief under the above outlined circumstances, and have presented us with broad breakdowns of the cost of treating Joplin concentrates. Submitted hereinafter are such data as are now available on the cost of the several operations:

American Zinc Company of Illinois, Fairmont City Plant

Since the spring of 1943 within the district in which the plant is located all plants were placed on a 48 hour basis and the company has been obliged to absorb substantial increases of working costs which have advanced in the past from April 1943 to April 1944 by approximately \$5.00 per ton of concentrates. During the year 1942 the working cost per ton averaged \$24.81, which increased in 1943 to \$26.92. For



*NA RG234 MKC Admin. Subject Files 1940-45,
"Zinc - 8/1/43 - 6/30/44" Box 147*

9549

NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations-Metals Reserve Company, Administrative Subject Files, box 147, "Zinc"

Mr. Henry Dewitt Smith

- 2 -

June , 1944

the first quarter of 1944 working costs have attained a total of \$29.44 per ton. These figures represent only Fairmont City Plant working costs and do not include any of the costs in connection with unloading, roasting or sintering of the concentrates all of which are charged on the company books to acid production. Smelting charges start after sintered calcines are delivered in storage ahead of retorting. Furthermore the costs above cited do not include St. Louis office charges for accounting, administrative or selling; nor do they include normal plant depreciation. The company claims that its out of pocket loss on metal operations for the year 1943 totaled \$253,636 and that the loss for the first quarter of 1944 was \$82,145. Since a comparatively small amount of foreign zinc concentrates are treated monthly the major portion of these financial losses can be charged against Joplin concentrate production.

Athletic Mining and Smelting Co., Fort Smith, Arkansas

In May 1943 the company treated in excess of 4,100 tons of zinc concentrates. In May 1944 the plant will smelt approximately 2,850 tons. This reduction in input, it is stated, is entirely due to labor shortage and absenteeism as a consequence of which costs have risen substantially. As late as October 1943, during which month 4,093 tons of concentrates were treated, costs were \$23.80 per ton. In April 1944 average cost per ton of the 3,273 tons of concentrates smelted amounted to \$27.00. Tonnage treated in May 1944 totaled 2,850 tons at an estimated cost of between \$27.50 and \$28.00 per ton. The company further states that during the first quarter of 1944 its operations showed a profit of \$1,414 before taxes. April operations were at a loss and it was estimated that May operations will likewise show no profit to the company. It is entirely possible that due to further labor shortage one smelter block may be cut off with consequent increase in cost of metal production from the overall operation. It is also pointed out by the company that a pending War Labor Board decision with respect to the granting of differential shift wages may further increase the cost of production.

Ozark Smelting Company, Van Buren Smelter of the Eagle Picher Mining, Milling and Smelting Company

This company has been making reasonably satisfactory recoveries at a treatment cost per ton of concentrates running in the neighborhood of \$29.50. Much of its overhead, however, has been charged to the Henryetta operation of the Eagle Picher Company and the entire cost of sinter being shipped to Van Buren from Henryetta, being treated in the ratio of three parts locally roasted ore to one part sinter, is being charged to the Henryetta operation. In spite of the above facts the Van Buren plant showed a net loss in the months of December and January, a profit in the

Mr. Henry Dewitt Smith

- 3 -

June , 1944

months of February, March and April. Nevertheless, the five months operation resulted in a net loss of \$874.26.

Henryetta Smelter of the Eagle Picher Mining, Milling and Smelting Company

This smelter during the period December 1st to April 30th treated a total of 32,278 tons of concentrates, 3,748 tons of which were foreign and 28,530 tons of which were Joplin concentrates. The net loss from smelting operations before deducting cadmium profits amounted to \$91,413. Profits from the cadmium unit amounting to \$56,027 left a total of \$35,385. During the same period December to April depreciation was taken at \$77,475 and overhead at \$34,851 leaving a net over-all loss of \$147,712. Since 28,530 tons of Joplin concentrates were treated during this period, and assuming a break even on foreign material, the loss per ton amounted to \$5.17. Here again manpower shortage has contributed to increased costs and continued severe loss of labor will further add to financial deficits on the operations of the smelter.

Bartlesville, Oklahoma Plant of the National Zinc Company

Detailed figures on recoveries and costs per ton of treating Joplin concentrates at this plant are not available but it is stated by the company president that before profits accruing to the company from its acid production Joplin concentrates are being treated at a profit of 44¢ per ton. However, it is known that this company's over-all metal recovery is substantially higher than any of the plants above reviewed. Unlike the other operations the smelter has not suffered seriously from labor shortage but as elsewhere rising wages have contributed enormously to increase cost of metal production.

In summary each of the above operations of whose input Joplin concentrates are a substantial portion is running either at a loss or at a slight profit incommensurable with the sales value of the metal produced. With the exception of the Bartlesville smelter officials of each of the other plants have indicated their unwillingness to continue operations on the basis of present losses. The combined metal production from Fairmont City, Fort Smith, Van Buren and Henryetta is at the current rate of 103,848 tons per year to which can be added the production of Bartlesville, Oklahoma, of 41,106 tons annually. While the present metal stockpile appears adequate to meet most untoward adverse circumstances it is not deemed advisable in the best interest of the war effort that loss of metal from these plants be sustained through shutdown of their operations. Furthermore since these smelters are the principal consumers of Joplin concentrates output their closing would lead to a tremendously

Mr. Henry De Witt Smith

- 4 -

June , 1944

unbalanced stockpile position with respect to Tri-State concentrates. This problem of Joplin concentrate stockpiling is, of course, intimately connected with the Premium Price Plan upon which Tri-State concentrate production is so enormously dependent.

It is indicated that metal recoveries at the five plants in question vary between 84% and 87½% and that treatment costs approximate \$29.00 per ton of concentrates. It is also apparent that with the exception of the Bartlesville smelter Joplin concentrates are being treated at a loss of between \$3.00 to \$5.00 per ton. It is, therefore, recommended that the Metals Reserve Company make arrangements, on terms satisfactory to themselves, to enter into conversion or toll agreements with each of the smelters heretofore named, terms of which agreements it is suggested incorporate a treatment charge not to exceed \$30.00 per ton of concentrates with a stipulated recovery of approximately 85%. It is further recommended that metal delivered to Metals Reserve Company under the above arrangements shall not exceed a cost of 8.8¢ per pound of Prime Western Metal.

Yours very truly,


A. H. Bunker
Vice Chairman for Metals and Minerals

CC: Mr. H. I. Young

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**METALS RESERVE COMPANY
WASHINGTON 25, D. C.**

**Mr. Wylie F. McKinnon
Acting Price Executive
Non-ferrous Metals Branch
Office of Price Administration
Washington 25, D. C.**

DEC 12 1944

Dear Mr. McKinnon:

In response to your telephone request, we are furnishing you herewith a list of smelters to whom Metals Reserve Company is paying subsidies. All our present smelter subsidy arrangements relate to the treatment of Tri-State zinc concentrates. Because of special problems relating to individual smelters, we found it advisable to make several types of contracts - to some smelters we pay direct subsidies, in other cases we have made toll agreements or purchase and sales contracts. The amount of subsidy paid each smelter was determined by a study of cost and metallurgical data submitted by the smelter at the time of negotiation. The maximum subsidy we are permitted to pay by authority of War Production Board letters of June 10 and June 24, 1944, is 0.55¢ per pound of zinc metal recovered.

SUBSIDY PER TON OF GREEN TRI-STATE CONCENTRATES TREATED.

<u>Company</u>	<u>Smelter Location</u>	<u>Type of Contract</u>	<u>Subsidy Per Ton of Concentrates Treated</u>
American Zinc Co. of Illinois	Fairmont City, Ill.	Direct Subsidy	\$5.25
The Hegeler Zinc Company	Danville, Ill.	Toll	\$5.25
United Zinc Smelting Corp.	Moundsville, W. Va.	Toll	\$5.25
Athletic Mining & Smelting Co.	Fort Smith, Ark.	Direct Subsidy	\$4.00
Eagle Picher Mining & Smelting Company	Henryetta, Okla. & Van Buren, Ark.	Direct Subsidy	\$4.00
International Minerals & Metals, National Zinc Company	Bartlesville, Okla.	Sales and Purchase Cont.	\$2.00

cc: Mr. Gunderson
Mr. Petterson
Mr. J.C. Johnson
Mr. Strauss

Yours very truly,

JGJ-af

S. D. Strauss
Vice President

FILE COPY

Dear Mr. President:

The War Production Board has recommended that the limitation upon the subsidy payments being made by Metals Reserve Company to certain zinc smelting companies designated by the War Production Board be increased to the amounts stated below, as compared with the present limitation of 0.85¢ per pound of zinc metal recovered, for the period commencing January 1, 1945 and ending June 30, 1945. The War Production Board has further recommended that subsidy payments within the new limitations be made on terms satisfactory to Metals Reserve Company to the designated smelting companies not only with respect to Tri-State and Wisconsin zinc concentrates but also with respect to sinter derived from such zinc concentrates.

As under previous recommendations, these subsidy payments are to be in addition to the premium payments being made to miners of zinc ores under Metals Reserve Company's premium price plan of February, 1940.

Accordingly, pursuant to the provisions of Section 2(a) of the Emergency Price Control Act of 1942, as amended, I hereby make the following determinations:

1. That the maximum necessary production of zinc metal may not be obtained during the ensuing year;

2. That in order to obtain the maximum necessary production of zinc metal during the ensuing year, it is necessary for Metals Reserve Company to make subsidy payments to zinc smelting companies designated by the War Production Board as eligible therefor, with respect to zinc metal actually produced by such companies during the period commencing March 15, 1945 and ending June 30, 1945 from green Tri-State or Wisconsin zinc concentrates and from sinter produced from such concentrates by a smelting company other than the company to which the subsidy is paid. Such subsidy payments shall not exceed 1¢ per pound of zinc metal produced from concentrates in those cases where the arrangements with the particular smelter provide for subsidy payments with respect to metal produced from concentrates only, or 1.00¢ per pound of zinc metal produced from sinter in those cases where the arrangements provide for subsidy payments with respect to metal produced from sinter only, or 1.50¢ per pound

Page 2.

of zinc metal produced from both concentrates and sinter in those cases where the arrangements provide for subsidy payments with respect to metal produced from both concentrates and sinter. Such subsidy payments may be made either directly with respect to zinc metal produced from concentrates or sinter or both in which Metals Reserve Company has no financial interest, or in connection with transactions for the purchase, sale or treatment of concentrates or sinter or both.

Your approval of the foregoing determinations is requested.

Sincerely yours,

Federal Loan Administrator

I approve

The President
The White House
Washington, D. C.



JMP:sc

120

[Handwritten signature]
RECEIVED
 Office of
 Harvey J. Gunderson

June 8, 1945

JUN 11 1945

Executive Vice President

Metals Reserve Company

120
[Handwritten notes and signatures]

Zinc Rec.
 (5)

Mr. John W. Snyder
 Federal Loan Administrator
 811 Vermont Avenue, N.W.
 Washington 25, D. C.

Dear Mr. Snyder:

By two letters each dated June 10, 1944, and by letters dated June 24 and August 28, 1944, the War Production Board recommended that you extend financial assistance to certain smelters in connection with their treatment of Tri-State zinc concentrates. On February 28, 1945, this recommendation was extended to include the treatment of Wisconsin concentrates, as well as sinter derived from either Tri-State or Wisconsin concentrates.

Prior to February 28, our recommendation stipulated that the subsidy payments made by you to the previously designated smelters should not exceed 0.55¢ per pound of zinc metal produced. In our recommendation of February 28, 1945, however, we amended the price limitations previously agreed to as follows:

From the period December 31, 1944 through June 30, 1945, the maximum subsidy payments to be made with the smelters heretofore designated by us for the treatment of Tri-State or Wisconsin concentrates, or from sinter derived from such concentrates, should not exceed 1¢ per pound of zinc metal produced from green concentrates or 1.60¢ per pound of zinc metal produced from sinter or 1.30¢ per pound of all zinc metal produced monthly at a given plant from treatment of both green concentrates or sinter over the present ceiling price of zinc metal as set by the U.P.A.

As it now appears, it will be necessary to continue subsidy payments for the production of slab zinc through the period of July 1, 1945 through Sept. 30, 1945 in order for us to maintain the production of zinc metal for the fulfillment of war requirements as well as important war supporting industrial needs.

It is therefore our recommendation that you enter into agreements with the smelters heretofore designated by us, on terms satisfactory to yourselves, for the ensuing period mentioned above, limiting

Mr. John W. Snyder

-2-

June 8, 1945

the subsidy payments made by the same formula established through the period of December 31, 1944 to June 30, 1945.

We trust that arrangements may be made accordingly.

Yours very truly,

William C. Keeley
Vice Chairman for
Metals and Minerals

MLT:hrp

cc: Mr. S. D. Strauss, MRC ✓
Mr. J. C. Johnson, MRC

RECONSTRUCTION FINANCE CORPORATION
THE RFC MORTGAGE COMPANY
FEDERAL NATIONAL MORTGAGE ASSOCIATION
METALS RESERVE COMPANY
RUSSIAN RESERVE COMPANY

DEFENSE PLANT CORPORATION
DEFENSE SUPPLIES CORPORATION
WAR DAMAGE CORPORATION
HEAVY LOAN CORPORATION
RFC PRICE ADJUSTMENT BOARD

FEDERAL LOAN AGENCY
WASHINGTON 25, D. C.

121
JOHN W. SNYDER
FEDERAL LOAN ADMINISTRATOR

JUN 13 1945

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Dear Mr. President:

The War Production Board has recommended that direct subsidy payments by Metals Reserve Company to certain zinc smelting companies designated by the War Production Board be continued during the calendar quarter ending September 30, 1945, in order to maintain the production of zinc metal for the fulfillment of war requirements as well as important war-supporting industrial needs. As in the past, these subsidy payments are to be made with respect to zinc metal produced by such companies from Tri-State and Wisconsin zinc concentrates and sinter derived from such concentrates and are to be in addition to the premium payments being made to miners of zinc ores under Metals Reserve Company's premium price plan of February, 1944.

Under the arrangements in effect during the calendar quarter ending June 30, 1945 the amounts of such subsidy payments have been subject to the limitations stated below, which the War Production Board recommends be continued through the calendar quarter ending September 30, 1945.

Accordingly, pursuant to the provisions of Section 2 (e) of the Emergency Price Control Act of 1942, as amended, I hereby make the following determinations:

1. That the maximum necessary production of zinc metal may not be obtained during the ensuing year;
2. That in order to obtain the maximum necessary production of zinc metal during the ensuing year, it is necessary for Metals Reserve Company to make subsidy payments

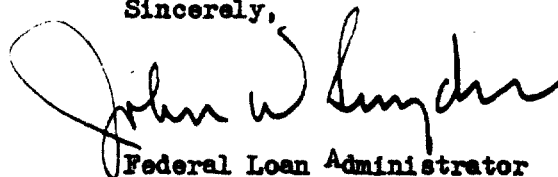


Page 2.

to zinc smelting companies designated by the War Production Board as eligible therefor, with respect to zinc metal actually produced by such companies during the period commencing July 1, 1945 and ending September 30, 1945 from green Tri-State or Wisconsin zinc concentrates and from sinter produced from such concentrates by a smelting company other than the company to which the subsidy is paid. Such subsidy payments shall not exceed 1¢ per pound of zinc metal produced from concentrates in those cases where the arrangements with the particular smelter provide for subsidy payments with respect to metal produced from concentrates only, or 1.60¢ per pound of zinc metal produced from sinter in those cases where the arrangements provide for subsidy payments with respect to metal produced from sinter only, or 1.30¢ per pound of zinc metal produced from both concentrates and sinter in those cases where the arrangements provide for subsidy payments with respect to metal produced from both concentrates and sinter. Such subsidy payments will be made either directly with respect to zinc metal produced from concentrates or sinter or both and in which Metals Reserve Company has no financial interest, or in connection with transactions for the purchase, sale or treatment of concentrates or sinter or both.

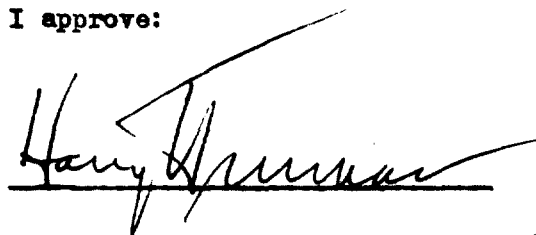
Your approval of the foregoing determinations is requested.

Sincerely,



John W. Snyder
Federal Loan Administrator

I approve:



Harry Truman

The President
The White House
Washington, D. C.

6/15/45

Mr. Mehan

METALS RESERVE COMPANY

WASHINGTON 25, D. C.

122

June 21, 1945

SUBSIDY PAYMENTS FOR ZINC SMELTERS FOR TREATMENT OF TRI-STATE AND WISCONSIN CONCENTRATES

Name of Companies	Subsidy in \$ per lb Slab Zinc Produced	
	Old Contracts	New Contracts
	Max. Subsidy .55¢	Max. Subsidy 1.00¢ <i>61.6¢</i>
American Zinc Co. of Ill.	.503	.619*
Athletic Min. & Smelt. Co.	.400	.347*
Eagle-Picher Min. & Smelt. Co.	.510	.463
International Min. & Metals	.240	.326*
Hegeler Zinc Co.	.502	.827
United Zinc Smelting Corp.	.530	1.300

* Includes an estimated increase in labor cost of \$1.00 per ton of concentrates.

MPM:MH

Prepared by

Michael P. Mehan

Michael P. Mehan
Principal Engineer

June 21, 1945

American
Athletic
Eagle P
International
United Zinc

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NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations—Metals Reserve Company,
Administrative Subject Files, box 147, "Zinc."

123

AUG 17 1944

Mr. R. C. Allen, Vice Chairman
Office of Metals and Minerals
War Production Board
Room 4300, Social Security Bldg.
Washington 25, D. C.

Re: Subsidies to Zinc Smelters
Treating Tri-State Concentrates

Dear Mr. Allen:

Pursuant to recommendations made by War Production Board on June 20 and June 24, 1944, a program was established for subsidizing certain zinc smelters treating Tri-State zinc concentrates. Although our contracts under this program usually have been for periods of not to exceed three months, the program itself has been continuous since July 1, 1944.

During the last half of 1944, an average of 15,606 tons of Tri-State zinc concentrates was smelted monthly under subsidy contracts. Tri-State production of zinc concentrates during this period averaged approximately 30,000 tons per month. In the first half of 1945, zinc concentrates smelted under subsidy contracts averaged 15,474 tons per month. This amounted to 70% of total Tri-State production which averaged 22,000 tons per month. For the year ending June 30, 1945, subsidies amounting to \$916,075.00 were paid for smelting a total of 186,476 tons of Tri-State zinc concentrates, an average subsidy of approximately \$4.90 per ton of concentrate.

The termination of this subsidy program will involve major problems for the smelters. Unless there is a drop in the market price of Tri-State zinc concentrates, smelters having facilities for treating only coarse concentrates will be forced to close or operate at a loss, while smelters treating flotation concentrates might arrange to smelt foreign concentrates.

We, therefore, suggest that the War Production Board give early consideration to the extension of our present contracts so that we can give the smelters at least thirty days advance notice in event the contracts are not to be renewed or extended.

FILE COPY

We now have subsidy contracts, effective for the three months ending September 30, 1945, with the following smelting companies:

American Zinc Company of Illinois
Athletic Mining & Smelting Company
Eagle-Fisher Mining & Smelting Co.

Hegeler Zinc Company
International Minerals & Metals
Corp.

Very truly yours,

Harvey J. Gunderson
Executive Director
Office of Metals Reserve

JG *WJM*
JCJ/jel
Mr. Vogelsang, WPB
Mr. Strauss
Mr. Murphy
Mr. Mehan
Mr. Petterson
Mr. Levinson

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8-14-45
[Signature]

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*Mr. Mark ...
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31

WAR PRODUCTION BOARD
WASHINGTON 25, D. C.

1945

IN REPLY REFER TO:



124

RECONSTRUCTION FINANCE CORPORATION
RECEIVED

AUG 29 1945

HARVEY J. GUNDERSON
EXECUTIVE DIRECTOR
OFFICE OF METALS RESERVE

Mr. Harvey J. Gunderson, Executive Director
Office of Metals Reserve
Reconstruction Finance Corporation
811 Vermont Avenue, N.W.
Washington 25, D. C.

Subject: Subsidies to Zinc Smelters Treating
Tri-State and/or Wisconsin Concentrates

Dear Mr. Gunderson:

This will acknowledge your letter of August 17, with reference to the zinc smelter subsidy program.

We believe that the termination of this program at the present time would not be in the interests of an orderly re-conversion program in the immediate future and, after careful consideration, we would like to recommend that arrangements be made on terms satisfactory to yourselves with the smelters who are now receiving subsidy payments for the continuation of these subsidies through the period October 1 to December 31, 1945 on the following basis:

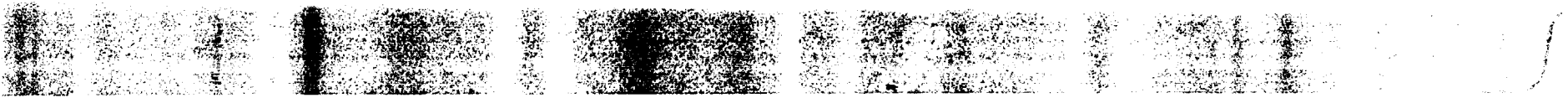
The maximum subsidy payments to be made for the treatment of Tri-State and/or Wisconsin concentrates should not exceed .827¢ per pound over the present ceiling price of zinc metal as set by the O.P.A. It is also our suggestion that these contracts include the privilege of your cancelling such arrangements within thirty days' notice.

We trust that arrangements may be made accordingly.

Very truly yours,

R. C. Allen

R. C. Allen
Vice Chairman for
Metals and Minerals



RECONSTRUCTION FINANCE CORPORATION
THE RFC MORTGAGE COMPANY
FEDERAL NATIONAL MORTGAGE ASSOCIATION
METALS RESERVE COMPANY
RUBBER RESERVE COMPANY

DEFENSE PLANT CORPORATION
DEFENSE SUPPLIES CORPORATION
WAR DAMAGE CORPORATION
DISASTER LOAN CORPORATION
RFC PRICE ADJUSTMENT BOARD

SEP 17 9 37 AM '45

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FEDERAL LOAN AGENCY

WASHINGTON 25, D. C.

~~RECONSTRUCTION FINANCE CORPORATION~~
~~FEDERAL NATIONAL MORTGAGE ASSOCIATION~~

SEP 17 1945

NA RC234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations-Metals Reserve Company, Administrative Subject Files, box 147, "Zinc."

Dear Mr. President:

The War Production Board has recommended that direct subsidy payments by Reconstruction Finance Corporation to certain zinc smelting companies designated by WPB be continued during the calendar quarter ending December 31, 1945, stating that it believes that the termination of this subsidy program at the present time would not be in the interests of an orderly reconversion program in the immediate future. WPB also recommends that the subsidy payments be subject to the limitations as to amount stated below, and that the contracts providing for the payments be cancellable by RFC upon thirty days notice.

The subsidy payments are to be made with respect to zinc metal produced by the designated zinc smelting companies from Tri-State and Wisconsin zinc concentrates and are to be in addition to the premium payments being made to miners of zinc ores under the premium price plan for copper, lead and zinc of February 1942.

Accordingly, pursuant to the provisions of Section 2(e) of the Emergency Price Control Act of 1942, as amended, I hereby make the following determinations:

1. That the maximum necessary production of zinc metal may not be obtained during the ensuing year;
2. That in order to obtain the maximum necessary production of zinc metal during the ensuing year, it is necessary for RFC to make subsidy payments to zinc smelting companies designated by WPB as eligible therefor with respect to zinc metal actually produced by such companies from green Tri-State or Wisconsin zinc concentrates during the period commencing October 1, 1945 and ending December 31, 1945. The subsidy payments will not exceed the OPA ceiling price for zinc metal by more than 0.827¢ per pound, and will be made either directly with respect to zinc metal produced from



cc in Reconstruction Division

*Line
20/10/45*

concentrates in which RFC has no financial interest, or in connection with transactions entered into by RFC for the purchase, sale or treatment of concentrates. The contracts providing for the subsidy payments will be cancellable by RFC upon thirty days notice.

Your approval of the foregoing determinations is requested.

Sincerely,

Charles B. Henderson
Acting Federal Loan Administrator

I approve:

Harry Truman

9/19/45

The President
The White House
Washington, D. C.

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September 28, 1945

MEMORANDUM TO MR. MORRIS LEVINSON:

Re: Subsidy Payments for Treatment of
Tri-State and Wisconsin Concentrates

By a letter to Mr. Gunderson dated August 25, 1945, the War Production Board recommended extension of subsidy payments to certain smelters treating Tri-State and Wisconsin concentrates for an additional period of three months from October 1, 1945, to December 31, 1945. A copy of this letter is attached.

At the present time five companies are receiving subsidy payments: International Minerals & Metals Corporation, American Zinc Company of Illinois, Athletic Mining & Smelting Company, Eagle-Fisher Mining & Smelting Company and Hegeler Zinc Company. We have received a letter dated September 21, 1945, from International stating that, due to the fact it will treat other than Tri-State concentrates, it will not require subsidy for the last quarter of 1945. The remaining four companies expressed desire to continue operating under the present terms.

Will you please amend the present subsidy agreements with the remaining four companies American Zinc Company of Illinois, Athletic Mining & Smelting Company, Eagle-Fisher Mining & Smelting Company and Hegeler Zinc Company by

- 1) Extending terms of the contract to and including December 31, 1945.
- 2) Substituting the maximum subsidy of .627¢ per pound of zinc produced instead of 1.0¢.
- 3) Eliminating the requirement that a six weeks' supply of concentrates be maintained by the smelters as a minimum.
- 4) Providing a 30 days' cancellation clause.
- 5) Changing the existing contract, in the case of Hegeler Zinc Company, as was discussed with the Legal Department.

J. G. Murphy

Attachment
MPH:ME

cc: Strauss, Murphy

Jesse C. Johnson
Chief Engineer
Office of Metals Reserve

FILE COPY



RECONSTRUCTION FINANCE CORPORATION
 OFFICE OF METALS RESERVE
 WASHINGTON 25, D. C.

November 15, 1945

MEMORANDUM TO MR. H. W. SHEEHAN:

Re: Zinc Concentrates and Ores Resale Contracts

Since OMR is no longer selling zinc concentrates except by a directive from CPA, the following resale contracts, which were made in connection with stockpiling arrangements, should be cancelled.

<u>Company</u>	<u>Contract</u>	<u>Stockpile</u>	<u>Effective Date of Cancellation</u>
American Zinc Co. of Ill.	(S- 508)	Ft. Smith, Ark.	Sept. 1, 1945
" " " " "	S- 177	Dumas, Texas	Oct. 1, 1945 ✓
" " " " "	S- 801	Corondolet, Mo.	Sept. 1, 1945 ✓
" " " " "	S- 49	Fairmont City, Ill.	Sept. 1, 1945 ✓
American Smelting & Refng.	S- 667	Amarillo, Texas	Nov. 1, 1945
" " " " "	S- 990	Corpus Christi, Tex.	Nov. 1, 1945
" " " " "	S- 2870	Hanover, N. M.	Nov. 1, 1945

Sales of concentrates to American Zinc Company from the various stockpiles were terminated on dates shown above. Toll agreements now are being prepared covering withdrawals subsequent to those dates.

No recent purchases have been made by American Smelting & Refining Company under contracts S-667 and S-990. Sales of ore were made during September under contract S-2870. We have had informal discussions with representatives of the Company regarding the conversion of this contract to a toll arrangement, effective November 1 but no definite agreement can be reached until the Engineer-in-Charge returns to New York about November 15.

The following Agency Agreements, covering stockpiling, contain provisions relating to repurchase.

<u>Company</u>	<u>Contract</u>	<u>Stockpile</u>
Matthiessen & Hegeler Zinc Company	AA-410	LaSalle, Illinois
Sullivan Mining Company	AA- 29	Silver King, Idaho
Vinegar Hill Mining Co.	AA- 52	Platteville, Wisc.

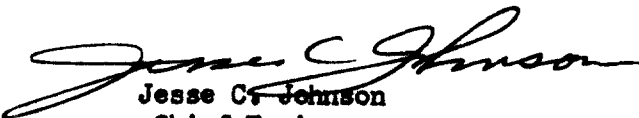
With the exception of AA-52, with Vinegar Hill, repurchase is contingent upon negotiation of a satisfactory sales contract with OMR. In these cases, it would seem desirable to advise the companies that OMR

NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations-Metals Reserve Company, Administrative Subject Files, box 147, "Zinc."

RG234 MRC Admin Subject Files, zinc - 10/1/45 - 10/31/46, Box 14

no longer is in position to make sales but that it would consider a proposal for treating the stockpiled material on a toll basis whenever there is available plant capacity. Existing provisions of the Agency Agreements relating to settlement weights and assays at the time of withdrawal should be retained.

Vinegar Hill Zinc Company may repurchase without prior CMR authorization and, consequently, the Agency Agreement requires amendment.



Jesse C. Johnson
Chief Engineer
Office of Metals Reserve

INITIALED COPY

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CONTRACT

This Contract made and entered into this 28th day of November, 1941, by and between Metals Reserve Company (hereinafter referred to as "Metals Reserve"), a corporation created by Reconstruction Finance Corporation pursuant to Section 5d of the Reconstruction Finance Corporation Act, as amended, to aid the Government of the United States (hereinafter sometimes called the "Government") in its National Defense Program, and American Zinc Company of Illinois (hereinafter called "American"), a corporation organized and doing business under the laws of the State of Maine:

WITNESSETH:

WHEREAS, the expansion of capacity within the United States for the production of zinc required by the Government is important in the interest of National Defense, and to the end of increasing such capacity for production of zinc the Office of Production Management has recommended that American enter into an agreement with Defense Plant Corporation (hereinafter sometimes called "Defense Corporation") simultaneously with the making of this Contract whereby in general American agrees to lease to Defense Corporation sites at its existing plants in the Villages of Monsanto and Fairmont City, Illinois, upon which Defense Corporation agrees to erect certain facilities for the production of slab zinc and associated products and to lease such sites and facilities so to be constructed to American for a term of seven years, all as is provided in said agreement between American and Defense Corporation, reference to which is hereby made; and

WHEREAS, it is contemplated in the making of said agreement between American and Defense Corporation, and is one of the conditions upon which American enters into said agreement, that Metals Reserve will obtain and provide a supply of "zinc concentrates" (which term whenever herein used shall be understood to mean zinc concentrates with physical and chemical characteristics suitable for treatment in the Electrolytic Units hereinafter referred to) sufficient for the continuous operation of the electrolytic plant (hereinafter called

See Memo 5/1/42

Electrolytic Unit No. 2) to be constructed by Defense Corporation pursuant to said agreement between Defense Corporation and American and will sell such zinc concentrates to American from time to time as American requires such zinc concentrates for treatment in said Electrolytic Unit No. 2 and, also, that Metals Reserve will from time to time and at the request of American, obtain and provide a supply of zinc concentrates sufficient for the continuous operation of American's present electrolytic plant at Monsanto, Illinois (hereinafter called Electrolytic Unit No. 1), and sell such zinc concentrates to American from time to time as American requires same for treatment in said Electrolytic Unit No. 1;

NOW, THEREFORE, in consideration of the making of the agreement between American and Defense Corporation hereinabove referred to and of the mutual covenants herein contained, and for other good and valuable considerations, it is agreed by and between the parties hereto as follows:

I.

American agrees to provide Metals Reserve suitable and sufficient space satisfactory to Metals Reserve upon the lands owned by American at Fairmont City, Illinois, without cost to Metals Reserve, to enable Metals Reserve to maintain at American's plant at Fairmont City sufficient supplies of zinc concentrates to enable Metals Reserve to carry out and perform its agreements hereinafter expressed. American agrees to execute such lease or leases as may be required and to do or permit to be done all things necessary to accomplish the intent of this provision, including the establishment upon the premises of a field warehouse or warehouses.

II.

Metals Reserve agrees to maintain in stockpile at American's Fairmont City plant a sufficient supply of zinc concentrates estimated at 22,500 tons for approximately six months' continuous operation of Electrolytic Unit No. 2 and, upon American's request, to maintain in stockpile at American's Fairmont City plant such stocks of zinc concentrates as it may desire for treatment in Electrolytic Unit No. 1, and sufficient for approximately six months' continuous operation thereof, which quantity is estimated at 22,500 tons. Metals Reserve and American agree to discuss from time to time and if necessary or desirable to revise the provisions of this paragraph as to maintenance of stocks in the light of conditions existing at that time.

III

American will perform all services required in unloading zinc concentrates from cars and placing same in stockpile, and such services as Metals Reserve may require in maintaining stockpile, and bill Metals Reserve therefor monthly at actual cost. American will perform all services required in removal of zinc concentrates from the stockpile and transfer thereof to its treatment units at its expense. If Metals Reserve should for any reason desire to remove zinc concentrates from the stockpile for any purpose other than sale to American, American will perform such services as Metals Reserve may request in connection therewith at actual cost. American will, at Metals Reserve's request, weigh, sample and analyze inbound shipments of zinc concentrates.

IV.

Metals Reserve will, from time to time, as American requires zinc concentrates for treatment in Electrolytic Units Nos. 1 and 2, sell and deliver concentrates to American from the stockpile so to be maintained at Fairmont City. Samples of zinc concentrates sold and delivered to American shall be taken daily and assays shall be made thereof, both in accordance with the methods stated in Exhibit A hereto attached. With respect to daily sampling of concentrates, Metals Reserve will be furnished a weekly composite of daily samples for analysis. American shall pay Metals Reserve not later than the 10th day of the following month for all concentrates sold and delivered to it in any month.

V.

In furtherance of and in compliance with the provisions of the preceding paragraphs of this Contract, Metals Reserve agrees to put in stockpile at American's Fairmont City Plant an aggregate minimum of 30,000 tons and an aggregate maximum of 40,000 tons of Fresnillo zinc concentrates for use in connection with the operation of Electrolytic Unit No. 2, and Metals Reserve agrees to make available for sale and delivery to American from such stockpile, and American agrees to buy in quantities as required for operation of said Electrolytic Unit No. 2. The price which American shall pay for such Fresnillo zinc concentrates shall be the market value thereof determined in the manner provided in Exhibit B at the "Date of Commencement of Operation of Such Facilities" as such term is defined in the agreement between American and Defense Corporation hereinabove referred to.

- 4 -

VI.

American will pay Metals Reserve for all zinc concentrates, other than Fresnillo, which Metals Reserve presently owns or has contracted for, or which Metals Reserve may contract for prior to the "Date of Commencement of Operation of Such Facilities" and which are intended for delivery at American's Fairmont City plant at a price and upon terms to be agreed upon by Metals Reserve and American.

VII.

American will pay Metals Reserve for all zinc concentrates intended for Electrolytic Units Nos. 1 and 2 and purchased by Metals Reserve after the "Date of Commencement of Operation of Such Facilities", except as otherwise herein provided, at the prevailing market price for Prime Western metallic zinc, East St. Louis basis, as quoted in the E. and M. J. Metal and Mineral Markets with appropriate deductions for smelting charges, which charges will be mutually agreed upon by the parties in the light of conditions existing at that time. American may assist Metals Reserve in purchasing the zinc concentrates to be sold by Metals Reserve to American, or, at the request of and subject to the approval of Metals Reserve, American may purchase for the account of Metals Reserve the concentrates to be sold to American.

VIII.

On American's request Metals Reserve will buy from American at any time on or after March 1, 1942, all or so much of the stock as American may desire to sell to Metals Reserve of zinc concentrates American may then have stored at its Fairmont City plant for treatment in Electrolytic Unit No. 1. Metals Reserve will pay American for such zinc concentrates approximately thirty (30) days after the "Date of Commencement of Operation of Such Facilities", and the price therefor shall be determined in the manner prescribed in Exhibit B hereto annexed.

IX.

Metals Reserve agrees to resell to American all of such zinc concentrates so to be purchased by Metals Reserve from American at such times and in such quantities as American may require such zinc concentrates for treatment in Electrolytic Unit No. 1. American shall pay Metals Reserve the same price for such zinc concentrates as was paid to American by Metals Reserve, plus such storage charges as may have accrued in the interim.

X.

If either party is prevented from carrying out the herein contained provisions by reason of any war, revolution, strike, epidemic, fire, cyclone, flood, embargo, delay of or inability to obtain transportation facilities, Providential, Governmental or other cause, whether of the same or a different nature, existing or future, beyond the reasonable control of such party and interfering with the performance of the terms of this Contract, the party so interfered with, upon prompt written notice to the other party, shall be excused from performance hereunder to the extent of such interference.

XI.

No Member of or delegate to the Congress of the United States shall be admitted to any share or part of this Contract, or to any benefit arising therefrom, but this provision shall not be construed to extend to this Contract if made with a corporation for its general benefit.

XII.

The term of this Contract shall be coincidental with the term of the lease made by Defense Corporation to American hereinabove referred to. If, however, Metals Reserve shall determine to cease performing the functions which it will perform under this Contract, it may cancel this Contract on ninety days' written notice to American.

XIII.

Any and all notices hereunder to American shall be sufficient if given in writing to American Zinc Company of Illinois, addressed to it at Paul Brown Building, St. Louis, Missouri, and all notices to Metals Reserve shall be sufficient if given to it in writing at 811 Vermont Avenue, N. W., Washington, D. C.

METALS RESERVE COMPANY (SEAL)

Attest:

(Signed) M. C. Mallick
Secretary

By (Signed) G. Temple Bridgman
Vice President

AMERICAN ZINC COMPANY OF ILLINOIS (SEAL)

Attest:

(Signed) W. E. Farns
Secretary

By (Signed) M. I. Young
President

GUARANTY

In consideration of the promises and undertakings upon the part of the METALS RESERVE COMPANY, to be kept and performed as hereinbefore described,

AMERICAN ZINC, LEAD AND SMELTING COMPANY, a Maine corporation, does hereby guarantee the due performance of all the covenants and conditions in the above-written Contract mentioned to be kept, performed, or observed by AMERICAN ZINC COMPANY OF ILLINOIS, as therein specified.

Dated: November 28, 1941

AMERICAN ZINC, LEAD AND SMELTING COMPANY (SEAL)

Attest:

By (Signed) H. I. Young
President

(Signed) V. M. Payne
Secretary

MLP
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cash

[Handwritten signature]

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E. Conn.
11-28-41
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EXHIBIT A

METHOD FOR HANDLING, WEIGHING AND SAMPLING
OF ZINC CONCENTRATES

Each carload of zinc concentrates shall be weighed light and loaded over railroad track scales as it is taken into the stockpile and/or smelter plant so as to determine the gross weight of the shipment and the net wet weight thereof. Sampling shall be done by an electrically driven sampling drill - 24 drill holes, or such number as might be desirable to be put down throughout the length of the car and the sample so obtained to be used for moisture determination.

The samples shall weigh approximately 25 to 30 pounds and are to be quartered down to approximately 4 or 5 pounds, which quantity is to be dried and crushed, then divided on a Jones sampler, one-fourth of which is to be pulverized on a Braun pulverizer and put through a 100-mesh screen. Any particles remaining on the screen are to be ground to the required fineness on the buckboard. This quantity of sample is then to be thoroughly rolled and divided into the requisite number of final samples. All drying for moisture determination is to be done at a temperature of 120 degrees Centigrade.

The foregoing is descriptive of methods used in handling single carload lots of concentrates and is to be used in combining receipts into lots of approximately 300 net tons each (after, however, moisture determination has been made on each car). Aliquot parts of each car sample are to be combined into one sample or composite for the purpose of determining the average percentage of zinc of the particular lot.

Any desired number of samples of inbound carloads and of concentrates taken to roasters from stockpile will be furnished as required.

Final settlements will be based on Smelter's zinc assays unless the difference between Smelter's and Seller's assays is in excess of .50%, in which event sample for such purpose will be sent to an umpire and the umpire's result will be used for final settlement if within the assays of Smelter and Seller. However, if umpire's assay is outside of the assays of Smelter and Seller, the assay of party closer to umpire will be used for settlement and party further from umpire will pay the umpire expense. Umpire or umpires are to be selected by mutual agreement of both parties.

Seller, at its expense, is privileged to have its representative present at weighing, sampling, and analysis of the concentrates.

EXHIBIT B

The following basis will be used in determining the value of Fresno zinc concentrates which will be delivered to the Fairmont City plant by Metals Reserve in substantial part prior to "Date of Commencement of Operation of Such Facilities". Quantity will be between 30,000 and 40,000 tons.

PRICE

The base price of metal in determining value of the concentrates shall be the monthly average price of Prime Western slab zinc, East St. Louis basis, as quoted in the "Metal and Mineral Markets" which is a weekly publication of the Engineering and Mining Journal, for the month in which the "Date of Commencement of Operation of Such Facilities" occurs.

QUALITY OF CONCENTRATES

Fresno zinc concentrates shall be of approximately the following chemical analysis:

Zinc	51 %
Gold	.04 ounces
Silver	13.00 ounces
Alumina	.40%
Antimony	.01%
Arsenic	.11%
Bismuth	Trace
Cadmium	.50%
Cobalt	Trace
Copper	1.00%
Iron	10.00%
Lead	1.20%
Lime	1.01%
Magnesia	Trace
Silica	1.30%
Sulphur	32.20%
Tin	Trace

American shall have the option of rejecting zinc concentrates having a zinc content of less than 48%.

PAY FOR FOLLOWING VALUES ONLY

Zinc. Pay for 81% of the total zinc contained.

Lead. Under 3% lead no payment will be made. For all lead in excess of 3% pay for 60% of the lead contained at 50% of the average price of pig lead East St. Louis month of use.

Silver. Deduct two ounces and pay for 50% of all silver in excess of two ounces at the New York average price of foreign silver for month of settlement as quoted by Handy and Harman.

Gold. Deduct .01 ounce and pay for 50% of all gold contained in excess of .01 ounce at the mint price for gold in the month of use.

Exhibit B

Copper. Deduct 2% and pay for 60% of the total copper in excess of 3% at the average Engineering and Mining Journal price month of use less a deduction of 6¢ per pound.

All prices herein above stated are those published in "Metal and Mineral Markets".

BASIC TREATMENT CHARGE

American will receive as a basic treatment charge ~~\$22.00~~ ^{\$28.00} per ton when the price of Prime Western slab zinc, East St. Louis basis, is 8.25¢ per pound. For each 1¢ advance in the price above 8.25¢ per pound there shall be added to the treatment charge \$2.00 per ton of concentrates treated (fractions in proportion). For each 1¢ decrease in the price of Prime Western slab zinc below 8.25¢ per pound there shall be deducted from the treatment charge \$2.00 per ton of concentrates treated (fractions in proportion).

ADDITION OR DEDUCTION TO BASIC TREATMENT CHARGE

Labor clause. The treatment charge is based on an hourly rate for common labor at the Monsanto Smelter of 80¢ per hour. For each 5¢ advance in the basic common labor rate there shall be added to the treatment charge 35¢ per ton of concentrates (fractions in proportion). For each 5¢ reduction in the common labor rate below 80¢ per hour there shall be deducted from the treatment charge 35¢ per ton of concentrates (fractions in proportion).

Power. The treatment charge is based on an electric energy rate of approximately six mills per K.W. hour under the present contract and if the power rate is increased or decreased the actual increase or decrease shall be added to or deducted from, as the case may be, the basic treatment charge.

GENERAL

American shall furnish to Metals Reserve such evidence as may be satisfactory to it of the hourly rate for common labor at the Monsanto Smelter and of the electric energy rate in effect at the "Date of Commencement of Operation of Such Facilities" and also whenever any change occurs either in the hourly rate for common labor at the Monsanto Smelter or the electric energy rate.

The above schedule of prices covers the full payment for foreign concentrates including import duty charges, delivered by Metals Reserve f.o.b. cars, Fairmont City, Illinois.

A ton mentioned herein means 2,000 pounds dry weight.

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AMENDATORY CONTRACT

(Contract -- Metals Reserve Company and American Zinc Company of Illinois dated November 26, 1941)

AMENDATORY CONTRACT entered into as of the 1st day of December, 1942, between METALS RESERVE COMPANY (herein called "Metals Reserve") and AMERICAN ZINC COMPANY OF ILLINOIS (herein called "American"), amendatory of the Contract between the aforesaid parties dated November 26, 1941;

WITNESSETH THAT:

In consideration of the mutual promises and agreements hereinafter set forth and for other good and valuable consideration, the parties hereto hereby covenant and agree that the aforesaid Contract of November 26, 1941, be and it is hereby amended as follows:

A. Delete Paragraph VIII of the Contract of November 26, 1941 and substitute the following:

"On American's written request Metals Reserve will buy from American at any time after March 1, 1942, up to 30 days after "Date of Commencement of Operation of Such Facilities" all or so much of the stock as American may desire to sell to Metals Reserve of zinc concentrates American may then have stored at its Fairmont City plant for treatment in Electrolytic Unit No. 1. Metals Reserve will pay American for such zinc concentrates approximately thirty (30) days after such written request upon receipt of American's invoice with supporting certificates of weight and assay and Storage Certificate in favor of Metals Reserve. The quantity, quality and price therefor shall be determined in the manner prescribed in Exhibit A and Exhibit B hereto annexed."

B. Delete Paragraph IX of the Contract of November 26, 1941 and substitute the following:

"Metals Reserve agrees to resell to American all of such zinc concentrates purchased by Metals Reserve from American pursuant to Paragraph VIII above at such times and in such quantities as American may require zinc concentrates for treatment in Electrolytic Unit No. 1. American shall pay Metals Reserve for such zinc concentrates promptly after delivery upon receipt of invoice of Metals Reserve. The quantity, quality and price of such zinc concentrates so resold to American shall be determined in the manner prescribed in Exhibit A and Exhibit B hereto annexed and in addition American shall pay to Metals Reserve the amount of the storage charges as may have accrued in the interim with respect to such resold zinc concentrates."

C. Delete from the last sentence of Paragraph V of the Contract of November 26, 1941 the following:

"at the 'Date of Commencement of Operation of Such Facilities' as such term is defined in the agreement between American and Defense Corporation hereinabove referred to."

D. Delete Exhibit A and Exhibit B annexed to said Contract of November 26, 1941 and referred to therein, and substitute, effective as of November 26, 1941, for all purposes thereunder and hereunder the revised Exhibit A and revised Exhibit B annexed hereto and made a part hereof.

E. The parties hereto hereby agree that said Contract of November 26, 1941, and each and every provision thereof, except as amended hereinabove by this Amendatory Contract and not inconsistent herewith, are in full force and effect.

NA R234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations--Metals Reserve Company, Contract Files, 1940-55, box 47, "American Zinc Company of Illinois."

IN WITNESS WHEREOF, the parties hereto have caused this Amendatory Contract to be executed in duplicate in their names by their duly authorized officers, and their corporate seals to be hereunto affixed as of the day and year first above written.

ATTEST:

METALS RESERVE COMPANY

/s/ Lee Nielsen

Secretary

By /s/ G. Temple Bridgman

Executive Vice President

ATTEST:

AMERICAN ZINC COMPANY OF ILLINOIS

/s/ W. H. Payne

Secretary

By /s/ H. J. Young

President

GUARANTY

The undersigned, AMERICAN ZINC, LEAD AND SMELTING COMPANY, a Maine corporation, hereby consents to the foregoing Amendatory Contract and agrees that said Amendatory Contract in no way affects or releases it from its obligations under the Guaranty Agreement signed by it, dated November 28, 1941, pursuant to which it guaranteed the due performance of all the covenants and conditions in the Contract of November 28, 1941, between Metals Reserve Company and American Zinc Company of Illinois to be kept, performed or observed by the American Zinc Company of Illinois as therein specified.

Dated as of December 1, 1942.

ATTEST:

AMERICAN ZINC, LEAD AND SMELTING COMPANY

/s/ W. H. Payne

Secretary

By /s/ H. J. Young

President

RLW 12/30/42
J.T.C. 12/30/42

Ex. Comm.
12-30-42
BSY

EXHIBIT A (Revised)

METHOD FOR HANDLING, WEIGHING AND SAMPLING
OF ZINC CONCENTRATES

Each carload of zinc concentrates shall be weighed light and loaded over railroad track scales as it is taken into the stockpile and/or smelter plant so as to determine the gross weight of the shipment and the net wet weight thereof. Sampling shall be done by an electrically driven sampling drill - 24 drill holes, or such number as might be desirable to be put down throughout the length of the car and the sample so obtained to be used for moisture determination.

The samples shall weigh approximately 25 to 30 pounds and are to be quartered down to approximately 4 or 5 pounds, which quantity is to be dried and crushed, then divided on a Jones sampler, one-fourth of which is to be pulverized on a Braun pulverizer and put through a 100-mesh screen. Any particles remaining on the screen are to be ground to the required fineness on the buckboard. This quantity of sample is then to be thoroughly rolled and divided into the requisite number of final samples. All drying for moisture determination is to be done at a temperature of 120 degrees Centigrade.

The foregoing is descriptive of methods used in handling single carload lots of concentrates and is to be used in combining receipts into lots of approximately 300 net tons each (after, however, moisture determination has been made on each car). Aliquot parts of each car sample are to be combined into one sample or composite for the purpose of determining the average percentage of zinc of the particular lot.

Any desired number of samples of inbound carloads and of concentrates taken to roasters from stockpile will be furnished as required.

Final settlements will be based on the mean of the zinc assays of American and of Metals Reserve unless the difference is in excess of .50%, in which event sample for such purpose will be sent to an umpire and the umpire's result will be used for final settlement if within the assays of American and of Metals Reserve. However, if umpire's assay is outside of the assays of American and of Metals Reserve, the assay of party closer to umpire will be used for settlement and party farther from umpire will pay the umpire expense. Umpire or umpires are to be selected by mutual agreement of both parties.

Metals Reserve at its expense, is privileged to have its representative present at weighing, sampling, and analysis of the concentrates.

As to zinc concentrates purchased by Metals Reserve from American and subsequently resold by Metals Reserve to American pursuant to the foregoing Contract of which this is Exhibit A, it is understood and agreed that the inbound weights and assays shall be used as a basis for payment for the purchase by Metals Reserve from American of such zinc concentrates; provided, however, that such payment shall be considered as provisional and shall be adjusted and final settlement made after such zinc concentrates are resold by Metals Reserve to American, such final settlement to be based upon weights and assays determined as aforesaid when the zinc concentrates are withdrawn from the stockpile and sold and delivered by Metals Reserve to American.

EXHIBIT B (Revised)

The following basis will be used in determining the price of any zinc concentrates which Metals Reserve will buy from American, on American's request, as provided in Paragraph VIII of the foregoing Contract, as amended, and also in determining the price of Fresnillo zinc concentrates which will be delivered to the Fairmont City Plant by Metals Reserve prior to "Date of Commencement of Operation of Such Facilities" pursuant to Paragraph V of the foregoing Contract, as amended, and also in determining the price at which Metals Reserve will sell zinc concentrates to American pursuant to Paragraph IX of the foregoing Contract, as amended.

QUALITY OF CONCENTRATES

Fresnillo zinc concentrates shall be of approximately the following chemical analysis:

Zinc	51 %
Gold	.04 ounces
Silver	13.00 ounces
Alumina	.40%
Antimony	.01%
Arsenic	.11%
Bismuth	Trace
Cadmium	.50%
Cobalt	Trace
Copper	1.00%
Iron	10.00%
Lead	1.30%
Lime	1.01%
Magnesia	Trace
Silica	1.30%
Sulphur	32.30%
Tin	Trace

American shall have the option of rejecting Fresnillo concentrates having a zinc content of less than 48%. The quality of all concentrates other than Fresnillo concentrates provided for above, shall be mutually acceptable to the parties hereto.

PAY FOR FOLLOWING VALUES ONLY

Zinc. Pay for 83% of the total zinc contents at the average East St. Louis price of Prime Western Slab Zinc as quoted in "E & M J Metal & Mineral Markets" for the quotational period as hereafter defined.

Gold. If .03 ounces or under -- no payment. If over .03 troy ounces, pay for 75% of gold content at 90% of the average U. S. Mint price for the quotational period as hereafter defined - minimum deduction to be .02 troy ounces per short ton.

Silver. If 2 ounces or under -- no payment. If over 2 troy ounces, deduct 2 troy ounces and pay for 70% of the balance at 90% of the average Handy and Harman price for foreign silver for the quotational period as hereafter defined.

Treatment Charge. American shall deduct a treatment charge of \$29.00 per dry short ton of zinc concentrates when the East St. Louis, Illinois, price of Prime Western Slab Zinc is 8.25¢ per pound, and for each one cent advance in the price above 8.25¢ per pound there shall be added to the treatment charge \$2.00 per dry net ton of concentrates; fractions in proportion. For each one cent decrease in the price of Prime Western Slab Zinc below 8.25¢ per pound, there shall be deducted from the treatment charge \$2.00 per dry net ton of concentrates; fractions in proportion.

Iron Penalty. For iron in excess of 6.00%, deduction shall be made at the rate of 25¢ per dry short ton of concentrates for each 1%; fractions in proportion.

QUOTATIONAL PERIOD

(a) In determining the price of any concentrates purchased by Metals Reserve from American, as provided in Paragraph VIII of the foregoing Contract the quotational period shall be the calendar month in which the "Date of Commencement of Operation of Such Facilities" occurs.

EXHIBIT B

(b) In determining the price of concentrates which Metals Reserve re-sells to American, as provided in Paragraph IX of the Contract, as amended, and Fresnillo zinc concentrates which Metals Reserve sells to American, as provided in Paragraph V of the Contract, as amended, the quotational period shall be the four (4) consecutive calendar weeks next following the delivery of concentrates by Metals Reserve to American from the Fairmont City stockpile.

GENERAL

The above schedule of prices covers the full payment for foreign concentrates including import duty charges, delivered by Metals Reserve f.o.b. cars, Fairmont City, Illinois.

A ton mentioned herein means 2,000 pounds dry weight.

130

NA-RC234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations—Metals Reserve Company, Contract Files, 1940-55, box 47, "American Zinc Company of Illinois."

METALS RESERVE COMPANY
Washington, D.C.

May 4, 1942

American Zinc Company of Illinois
Paul Brown Building
St. Louis, Missouri

Gentlemen:

In order to increase production and importation of zinc ores and concentrates from Mexico pursuant to our arrangements with the Mexican Government and in accordance with recommendations of the War Production Board for this Company to purchase zinc ores and concentrates, we desire to enter into an agreement with your Company as follows:

1. Your Company will act as Agent for this Company to buy zinc ores and concentrates of Mexican origin, on your present applicable price and treatment terms for domestic ores and concentrates of like character or grade and adjusted so that the price of the zinc accounted for to the shipper shall be on the basis of 8.25¢ per pound, f.o.b. East St. Louis, for Prime Western Grade, without deduction for United States import duty which will be handled by this Company as buyer. If such ores and concentrates are purchased at a fixed price per ton, such price shall be adjusted to give the shipper a liquidation in accordance with the price basis mentioned above. It is understood that if the shipper is not the producer, your purchase contract with the shipper will obligate the shipper to pass back to the Mexican producer the benefit of such price. Consistent with our agreement with Mexico, your authority to purchase, as our Agent, only applies to zinc ores and concentrates produced in Mexico during the period of one year beginning May 15, 1942, and consigned to this Company not earlier than June 1, 1942. We will advise you if this period is extended. Accordingly, purchases hereunder shall not cover production beyond May 15, 1943, unless we so advise. Your Company will advise this Company promptly of all contracts entered into, the quantities purchased, the schedule of deliveries, and port of entry. Our Agency Agreement with your Company may be terminated by us at any time on thirty days' notice in writing, provided, of course, that such termination shall not affect ore and concentrate purchase contracts entered into prior to the effective date of such termination.

2. It is the essence of this agreement, in order to increase production of zinc ores and concentrates needed for war requirements, that the full benefit and advantage of the aforesaid price be passed back to the Mexican producer. By entering into this agreement, your Company agrees that this will be done -- i.e., the price change as such will not be used as a basis for making any increase in your smelting and treatment charges to the shipper or for extending less favorable terms to the shipper.

FILE COPY

3. Your Company will have the ores and concentrates consigned to Metals Reserve Company at the point of entry into the United States (El Paso or Laredo or other location approved by us) and will deliver to this Company the original shipping documents. Your Company will arrange for shipment of the ores and concentrates from point of origin in Mexico to smelter and for the payment of all charges in connection therewith, including all Mexican taxes, but excluding the United States import duty. This Company will make customs entry at the port of entry and will attend to all phases of United States import duty. After such entry, the ores and concentrates will be re-consigned to your smelter unless other disposition should be requested by War Production Board.

4. This Company, if requested by your Company, will make a preliminary payment to your Company for the purchase of the ores and concentrates equal to three cents (3¢) per pound of zinc contained in the ores and concentrates, payment to be made upon receipt from your Company of Statement setting forth the amount due, the weight and estimated zinc content of the zinc ores and concentrates, and accompanied by copies of the shipping documents identifying the material for which preliminary payment is requested.

5. Your Company agrees to receive, smelt and/or refine the ores and concentrates, and to deliver to this Company, within four months of receipt of the ores and concentrates at your smelter, the recovered zinc content thereof or an equal quantity in the form of slab zinc. Your Company will be entitled to all by-products contained in the ores and concentrates, and will pay or credit to this Company at the time of final settlement hereunder 1.5¢ per pound of lead contained in the ores and concentrates in excess of 1.5% by wet assay. If the duty on which the above 1.5¢ is based is reduced or increased, the 1.5¢ payment or credit will be correspondingly changed.

6. Final payment for the zinc metal shall be made by this Company to your Company on the basis of 8.25¢ per pound, f.o.b. East St. Louis, for Prime Western Grade, with appropriate price differentials for premium grades ruling at time of delivery and with adjustment for delivery as hereafter provided. Such payment shall be made upon receipt of (1) your invoice covering the zinc metal delivered, listing the amount due after deducting the aforesaid preliminary payment, if any, and the credit, if any, due this Company for the lead content; (2) weight certificate; and (3) evidence of delivery of zinc metal in the form of copy of bill of lading to our consignee or storage certificate in our favor. This Company shall have the right to specify the particular grade of zinc to be delivered within the ability of the smelter to produce and deliver such grade. If no other grade is specified, Prime Western Grade zinc shall be delivered. The zinc metal shall conform to the specifications of the American Society for Testing Materials for the particular grade delivered.

- 3 -

7. For our records and as a condition for final payments, your Company will furnish this Company with an affidavit each month, in form satisfactory to this Company, sworn to by an authorized officer of your Company, to the effect that purchases and settlements with Mexican shippers to the date of the affidavit have been made in accordance with this agreement and that the quantity of zinc delivered to this Company to the date of the affidavit is not greater than the quantity of zinc recoverable from the Mexican ores and concentrates received hereunder up to the date of the affidavit. Your Company will maintain appropriate records of all transactions hereunder and of the data on which said affidavits are based for inspection by this Company if we so elect.

8. Your Company agrees to act, if requested, for our account and at our expense (except as provided in paragraph 10 with respect to costs of delivery), as selling and shipping Agent of this Company, following our instructions with respect to the subsequent sale and disposition of the zinc metal delivered hereunder. In the event the zinc metal is not shipped directly to our consignees, your Company will store the zinc metal for this Company for a period of not exceeding one year, without charge except the cost of handling the zinc metal in and out of storage at your plant, and will segregate and identify the metal to indicate our ownership and deliver to us your Storage Certificate per Exhibit A attached hereto. Your Company will not be responsible for any natural deterioration in the zinc so stored.

9. Your receipts of zinc ores and concentrates purchased hereunder shall not exceed in quantity the capacity of your smelter to receive, smelt and/or refine and deliver the recovered zinc or its equivalent within the aforesaid four-month period specified in paragraph 5. If your Company finds that it is offered ores and concentrates in excess of the above-mentioned quantity it will so advise this Company and, if requested, your Company will purchase such excess quantity of ores and concentrates for the account of this Company, on terms approved by this Company and subject to disposition by this Company.

10. In making final payment for zinc metal hereunder, the following adjustments shall be made. Delivery of zinc metal shall be made by your Company at your expense to the works of consignees designated by this Company. In the case of all grades of zinc metal other than High Grade and Special High Grade, there shall be added to the base price (8.25¢ per pound) the cost of freight from East St. Louis to the works of the consignee with the exception of points listed in Exhibit B attached hereto for which the differentials in delivery, ruling at the time of delivery, shall apply. The present differentials to such points are listed in said Exhibit B. With respect to High Grade and Special High Grade zinc, the quality premium, as provided in paragraph 6 above, shall cover the cost of delivery to any consuming point in continental United States. In the case of all grades

of zinc metal other than High Grade and Special High Grade placed in storage, there shall be deducted from the base price (8.25¢ per pound) the cost of freight from your smelter where the zinc metal is so stored to East St. Louis. The cost of freight to works of consignee after storage shall be paid by this Company. In the case of High Grade and Special High Grade zinc metal placed in storage, there shall be added to the base price (8.25¢ per pound) the price differential ruling at the time of placing in storage less 0.20¢ per pound for agreed and final adjustment on account of freight. The cost of freight after storage shall be paid by this Company.

11. No payment shall be made hereunder to your Company by this Company except as herein provided.

12. Neither your Company nor this Company shall be responsible for delays, failure or omissions due to any cause or causes beyond its control, however arising, and which cannot be overcome by due diligence. Upon the cessation or rectification of the cause or causes delaying performance hereunder, the applicable delivery period for zinc metal shall be extended by the number of days during which performance was so delayed.

13. Statutory Provisions. No member of or delegate to the Congress of the United States of America or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

In the performance of this agreement, your Company shall comply with and give all stipulations and representations required by any applicable law, including the provisions of the Walsh-Healey Act set forth in Exhibit C attached hereto, and any applicable rules, orders, regulations or requirements of any governmental department or bureau, but nothing herein contained shall be construed as preventing your Company from contesting in good faith the validity of any such law, rule, order, regulation or requirement.

METALS RESERVE COMPANY

By (Signed) G. Temple Bridgman
Executive Vice President

The undersigned accepts and agrees to the foregoing terms and conditions:

Ryu
S.S.
gsh

AMERICAN ZINC COMPANY OF ILLINOIS

By (Signed) Howard I. Young
President

F I L E C O P Y

REPRODUCED AT THE NATIONAL ARCHIVES

EXHIBIT A

STORAGE AND OWNERSHIP CERTIFICATE
of

(Insert Name of Company)

Certificate No. _____

(Place) (Date)

The undersigned Company hereby certifies that it has received and holds in storage at _____
(Describe location)
for Metals Reserve Company, Washington, D. C. _____ pounds of
_____ of zinc conforming to the specifications and re-
(Insert grade)
quirements of the agreement dated _____ between the under-
signed Company and Metals Reserve Company and described as follows:

Lot Nos. Marks Pieces Pounds

that said zinc is segregated and identified to indicate that it is owned by Metals Reserve Company and that it will be stored and shipped in accordance with the aforesaid agreement.

(Insert Name of Company)

By _____
Authorized Officer

EXHIBIT B

Differentials at present in effect to points listed as referred to in Article 10.

<u>Consuming Point</u>	<u>Differential over E. St. Louis</u>	<u>Consuming Point</u>	<u>Differential over E. St. Louis</u>
Depue, Illinois	.04¢ per lb.	Denver, Colorado	.105¢ per lb.
Dixon, Illinois	" " "	Minnequa, Colorado	" " "
Howe, Illinois	" " "	Alabama City, Alabama	.18¢ per lb.
Kewanee, Illinois	" " "	Attalla, Alabama	" " "
La Salle, Illinois	" " "	Bessemer, Alabama	" " "
Peoria, Illinois	" " "	Birmingham, Alabama	" " "
Peru, Illinois	" " "	Crawfordsville, Indiana	" " "
Sterling, Illinois	" " "	Chattanooga, Tennessee	" " "
Aurora, Illinois	.08¢ per lb.	Ensley, Alabama	" " "
Batavia, Illinois	" " "	Fairfield, Alabama	" " "
Beloit, Wisconsin	" " "	Indianapolis, Indiana	" " "
Chicago, Illinois	" " "	North Birmingham, Alabama	" " "
Cicero, Illinois	" " "	Atlanta, Georgia	.22¢ per lb.
Clearing, Illinois	" " "	Galveston, Texas	.26¢ per lb.
Danville, Illinois	" " "	Houston, Texas	" " "
East Chicago, Indiana	" " "	Harvey, Louisiana	" " "
Evansville, Illinois	" " "	California points except	
Fort Atkinson, Wisconsin	" " "	Mare Island	.50¢ per lb.
Frecport, Illinois	" " "	Bradley, Idaho	" " "
Gary, Indiana	" " "	Kellogg, Idaho	" " "
Greenwood Boulevard, Illinois	" " "	Portland, Oregon	" " "
Indiana Harbor, Indiana	" " "	Seattle, Washington	" " "
Joliet, Illinois	" " "	Mare Island, California	.555¢ per lb.
Kenosha, Wisconsin	" " "		
Kensington, Illinois	" " "		
Koeler, Wisconsin	" " "		
Milwaukee, Wisconsin	" " "		
Waukegan, Illinois	" " "		
West Allis, Wisconsin	" " "		
Whiting, Indiana	" " "		
Minneapolis, Minnesota	.10¢ per lb.		
St. Paul, Minnesota	" " "		

EXHIBIT C

Walsh-Healey Act. With respect to the Act of June 30, 1936, as amended, 49 Stat. 2036-2039 (U. S. Code - Title 41, Sections 35 to 45 inclusive) the smelting Company entering into the foregoing agreement with Metals Reserve Company agrees to comply with all applicable provisions thereof and as required thereby the smelting Company hereby expressly represents and agrees: (1) that it is a regular producer of or dealer in the material covered by the agreement; (2) that all persons employed by it in the production and furnishing of the material covered by the agreement will be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the material covered by the agreement is produced; provided, however, that this stipulation with respect to minimum wages shall apply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor; (3) that no person employed by it in the production or furnishing of the material to be delivered thereunder shall be permitted to work in excess of eight hours in any one day, or in excess of forty hours in any one week, unless such person is paid such applicable overtime rate as has been set by the Secretary of Labor; (4) that no male person under sixteen years of age and no female person under eighteen years of age and no convict labor will be employed by it in the production or furnishing of the material to be delivered under the agreement; (5) that no part of the agreement will be performed, nor will any part of the material produced or furnished under the agreement be produced or furnished in any plants, factories, buildings, or surroundings, or under working conditions which are insanitary or hazardous or dangerous to the health and safety of the employees engaged in the performance of the agreement; compliance with the safety, sanitary and factory inspection laws of the state in which the work or any part thereof is to be performed shall be prima-facie evidence of compliance with this subparagraph; (6) any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of the agreement, in the sum of \$10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of the agreement, and a sum equal to the amount of any deductions, rebates, refunds, or under-payment of wages due to any employee engaged in the performance of the agreement; and, in addition, the agency of the United States entering into the agreement shall have the right to cancel same and to make open-market purchases or enter into other agreements for the completion of said original agreement, charging any additional cost

to the original contractor; any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of the agreement as set forth herein may be withheld from any amounts due on the agreement or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof; all sums withheld or recovered as deductions, rebates, refunds, or underpayments of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered; provided, that no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the contractor of the withholding or recovery of such sums by the United States of America; (7) the contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor; and (8) the foregoing stipulations shall be deemed inoperative if the agreement is for a definite amount not in excess of \$10,000.

METALS RESERVE COMPANY
Washington, D.C.

MAY 14 1942

American Zinc Company of Illinois
Paul Brown Building
St. Louis, Missouri

Gentlemen:

In order to increase production and importation of zinc ores and concentrates from Mexico pursuant to our arrangements with the Mexican Government and in accordance with recommendations of the War Production Board for this Company to purchase zinc ores and concentrates, we desire to enter into an agreement with your Company as follows:

1. Your Company will act as Agent for this Company to buy oxidized zinc ores, including ores of mixed zinc and lead content (herein referred to as the "material") of Mexican origin, for manufacture into zinc and lead oxides, on the basis of prices paid for domestic ores of like character and grade delivered to your treatment plant, all delivery charges for the account of the Mexican shipper but without deduction for United States import duties which will be handled by this Company. It is understood that if the shipper is not the producer, your purchase contract with the shipper will obligate the shipper to pass back to the Mexican producer the benefit of such price. Consistent with our agreement with Mexico, your authority to purchase, as our Agent, only applies to material produced in Mexico during the period of one year beginning May 15, 1942, and consigned to this Company not earlier than June 1, 1942. We will advise you if this period is extended. Accordingly, purchases hereunder shall not cover production beyond May 15, 1943, unless we so advise. Your Company will advise this Company promptly of all contracts entered into, the quantities purchased, the schedule of deliveries, and port of entry. Our Agency Agreement with your Company may be terminated by us at any time on thirty days' notice in writing, provided, of course, that such termination shall not affect material contracts entered into prior to the effective date of such termination.

2. Your Company will have the material consigned to Metals Reserve Company at the point of entry into the United States (El Paso or Laredo or other location approved by us) and will deliver to this Company the original shipping documents. Your Company will arrange for shipment of the material from point of origin in Mexico to smelter and for the payment of all charges in connection therewith, including all Mexican taxes, but excluding the United States import duties. This Company will make Customs entry at the port of entry and will attend to all phases of United States import duties. After such entry, the material will be re-consigned to your smelter unless other disposition should be requested by War Production Board.

letter 5/18/42
sent with memo 5/20/42
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3. Your Company agrees to purchase from this Company the material that your Company may purchase from the Mexican shippers under the above authority, on the same terms and provisions as the purchase from the Mexican shippers. Your purchases hereunder from the Mexican shippers shall not exceed in quantity the amount which your Company in turn hereby agrees to purchase from this Company, and shall not exceed in the aggregate 12,000 short tons during the above-mentioned period of one year, without the written consent of this Company. Accordingly, you shall make all payments to the Mexican shippers and all other payments involved in purchasing and transporting the material to your smelter, with the exception of the United States import duties. Upon making each final settlement with the particular Mexican shipper, your Company will furnish this Company with your settlement Statement setting forth the quantity and cost of the material purchased by you for us and the identical quantity and the same cost of material to be purchased by you from us. Your Statement will be accompanied by a copy of the final settlement with the Mexican shipper, a copy of invoice from this Company covering the resale of the material to your Company, receipted by your Company to show that you have received the material, and receipted on our behalf to show that we have received payment for the material so resold, and an affidavit, in form satisfactory to this Company, sworn to by an authorized officer of your Company, to the effect that purchases and settlements with Mexican shippers to the date of the affidavit have been made in accordance with this agreement and that full payment has been made to the lawful owner of the material for which you hold receipts in your files, and that you will save this Company harmless from any claims of Mexican shippers based upon non-payment for the material purchased or received by your Company.

4. No payment shall be made hereunder to your Company by this Company except as herein provided.

5. Neither your Company nor this Company shall be responsible for delays, failure or omissions due to any cause or causes beyond its control, however arising, and which cannot be overcome by due diligence.

6. Statutory Provisions. No member of or delegate to the Congress of the United States of America or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

METALS RESERVE COMPANY

By J. H. Ruple
Executive Vice President

*RBU
J.H.R.*

The undersigned accepts and agrees to the foregoing terms and conditions.

APPROVED
BY EXECUTIVE COMMITTEE
METALS RESERVE COMPANY

AMERICAN ZINC COMPANY OF ILLINOIS

By (Signed) H. I. Young
Pres. (Title)

*Approved by
W. L. Wirtz
B.E.W.
request on May 12, 1942*

MAY 13 1942

Ferris B. Thomas
FERRIS B. THOMAS
Assistant Secretary

File Copy

METALS RESERVE COMPANY
Washington, D. C.

132
American Zinc Company of Illinois
943 Paul Brown Building
St. Louis, Missouri

AUG 12 1942

Agreement Amending Contract of
November 28, 1941, and May 4, 1942.

Gentlemen:

We refer to our Agency Agreement with your Company dated May 4, 1942, pursuant to which you were authorized to purchase Mexican zinc concentrates for our account. This Agreement provided that we would make final payment to you upon delivery to us of the zinc metal, as more fully provided therein.

We also refer to our Contract with your Company dated November 28, 1941, pursuant to which we agreed to create a stockpile of zinc concentrates at Fairmont City, which you would purchase from us for your own account from time to time at the prices set forth in Exhibit B thereof. Under the November 28th Contract we were not to receive the zinc metal.

Pursuant to our understanding, you have entered into a contract, as our Agent, acting under the above-mentioned Agreement of May 4, 1942, with the Fresnillo Company dated July 10, 1942 (a copy of which is annexed hereto as Exhibit A) covering the purchase of 40,000 short tons of Fresnillo zinc concentrates.

In order to perform our Contract of November 28, 1941, it is necessary for us to deliver to the stockpile at Fairmont City 21,000 short tons of Fresnillo concentrates in addition to the Fresnillo concentrates now held in the stockpile. Accordingly, you are authorized to deliver to the stockpile from the first deliveries under the above-mentioned Fresnillo Contract of July 10, 1942, 21,000 short tons of Fresnillo zinc concentrates. The balance of 19,000 short tons of Fresnillo concentrates which you purchased under the Contract of July 10, 1942, will be handled and settled for in accordance with our Agency Agreement mentioned above dated May 4, 1942.

As to the 21,000 short tons of Fresnillo concentrates mentioned above which are to be stockpiled under the November 28th Contract, we will reimburse you from time to time as follows:

1. For the preliminary payment of 85% made by you to the Fresnillo Company under the Contract of July 10, 1942, we will reimburse you promptly upon receipt of (1) your invoice certifying the

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MR C-1a-49 (Zinc)
MR AA-72

American Zinc Company of Illinois

- 2 -

amount which you have paid as an 85% advance to the Fresnillo Company, (2) copy of the railroad bill of lading showing that shipment has been made by the Fresnillo Company which entitles that Company to the 85% advance under the Contract, and (3) copy of preliminary settlement between your Company and the Fresnillo Company under which the 85% advance payment was made.

- 2. As to the final payments made by you to the Fresnillo Company under the Contract of July 10, 1942, we will reimburse you promptly upon receipt of (1) your invoice certifying the amount of the final payment made to the Fresnillo Company, which statement will show the total price to the Fresnillo Company less the 85% advance payment theretofore made, (2) copy of final settlement statement between your Company and the Fresnillo Company under the Contract of July 10, 1942, and (3) storage certificate, in form satisfactory to us, evidencing that the zinc concentrates have been delivered to the stockpile at Fairmont City and are held for our account.

It is agreed that the 21,000 short tons of Fresnillo concentrates mentioned above which are to be stockpiled at Fairmont City will be repurchased by your Company from us on the same terms as provided in the Contract of July 10, 1942, with the exception that for this purpose clause IV-a of said Contract shall be changed to provide that the base price shall be the price for Prime Western zinc for the four consecutive weeks after your Company has taken delivery of the zinc concentrates from us from the stockpile rather than for the four consecutive weeks after arrival at the Buyer's smelter as provided in the Contract of July 10, 1942. It is further agreed that Exhibit B of the Contract of November 28, 1941, will be amended to be consistent with this paragraph.

If the foregoing is acceptable to your Company, please sign and return the enclosed copy of this letter to constitute an agreement between us as of the date hereof.

METALS RESERVE COMPANY

By _____ Executive Vice President

Accepted and Agreed To:

AMERICAN ZINC COMPANY OF ILLINOIS

By _____ President

APPROVED BY EXECUTIVE COMMITTEE METALS RESERVE COMPANY

AUG 31 1942

Ferris B. Thomas Assistant Secretary

JMT

Rec'd 8/31/42
145 8-31-42
GMB

BEW by
wawaw
8/31/42

copy Com
8/31-42
ygd

EXHIBIT A

THIS AGREEMENT, made and entered into this 10th day of July 1942, by and between THE FRESNILLO COMPANY (hereinafter called the "Seller"), party of the first part, and AMERICAN ZINC COMPANY OF ILLINOIS (hereinafter called the "Buyer"), party of the second part;

WHEREAS, the Seller is operating mines in the Republic of Mexico known as The Fresnillo Mines and Mill, and is engaged in the production of zinc concentrates therefrom, and is willing to sell to the Buyer on the terms and conditions hereinafter set forth such zinc concentrates during a period of one year starting July 1, 1942 and ending June 30, 1943, and;

WHEREAS, the Buyer is operating an electrolytic zinc smelter at Monsanto, Illinois for the purpose of smelting zinc concentrates and producing slab zinc therefrom and is desirous of obtaining for such purposes such concentrates during the one year period.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements herein contained, each of the parties hereto does hereby covenant and agree as follows:

C L A U S E S

- I. QUANTITY: Forty Thousand (40,000) short tons of 2,000 pounds avoirdupois each, dry basis.
- II. QUALITY: Zinc concentrates delivered under this contract shall be of approximately the following analysis:

Gold.....	.04 oz.
Silver.....	14.00 oz.
Zinc.....	51.00 $\frac{1}{2}$
Cadmium.....	0.50 $\frac{1}{2}$
Iron.....	10.00 $\frac{1}{2}$
Lead.....	0.90 $\frac{1}{2}$
Copper.....	0.90 $\frac{1}{2}$
Cobalt.....	Trace
Tin.....	Trace
Antimony.....	0.01 $\frac{1}{2}$
Arsenic.....	0.11 $\frac{1}{2}$
Alumina.....	0.40 $\frac{1}{2}$
Bismuth.....	Trace
Magnesia.....	Trace
Cobalt.....	Trace
Lime.....	1.01 $\frac{1}{2}$
Silica.....	1.30 $\frac{1}{2}$
Sulphur.....	32.20 $\frac{1}{2}$

III. PERIOD & DELIVERY

The period of this agreement shall be for one year beginning July 1, 1942 and ending June 30, 1943, during which period the quantity of Forty Thousand (40,000) tons specified in Clause I shall be delivered as nearly as shipping and other conditions permit, at the monthly rates of Three Thousand (3,000) tons minimum to Five Thousand (5,000) tons maximum dry short tons basis, f.o.b. cars at Nuevo Laredo, Tamaulipas, Mexico. Shipments shall be made in the name of The Fresnillo Company to Nuevo Laredo, Tamaulipas, where delivery shall be made to the Buyer, who will take possession at that point.

IV. PRICE OF CONCENTRATES:

The price payable by the Buyer shall be determined by the following schedule:

Payments by Buyer:

a. Zinc

83% of zinc content of each lot at average East St. Louis price for primo western slab zinc for four consecutive weeks after arrival of said lot at Buyer's smelter. Price to be determined as

DEPARTMENT OF THE E. & M. J. Metal & Mineral Markets of New York.

b. Gold

.03 oz. or under, no payment. If over .03 oz., pay for 75% of gold content at 90% of the average United States mint price for four consecutive weeks after arrival of lot at Buyer's smelter. Minimum deduction to be .02 oz. per short ton.

c. Silver

2 oz. or under, no payment. If over 2 oz., deduct 2 oz. and pay for 70% of balance at 90% of the average Handy & Harman price for foreign silver for four consecutive weeks after arrival of lot at smelter.

Deductions by Buyer:

a. Treatment

Charge of \$29.00 per dry short ton of 2,000 pounds of zinc concentrates when settlement East St. Louis quotation for prime western slab zinc is at \$0.0825 per pound; if this settlement quotation is over or under \$0.0825 per pound, the treatment charge shall be increased or decreased \$2.00 per dry short ton of concentrates for each \$0.01 per pound change in this quotation, fractions in proportion.

b. Iron-Penalty

Up to 6% iron content, free. Excess over 6.0% shall be charged at \$0.25 per dry short ton for each 1.0% in excess of 6.0%, fractions in proportion.

c. Freight

The Buyer shall deduct the border crossing charges from Nuevo Laredo, Tamaulipas to Laredo, Texas, plus the freight from Laredo, Texas to Monsanto, Illinois. All freight and other Mexican charges from Fresnillo, Zacatecas to Nuevo Laredo, Tamaulipas,

including export declaration, Mexican Government sampling production and export taxes shall be paid by Seller.

V. PAYMENTS FOR CONCENTRATES:

Payments shall be based on delivery by the Seller and taking possession by the Buyer, f.o.b. cars Nuevo Laredo, Tamaulipas, Mexico, as follows:

85% of the estimated purchase price f.o.b. cars Nuevo Laredo shall be paid forthwith in cash or by certified check against American Railroad bills of lading covering the same and based on Seller's preliminary assays and 10% moisture content, and Railroad weights; the balance of payment shall be made by the Buyer to the Seller in cash or by certified check upon weighing, sampling, assaying and determination of settlement quotations, as provided for in Clauses IV and VI herein.

VI. WEIGHING, SAMPLING & ASSAYING:

Final settlements shall be based on weighing and sampling at the Buyer's smelter, the expense therefor being for Buyer's account.

Weighing

Weights shall be determined by a certified Weighmaster, upon Railroad track scales, the loaded cars first being weighed, then unloaded and carefully cleaned and the empty cars weighed.

Sampling

Representative samples of each carload shall be taken at the time of weighing or as shortly thereafter as possible, and the moisture content determined in the laboratory of the Buyer by approved method to arrive at the dry weight of the carload.

- 5 -

Representative samples by approved method shall be taken by the Buyer at the time of unloading each carload, said sample to be divided into three pulps, one of which will be furnished to the Seller, one for the Buyer and the remaining pulp shall be sealed and retained for delivery to an Umpire.

Assaying

Settlement for each lot shall be made upon the average assays of the Seller and the Buyer unless the difference exceeds 0.5% zinc, 0.01 oz. gold, 0.5 oz. silver or 0.5% iron. Should the differences between the Seller's and the Buyer's assay exceed the above limits, pulp shall be sent by the Buyer to an umpire for determination of the constituents beyond the splitting limit. A list of three umpires will be selected and agreed upon by the Buyer and the Seller, and these umpires shall be used in rotation. When the umpire's results are received, the final settlement shall be made upon the basis of the umpire's results, provided that result lies between the result of the Seller and the Buyer, respectively; otherwise, the assay to be taken for final settlement shall be whichever of three lies between the other two. The cost of umpiring shall be for account of the party whose results fall furthest from that of the umpire.

A date shall be arranged by the parties hereto, not later than 15 days after receipt by the Seller of pulp from the Buyer for the exchange of assays, and the parties hereto shall mail their respective assays to the other on said pulp samples upon said day, thus insuring the crossing of the assays in the mail. In case the

Seller elects not to submit assays for use in settlement, the assay of the Buyer shall be deemed to be the basis for final settlement.

Size of Lots

Each carload shall constitute a lot, and only by mutual agreement may a lot be increased to include up to a maximum of 10 carloads.

All sampling and assaying shall be by the standard methods of approved practice.

The Seller, at his expense, may have a representative present during weighing, sampling and moisture determinations.

VII. DISPOSITION OF SHIPMENTS:

The Buyer has the right at any time to switch shipments of the Seller to any other zinc smelter in the United States that it may so choose except that in such case settlements shall be made on the basis of then existing freight rate to East St. Louis, Illinois, provided the price to the Seller is thereby made less than had the shipment gone to East St. Louis. Should such a switch result in a better price to the Seller, considering both ore and metal freight rates, then such advantage shall accrue to the Seller. In other words, the Seller shall not be penalized for disadvantageous freight rates to other smelter selected by the Buyer, but will be given any advantage in freight rates so gained thereby.

VIII. The Buyer has entered into an agreement with Metals Reserve Company to act as its agent for purchase of zinc concentrates of Mexican origin, which agreement covers ore produced

after May 15, 1942 and delivered to Metals Reserve Company not earlier than June 1, 1942, and continues in effect for one year covering production up to May 15, 1943 unless Metals Reserve Company extends such time. Metals Reserve Company reserves the right to terminate the agency agreement at any time on thirty days' notice in writing, provided that such termination shall not effect ore and concentrates purchase contracts entered into prior to the effective date of such termination. Buyer agrees to advise Seller by telegraph and by letter of the receipt of any such notice of termination immediately on receipt thereof. Within the above limitations, unless the period is extended by Metals Reserve Company, Metals Reserve Company has agreed to handle all phases of United States import duty and that duty shall be for its account on all zinc concentrates purchased under this contract which have been produced in Mexico on or after May 15, 1942 and through May 15, 1943.

In the event the agency agreement between Buyer and Metals Reserve Company shall be terminated at any time within the life of this contract, as aforesaid, so that United States import duties shall no longer be for the account of Metals Reserve Company, then any purchase if made hereunder shall be for the account of the Buyer, acting for itself, and not as an agent for Metals Reserve Company, and all United States import duties shall be for the account of the Seller. During the life of the agency agreement between Metals Reserve Company and the Buyer, all concentrates shall be delivered by the Buyer to Metals Reserve Company at the

border crossing point so that Metals Reserve Company may handle all matters in connection with United States import duty and custom entry. Should the agreement between the Buyer and Metals Reserve Company be terminated at any time during the life of this contract, then either Buyer or Seller may cancel this contract upon the date of Metals Reserve Company's cancellation. If Seller shall exercise any option that may at any time be available to it to cancel this contract it shall not make any sale of concentrates for delivery in the United States to any one other than Buyer or make any shipments of concentrates to anyone in the United States other than Buyer within a period of 30 days after the effective date of such cancellation, and Seller shall during such 30 day period negotiate with Buyer relative to terms acceptable to both parties hereto for completion of delivery of the then undelivered balance of the quantity of concentrates herein contracted for.

IX. If Seller delivers to Buyer any concentrates of Mexican origin of which it is not the producer during the time that the agreement between the Buyer and Metals Reserve Company heretofore in Paragraph VIII referred to remains in effect, Seller agrees that it will account to the producer of the zinc ores from which concentrates are obtained and pay for the zinc content thereof on the same basis as the Buyer has herein agreed to account for and pay to the Seller for the zinc content thereof.

X. DISABILITY:

a. In the event of any strike, act of God, war, force majeure, lock-out, combination of workmen, interference of trade unions,

suspension of labor, fire, accident, lack of railroad freight facilities, or delay en route, or of any other causes whatsoever beyond the control of the Seller or of the Buyer, preventing or hindering them from giving or receiving delivery, or smelting, respectively, then delivery under this agreement shall be suspended during such time, provided always that a written notice shall be given of any such inability by either of the parties contracting hereto and that this clause shall not apply to such concentrates as may be loaded on railway cars and en route to Nuevo Laredo.

b. If such notice be given by the Buyer, the Seller shall have the right to sell elsewhere during the period of suspension. In the event of any such sales by the Seller, the Seller shall be relieved as to the tonnage so sold from the obligations of this contract.

c. This contract may be terminated by either party hereto in the event that the agency agreement between the Buyer and Metals Reserve Company should be terminated as hereinbefore set forth.

d. Force majeure as used above shall include strikes, lock-outs, differences with workmen, accidents, fires, explosions, floods, mobilization, wars, foreign wars (whether declared or undeclared and including the existing war), riots, rebellions, revolutions, blockades, act of any belligerent in any such war, any requirement regulation, restriction or other act of any such government, acts of public enemies, the elements, inability to

secure or delay in securing cars, fuel or other supplies or material, or electric power, delays or interruptions in transportation, or damage to or destruction of plants.

XI. ARBITRATION:

Any difference or dispute concerning any matter or thing done or omitted to be done hereunder, by either party hereto, shall be referred to one arbitrator resident or present in New York and agreed upon between the parties, or failing such agreement then to two arbitrators resident in New York, chosen respectively by Buyer and Seller, or their umpire. In case the two arbitrators cannot agree on the umpire, then he shall be named by the Chamber of Commerce of New York. Such reference shall be held in New York. The decision given in any difference or dispute referred to arbitration under this clause shall be final and binding upon both parties and the costs of every such reference to arbitration and of the award to be made thereunder shall be payable by such party or parties as is directed by the arbitrator or arbitrators or umpire, as the case may be.

IN WITNESS WHEREOF, the parties hereto have hereunto caused their respective names to be signed and their

respective seals to be hereunto affixed and duly attested by
their duly authorized officers the day and year in the Agree-
ment first above written.

THE FRESNILLO COMPANY

BY /s/ Hugh Rose

Attest:

/s/ B. J. Silbert

AMERICAN ZINC COMPANY OF ILLINOIS

BY /s/ H. I. Young

Attest:

/s/ W. N. ? Payne

Secretary

AMERICAN ZINC COMPANY OF ILLINOIS
Acting as Agents for
METALS RESERVE COMPANY

BY /s/ H. I. Young

Attest:

/s/ W. N. ? Payne

Secretary

INITIALED COPY

(1)
METALS RESERVE COMPANY
 WASHINGTON, D. C.

J B Thomas

1138

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MAR 8 1943

✓ American Zinc Company of Illinois
 Paul Brown Building
 St. Louis, Missouri

Gentlemen:

As you know, we are now and will in the future continue to become the owners of certain high grade zinc which will, from time to time, be allocated to consumers. In order that you and the undersigned shall clearly understand the arrangement in connection with the sale of High Grade or Special High Grade Zinc (hereinafter referred to as "Zinc") to be produced by you and delivered to us pursuant to the Letter Agreement, AA-72, dated May 4, 1942 (hereinafter referred to as the "Contract"), there is hereinafter outlined the procedure to be followed in the case of such sales and, unless you are specifically instructed by us to the contrary, in the case of such sales of Zinc purchased by us from you, pursuant to contracts or agreements other than the Contract:

1. Until specifically instructed to the contrary by this Company, we will sell Zinc to you which you are hereby authorized to re-sell, in your name, to consumers for current delivery, provided that no shipment of such Zinc shall be made except upon receipt of proper allocation certificate or other directive issued by the War Production Board and provided, further, that all such sales shall be made at the ceiling price in effect at the time of each sale.

2. You will forward to the Traffic Manager of this Company at the time your accounting is rendered in connection with the monthly settlement referred to in provision 4 hereof, copies of invoices covering each sale of Zinc, accompanied by a duly executed certificate in form satisfactory to the Traffic Manager of this Company, certifying that the Zinc covered by each invoice was Zinc supplied by Metals Reserve Company.

3. You will arrange for shipment, in your name, of all Zinc sold by you and your invoices will provide for payment therefor directly to



MR AA-203(Zinc)

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- 2 -

you. All transportation costs or charges incidental to the sale and delivery of the Zinc to purchaser shall be for your account subject to any adjustment provided for under paragraph 10 of the Contract and you shall be fully and solely responsible for collection of the proceeds of each sale provided, however, that sales and shipments of Zinc to a department, agency or office of the United States government, pursuant to our instructions, will be shipped in our name and for our account and that with respect to such shipment and sale you shall not be liable to us for payment therefor until such time as you receive payment for such government sales. All transportation charges and other costs or charges incidental to the delivery of Zinc to such government department, agency or office shall be for our account, subject to any adjustment provided for under paragraph 10 of the Contract.

4. The Contract provides that payment for the Zinc delivered to this Company pursuant thereto will be made to you upon receipt of certain evidence set forth therein. In order to effectuate the arrangement herein outlined, payment to you for Zinc delivered pursuant to the Contract and payment to Metals Reserve Company for Zinc delivered to you for resale, will be made monthly in a lump settlement, in accordance with an accounting procedure satisfactory to and approved by our Traffic Manager.

Settlement need not be made for any Zinc delivered to a United States government department, agency or office pursuant to our instructions, for which you have not received payment from such government department, agency or office.

5. In the event we instruct you to withhold from sale Zinc produced for us, you will proceed accordingly, provided you have not sold such tonnage prior to the receipt of these instructions. If only a portion of such tonnage has been previously been sold, you will withhold from sale the unsold balance in accordance with the Contract and notify us promptly of the tonnage involved.

6. Any taxes imposed on the buyer of such Zinc shall be for its account and paid by it or, if collectible by statute by the seller, you will arrange for collection from the buyer and remit such taxes to the proper taxing authority.

7. When we are prepared to liquidate any Zinc previously withheld by us from sale, we will notify you in writing that such Zinc is available for sale to you and authorize its resale in your name at the

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price specified by us, and we will furnish you with requisite storage certificate endorsed in your favor. The sale and payment for such stored Zinc shall then be made in accordance with the procedure outlined above.

8. The arrangements contained herein may be canceled by either of us at any time, effective immediately upon receipt of written or telegraphic notice of such intention to the other.

9. No member of or delegate to the Congress of the United States shall be admitted to any share or part of this agreement or to any benefit arising therefrom, but this provision shall not be construed to extend to this agreement if made with a corporation for its general benefit.

It is understood that you may make sales of Zinc hereunder to your affiliated fabricators, if any.

You will please confirm this understanding by affixing the signature of an authorized officer of your Company to the enclosed copy of this letter and returning it to us.

Very truly yours,

METALS RESERVE COMPANY

By G. Temple Bridgman
Executive Vice President

Accepted and confirmed this ____ day
of _____, 1943.

AMERICAN ZINC COMPANY OF ILLINOIS

By _____
(Title)

APPROVED
BY EXECUTIVE VICE PRESIDENT
METALS RESERVE COMPANY

MAR 8 1943

Jervis B. Thomas
SECRETARY

HS
ERM
3/2/43
3/4/43
3/6

Ext. Comm.
3-8-43
R.R.

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8-18-43

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METALS RESERVE COMPANY
Washington, D. C.

CONTRACT

INITIALED 00.

SELLER: AMERICAN ZINC COMPANY OF ILLINOIS, Paul Brown Building, 818 Olive Street, St. Louis, Missouri (hereinafter called "Seller") agrees to sell and deliver, and

BUYER: METALS RESERVE COMPANY, 811 Vermont Avenue, N.W., Washington 25, D. C. (hereinafter called "Buyer") agrees to buy and receive,

MATERIAL: Slab Zinc High Grade (hereinafter called "High Grade Zinc") of Seller's usual analysis, but in any event to meet the specifications of the American Society for Testing Materials, B6-37 No. 1.

QUANTITY: Seven Hundred Fifty (750) short tons (2,000 pounds avoirdupois each).

PRICE: Nine and twenty-five one hundredths cents (\$0.0925) per pound f.o.b. railroad cars East St. Louis, (Fairmont City) Illinois, less a transportation allowance equal to the average transportation cost per pound (including the 3% Federal tax on transportation of property) of all deliveries of High Grade Zinc made from Seller's East St. Louis, (Fairmont City) Illinois plant, during the twelve calendar months preceding the month of delivery. Seller shall on request of Buyer prepay the freight charges to destination specified by Buyer, such charges being for Buyer's account.

DELIVERY: During August, 1943, at Seller's East St. Louis, (Fairmont City) Illinois plant.

WEIGHTS: Smelter's weight certificates shall govern in settlement and the cost of weighing, if any, shall be for Seller's account.

SAMPLING AND ANALYSIS: Buyer may, at its election and expense, have the zinc sampled and analyzed by an analyst designated by it. The standard specifications of the American Society for Testing Materials shall apply in adjusting any and all claims based on alleged defects. Any claims of inferior quality of the zinc shipped hereunder shall not be cause for cancellation hereof, or of any part hereof. Seller shall, however, replace at its expense any defective zinc within a reasonable time after notice thereof is received by Seller.

STORAGE: Seller agrees to store the afore-mentioned zinc at its East St. Louis, (Fairmont City) Illinois plant without charge for a period of one year from the date of delivery and to segregate and identify the zinc stored as aforesaid so as to indicate Buyer's ownership thereof, and to deliver to Buyer a Storage and Ownership Certificate in the form of Exhibit "A" attached hereto. Seller will use due care in storing, but will not be held responsible for any natural deterioration in the zinc so stored. Costs of putting into and removal from storage, if any, shall be for Seller's account.

PAYMENT: Payment hereunder will be made to Seller upon presentation to Buyer of above-mentioned Storage and Ownership Certificate accompanied by Seller's invoice, weight certificates and certificates of analysis.

SELLING AND SHIPPING: At the request of Buyer and subject to termination by Buyer at any time in its sole discretion, Seller hereby agrees to act without compensation as selling and shipping agent for Buyer, and Buyer hereby appoints Seller as Buyer's agent for the purposes hereinafter set forth. Seller will

Contract Files, 1940-55, box 47, "American Zinc Company of Illinois."

make sales and arrange shipment and delivery of zinc pursuant to letters of instruction issued by Buyer to Seller. The zinc shall be shipped in the name of Buyer, unless otherwise specified by Buyer, and by means of such transportation and routings as Buyer shall designate. Seller will render bills to the consignee in the name of Buyer following the instructions of Buyer as to invoicing, delivery, collection, remittance of sales, proceeds, and disposition in the event of default or rejection. Buyer agrees to reimburse Seller for transportation charges and other costs or charges incident to the delivery of zinc to the consignee. Buyer will furnish Seller with such appropriate documents as may be deemed necessary evidencing Seller's authority to act as agent for Buyer pursuant hereto.

FORCE MAJEURE:

Neither the Buyer nor the Seller shall be responsible for delays or omissions due to any cause or causes beyond the control of Buyer or Seller, however arising, and which cannot be overcome by due diligence.

STANDARD PROVISIONS:

The parties hereto agree that the provisions set forth in Exhibit "B" attached hereto are made a part of this Contract with the same force and effect as if fully set forth herein; the parties contracting with Metals Reserve Company being referred to in said Exhibit "B" as "Contractor" and Metals Reserve Company being referred to therein as "Metals Reserve".

CANCELLATION:

Notwithstanding any other provisions hereof, this Contract may be canceled by Buyer with respect to any zinc remaining undelivered hereunder after September 15, 1943.

EXECUTED IN DUPLICATE

Dated: August 18, 1943

SELLER:

METALS RESERVE COMPANY
(Buyer)

AMERICAN ZINC COMPANY OF ILLINOIS
(SEAL)

By (S) G. Temple Bridgman
(Title)
Executive Vice President

By (S) A. E. Stanton
(Title)
Vice President

WTP
ERM
7/12
8-4-43
HS 8-4-43
Jan
8/5

[Handwritten signatures and initials]
E. Conn
8-6-43

INITIALED COPY

EXHIBIT A

STORAGE AND OWNERSHIP CERTIFICATE

OF

AMERICAN ZINC COMPANY OF ILLINOIS

Certificate No. _____

(Date)

The undersigned Company hereby certifies that it has received and holds in storage at its East St. Louis, (Fairmont City) Illinois, plant, for Metals Reserve Company, Washington, D. C., _____ pounds of zinc conforming to the specifications and requirements of the contract dated _____, between the undersigned Company, American Zinc Company of Illinois and Metals Reserve Company, such zinc being described as follows:

High Grade Special High Grade

Lot. Nos.

Marks

Pieces

Pounds

and the undersigned Company further certifies that said zinc is segregated and plainly marked and identified to indicate that it is owned by Metals Reserve Company and that it will be stored and shipped in accordance with the aforesaid contract.

AMERICAN ZINC COMPANY OF ILLINOIS

By _____
Authorized Officer

EXHIBIT B

1. Assignment. (a) Contractor shall not, without the prior written consent of Metals Reserve, sell, assign or pledge this Contract or any of its rights, powers, privileges, duties or obligations hereunder. (b) Metals Reserve may assign its interest under this Contract to any other branch or agency of the Government of the United States of America, and upon such assignment such assignee shall acquire all the rights, powers and privileges of Metals Reserve hereunder and shall be bound by all the duties and obligations of Metals Reserve hereunder, and Metals Reserve shall thereby cease to have any rights, powers, privileges, duties or obligations hereunder, it being expressly understood that any such assignment by Metals Reserve of its interest in this Contract shall be subject to all the rights, powers, and privileges of Contractor hereunder and shall be conditioned upon such assignee's assuming all duties and obligations of Metals Reserve hereunder.
2. Non-Waiver Clause. The failure of either the Contractor or Metals Reserve to insist, in any one or more instances, upon the performance of any of the terms, covenants, and conditions of this Contract shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant or condition by the other party hereto, but the obligation of such other party with respect to such future performance shall continue in full force and effect.
3. Notice. Notice to either party hereto shall be sufficient only if given in writing addressed to such party at the address set forth in the Contract, or, if the Contract designates an Agent, to such Agent as Agent's address as set forth in the Contract, or to such other address as either party for itself may hereafter specify to the other in writing.
4. Default. Notwithstanding any other provisions of the Contract to which this Exhibit B is attached, Metals Reserve may, by notice in writing to Contractor, cancel this Contract or any part thereof at any time, without payment of damages or penalty of any kind for such cancellation, in the event (a) a receiver, liquidator or trustee is appointed for Contractor or its property, or Contractor makes an assignment for the benefit of creditors, or Contractor becomes insolvent, or a petition is filed by or against Contractor pursuant to any of the provisions of the United States Bankruptcy Act, as amended, for the purpose of adjudicating Contractor a bankrupt, or for the reorganization of Contractor, or for the purpose of effecting a composition or rearrangement with Contractor's creditors, and such receiver, liquidator, or trustee is not discharged or any such petition filed against Contractor is not dismissed within sixty (60) days, (b) of the liquidation or dissolution of Contractor (if Contractor is a corporation), whether voluntary or involuntary, (c) of default by Contractor in the performance of any of the terms, conditions or covenants of this Contract or any amendment or supplement thereto and the failure of Contractor to cure such default within thirty (30) days from the giving of a written notice of such default by Metals Reserve to Contractor, (d) of the determination by Metals Reserve that Contractor obtained this Contract for the purpose of speculation.
5. Governing Law. This Contract shall be construed under and governed by the law of the State of New York.
6. Contingent Fees. Contractor warrants that Contractor has not employed any person to solicit or procure this Contract upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty shall give Metals Reserve the right to deduct from any amounts due Contractor from Metals Reserve the amount of such commission, percentage, brokerage, or contingent fee or to recover said amount upon making demand therefor, without prejudice to any other rights of Metals Reserve.
7. Members of Congress. No member of or delegate to the Congress of the United States of America or Resident Commissioner shall be admitted to any share or part of this Contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this Contract if made with a corporation for its general benefit.
8. Compliance with Applicable Laws. In the performance of this Contract, Contractor shall comply with and give all stipulations and representations required by any applicable Federal, state, municipal or local law, or Executive order, or any applicable rules, orders, regulations or requirements of any government department or bureau including the provisions of and regulations under Walsh-Healey Act (49 Stat. 2036-2039) which are hereby incorporated herein by reference, but nothing herein contained shall be considered as preventing Contractor from contesting in good faith the validity of such law, rule, order, regulation or requirement or any charge that Contractor has not complied therewith. Contractor expressly agrees to comply with the applicable provisions of Executive Order 9301 establishing a minimum wartime work-week of forty-eight hours and any modifications thereof and any regulations issued pursuant thereto. Pursuant to Executive Order No. 8802 dated June 25, 1941, Contractor hereby agrees not to discriminate against any worker because of race

Thompson
1138

APR 21 1946

American Zinc Company of Illinois
1800 Paul Brown Building
818 Olive Street
St. Louis 1, MISSOURI

Gentlemen:

Subject to the terms and conditions of the contract enclosed in duplicate, Reconstruction Finance Corporation will sell to you 752,285 pounds of slab zinc, Prime Western Grade, which are now stored at your plant at East St. Louis (Fairmont City), Illinois, being material purchased by Metals Reserve Company from U. S. Commercial Company under its contract with Alderman Copper Corporation, Ltd., at the price set forth therein. The zinc is available for prompt delivery.

Both copies of the contract should be executed by an authorized officer of your Company with its corporate seal affixed thereto and returned to this office, upon receipt of which an executed copy will be promptly forwarded to you. The date of the contract will be inserted at the time of its execution by this Corporation.

Certified check covering preliminary payment and shipping instructions should be forwarded to the Traffic Manager, Reconstruction Finance Corporation, Office of Metals Reserve, Washington 25, D. C., who will, upon receipt of same, arrange the details for delivery of the material.

Sincerely yours,

Morris Levinson
Executive Director
Office of Metals Reserve

Payment to you of 712,285 4/23/46

Enclosures

RBG:LPG

FILE COPY

MR 21 53481 (Zinc)

[Handwritten signatures and initials]

[Handwritten initials]

See 4-27-46

AUG 13 1946

Mr. A. E. Stanton, Vice President
American Zinc Company of Illinois
418 Olive Street
St. Louis 1, Missouri

Re: Toll Contract T-231

Dear Mr. Stanton:

In September 1945 American Zinc Company of Illinois agreed to treat on a toll basis Metals Reserve's zinc concentrates stockpiled at Fairmont City, Illinois, and at Granddole, Missouri. At the time of negotiation of Toll Contract T-231, we understood that you would be able to treat approximately 3,000 tons of concentrates at the Mennante electrolytic plant monthly.

Treatment of such concentrates was proceeding satisfactorily until the Mennante plant closed down in November 1945 because of the strike. Since reopening of the plant at the end of January 1946, the tonnage of concentrates treated for our account has been gradually decreasing: in February 2,542 tons, in March 1,711 tons, in April only 997 tons. Since April we have had no information as to what tonnages, if any, was treated for our account.

We are perturbed over such drastic reduction in the treatment of concentrates for our account at Mennante, as we are anxious to have such concentrates treated at the rate indicated by you during the time of negotiation of the toll contract.

We would appreciate your advising us as to the cause of the reduction in treatment and just when we can expect an increase in tonnage treated for our account.

Very truly yours,

s/ Morris Levinson

Morris Levinson
Executive Director
Office of Metals Reserve

MPM 8/12/46
LEG

MPM:MH
cc: Levinson, J. C.
Johnson, Sheehan, Petterson

ML

See 8/22/46

FILE COPY

RECONSTRUCTION FINANCE CORPORATION
RECEIVED

AUG 30 1946

JESSE C. JOHNSON
DEPUTY DIRECTOR
OFFICE OF METALS RESERVE

RECONSTRUCTION FINANCE CORPORATION
RECEIVED

AUG 30 1946

MORRIS LEVINSON
Executive Director
Office of Metals Reserve

AMERICAN ZINC COMPANY OF ILLINOIS

SIXTEENTH FLOOR PAUL BROWN BUILDING

515 OLIVE STREET

ST. LOUIS 1, MISSOURI

August 22, 1946

for [unclear] ✓
② Mr. Johnson
③ Mr. Melton

① Mr. Morris Levinson, Executive Director
Office of Metals Reserve
Reconstruction Finance Corporation
311 Vermont Avenue, N. W.
Washington 25, D. C.

ML

Dear Mr. Levinson:

Answering your letter of the 13th concerning various matters in connection with the stockpile of your zinc concentrates at Fairmont City and Carondelet, have to advise as follows:

I. In May, we treated 2,038 tons, in June 440 tons of the concentrates on which actual delivery of metal to your warehouse was held up pending negotiations with Civilian Production Administration and Office of Metals Reserve to purchase the entire returnable tonnage of slab for shipment on contracts with our customers. Failing in our efforts to make the purchase, the metal has since all been delivered to the St. Louis Terminal Warehouse in East St. Louis.

*no reply necessary
MFM
8/30/46.*

In July we produced 749,675 pounds of slab from your concentrates which is now in process of being delivered to your warehouse. The low June tonnage is due to the roaster at Fairmont City which roasts stockpile concentrates being down for repairs from May 23th to June 21st.

II. We have certain contract specifications for High Grade slab zinc which must be met so that with our inability to purchase any tonnage of High Grade from Metals Reserve, we have been forced to regulate the consumption of stockpile concentrates so as to fit into the situation. The circumstances are, of course, completely different at this time from what they were when the conversion contract was negotiated in that we were able at that time to purchase freely from your slab zinc stockpiles in our warehouses.

III. It is our desire and intent to use all of the stockpile concentrates monthly that we can, but believe you will appreciate it is impossible for us to give you any accurate forecast at this time. The zinc situation has changed so

for [unclear] ✓
Mr. Melton
8/30/46
6789

See 8-31-46

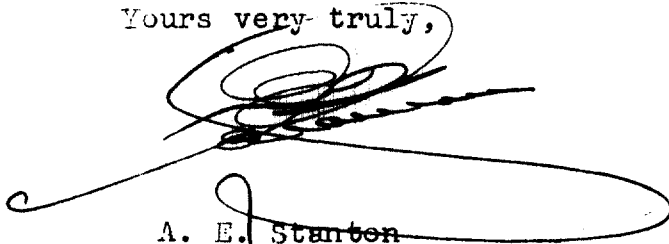
Mr. Morris Levinson

- 2 -

August 22, 1946

quickly several times during recent months with prospects of further changes coming about, that any information we gave you today could very readily be completely out of line next week.

Yours very truly,

A large, stylized handwritten signature in black ink, appearing to read 'A. E. Stanton', with a long horizontal flourish extending to the left.

A. E. Stanton
Vice President

AES/emt

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RECONSTRUCTION FINANCE CORPORATION
WASHINGTON 25, D. C.

126
e
July 20, 1948


Memorandum to Mr. Wylie F. McKinnon
Assistant Director
Office of Metals Reserve
Room 1219 - Lafayette Building

Re: Plancor 327
American Zinc Co. of Illinois
Monsanto & Fairmont City, Ill.

You will recall our phone conversation of several weeks ago in which I advised you of our discussion with Mr. Mehan and our desire that he make an investigation with respect to the Corporation's lease with the captioned Plancor.

Mr. Mehan tells us that he is going on his vacation on August 1 and that he would be available to be in St. Louis and make his investigation the week of July 26. This is entirely agreeable with us and we would appreciate your cooperation in issuing the necessary travel authorization. If you wish we will arrange to have the expense charged to the Office of Defense Plants.

Mr. Mehan advises that his vacation contemplates a motor trip that will take him as far west as Denver. He proposes to go to St. Louis by train or plane and begin his vacation from St. Louis. On the return he will be entitled to transportation and per diem from St. Louis to Washington and has asked our opinion as to whether or not arrangements could be made to permit him to return from St. Louis to Washington by motor and receive, as expense, the cost of first-class transportation, including Pullman and the usual per diem, for the time that would have been required in such travel. We have made similar arrangements with members of our staff and we hope that you can do likewise with Mr. Mehan. Thank you for your cooperation.


H. R. RUTLAND
Deputy Director in Charge of
Plant Servicing Division
Office of Defense Plants

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NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations—Metals Reserve Company, Contract Files, 1940-55, box 51, "American Zinc Company of Illinois."

July 26, 1948

MEMORANDUM TO MR. H. E. RUTLAND
DEPUTY DIRECTOR, OFFICE OF DEFENSE PLANTS

Re: Your Memorandum of July 20, 1948

This will confirm our phone conversation of July 21st, in which we advised you that it will be agreeable with us for our Mr. Mehan to make an investigation for you in connection with Flammur 327, American Zinc Co. of Illinois, Mounts & Fairmont City, Illinois.

However, as explained to you during the above mentioned phone conversation, it will not be convenient for Mr. Mehan to make this investigation until his return from a vacation in the month of August and we are very glad to learn that this does not inconvenience you and will fit in with your plans.

W. F. McKINNON
Deputy Director
Office of Metals Reserve

W. F. McK.

WFMCK/fh

cc: Messrs. McKimmon
Sheehan
Johnson
Mehan

FILE COPY

See Memo. 7-20-48

NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations—Metals Reserve Company, Contract Files, 1940-55, box 51, "American Zinc Company of Illinois."

OFFICE OF WAR ACTIVITY LIQUIDATION

NOV 19 1948

140
 Lawrence Warehouse Company
 72 Wall Street
 New York, New York

RE: Field Warehouse ABC
 Zinc Concentrates Stored
 Fairmont City, Illinois
 SPD-402

zinc

Gentlemen:

The zinc concentrates that you are holding for our account at American Zinc Company of Illinois plant, Fairmont City, Illinois have been declared to and accepted by the Munitions Board for the permanent stockpile. As you know, material accepted for the permanent stockpile is placed under custody of Treasury Department, Bureau of Federal Supply, and it is our desire to effect physical transfer of this material to Bureau of Federal Supply. Accordingly, you are requested to accept this letter as a release of all materials remaining in stockpile to Treasury Department, Bureau of Federal Supply, effective as of the close of business November 30, 1948. In accordance with the above all charges incurred in connection with this material will be for the account of and you will bill such charges to the Bureau of Federal Supply effective as of December 1, 1948. Our legal division is arranging to assign the underlying contract and leases involved in this storage operation.

Billings and other correspondence are to be addressed to Mr. J. E. Salisbury, Chief, Storage and Transportation Division, Bureau of Federal Supply, Treasury Department, 7th & D Streets, S.W., Washington 25, D. C.

You are requested to advise Mr. Salisbury of the quantity of material that remains in such stockpiles as of the close of business November 30, 1948. Kindly forward a copy of such notice to Mr. G. W. Graves, Chief, Metals Branch, Accounts Division, Office of the Controller, RYC, 811 Vermont Avenue, N.W., Washington 25, D. C.

It is our understanding that the Treasury Department, Bureau of Federal Supply, will request you to issue new storage documents in their name for the quantity of material that remains in stockpile at the close of business November 30, 1948, but in the meantime the original storage documents issued by you covering the material will be held by this Corporation for the account of Bureau of Federal Supply.

FOR GENERAL FILES

- 2 -

Lawrence Warehouse Co.,
New York, New York

We ask that you indicate your understanding and acceptance of the above by signing and returning the enclosed copy of this letter.

Very truly yours,

ABC:aso

AMC
JSH
11-17-48

T. J. Zoherty
T. J. Zoherty,
Chief, Stockpile Branch

cc: Mr. J. E. Salisbury, Chief, Storage and Transportation Division, Bureau of Federal Supply, Treasury Department, 7th & D Streets, S. W., Wash. D.C.

cc: American Zinc Company of Illinois, Fairmont City, Illinois.

cc: Mr. Graves
Mr. Thomas
Mr. Sheehan
Mr. Hutchinson

lhv8

FOR GENERAL FILES

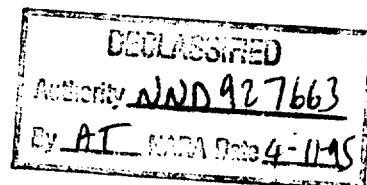
141

RESTRICTED

TREASURY DEPARTMENT
BUREAU OF FEDERAL SUPPLY
WASHINGTON 25



STRATEGIC AND CRITICAL
MATERIALS BRANCH



November 26, 1948

Mr. T. J. Doherty
Chief, Stockpile Branch
Office of War Activity Liquidation
Reconstruction Finance Corporation
Washington 25, D. C.

Dear Sir:

Subject: Transfer of Physical Custody of RFC Stockpiles to BFS

This will acknowledge receipt of your letter dated November 19, 1948, enclosing, in triplicate, Notice of Transfer Form covering various stockpiles of Zinc Concentrates presently held in storage for the account of your Corporation by the American Zinc Company of Illinois at its plant located at Fairmont City, Illinois. This material is covered by surplus declaration SPD-403, our file NSP-74 Zn., which document indicates that the tonnage involved is 20,147 short tons.

This will also acknowledge receipt of a copy of your letter dated November 19th, addressed to the American Zinc Company of Illinois, 818 Olive Street, St. Louis, Missouri, attention of Mr. A. R. Stanton, Vice President, relative to this matter. It is understood that the transfer of physical custody of the material will become effective close of business on November 30, 1948. Appropriate steps will be taken to work out an arrangement with the American Zinc Company of Illinois covering the servicing of this material for the account of this Bureau subsequent to the effective date of the transfer of physical custody thereof.

A copy of the Notice of Transfer Form enclosed with your letter has been executed on behalf of the Treasury Department, Bureau of Federal Supply and such copy is returned herewith. It is requested that you hold the storage certificates now in your possession covering this material until such time as an agreement has been worked out with the American Zinc Company by this Bureau and new storage documents received.

Very truly yours,

J. E. Salisbury
J. E. Salisbury, Chief
Storage and Transportation Division

Enclosure

RECONSTRUCTION FINANCE CORPORATION
OFFICE OF WAR ACTIVITY LIQUIDATION
Washington 25, D. C.

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NOTICE OF TRANSFER

BUREAU OF FEDERAL SUPPLY
TREASURY DEPARTMENT

WAA 1003 No. WFD-403
Date: NOV 18 1948, 1948

Pursuant to agreement between Bureau of Federal Supply, Treasury Department (BFS) and Reconstruction Finance Corporation (RFC), as evidenced by letter dated August 31, 1948, and confirmed on behalf of BFS, physical custody of, and full responsibility and accountability for, the following strategic and critical materials are hereby transferred by RFC to BFS, effective at the close of business on November 30, 1948:

Material: Zinc concentrates
Reporting Agency Number, per WAA 1003: WFD-403
File or Lot No. : WFD Stockpiles
Located at: American Zinc Co. of Illinois Plant
Eastmont City, Illinois

Less quantities shipped, to be shown on list to be furnished by RFC to BFS as soon as practicable, all as shown by RFC records.

Attached are the following-described instruments now in RFC's possession (except shipping documents) relating to the materials covered by this notice:

Storage certificates covering the above-mentioned material will be retained by us pending your request therefor or, in the event that no such request is received by us by November 30, 1948, we shall make such disposition of these certificates as we deem appropriate.

Remarks:

No shipping instructions received.

Please execute in form below and return accompanying duplicate of this notice.

RECONSTRUCTION FINANCE CORPORATION

By [Signature]

Title Chief, Stockpile Branch

Received the above-described instruments this 26th day of Nov.,

1948.

BUREAU OF FEDERAL SUPPLY
TREASURY DEPARTMENT

By [Signature]
Title Chief, Storage & Transportation Div.

OFFICE OF WAR ACTIVITY LIQUIDATION

143

MAR 14 1950

Mr. E. C. Thomson
Lawrence Warehouse Company
72 Wall Street
New York 5, New York

File - 725

Re: Storage Zinc Concentrates-Fairmont City
Illinois - American Zinc Co. of Illinois

Dear Mr. Thomson:

Reference is had to your letter of February 27, 1950, addressed to the American Zinc Company of Illinois, a copy of which you kindly forwarded to us, with regard to the cancellation of existing leases on the subject storage site, effective as of January 31, 1950.

If you have had a reply from the American Zinc Company of Illinois, we would appreciate a confirmed copy of such reply in order that we may close our files on this site.

Very truly yours,

TJD:mv


T. J. Maherty
Assistant Chief
Contract & Commodity Division

cc: Mr. A. E. Stanton, Vice President
American Zinc Company of Illinois
816 Olive Street
St. Louis 1, Missouri

Mr. G. W. Graves

NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations-Metals Reserve Company, Contract Files, 1940-55, box 51, "American Zinc Company of Illinois."

COPY

REPRODUCED AT THE NATIONAL ARCHIVES
LAWRENCE WAREHOUSE COMPANY
72 WALL ST., NEW YORK, N. Y.

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MARCH 15, 1950

AMERICAN ZINC COMPANY OF ILLINOIS,
818 OLIVE STREET,
ST LOUIS, 1, MO.

*Hand's files
O.M.R.
Fairmont at
Storage file
Case NO 207.*
ZJA

GENTLEMEN:

UNDER DATE OF FEBRUARY 27TH, 1950 WE WROTE YOU REGARDING CANCELLATION OF TWO LEASES COVERING GROUND AREAS USED BY THIS COMPANY FOR STORAGE OF ZINC CONCENTRATES FOR ACCOUNT OF RECONSTRUCTION FINANCE CORPORATION.

WE ASKED THAT YOU ACKNOWLEDGE SUCH NOTICE OF CANCELLATION BUT TODATE WE HAVE NOT BEEN FAVORED WITH A REPLY.

MAY WE HAVE YOUR COOPERATION AT THIS TIME.

VERY TRULY YOURS,

LAWRENCE WAREHOUSE COMPANY

E C THOMSEN

NA RG234 Reconstruction Finance Corporation, Records of the Subsidiary Corporations—Metals Reserve Company, Contract Files, 1940-55, box 51, "American Zinc Company of Illinois."

See 3-17-50

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Mr. T. J. Doherty

COPY FOR

145

Handwritten notes:
Hendricks
O.M.W.
Comm 207
Fairmont City
Storage
J.P.

March 17, 1950

Lawrence Warehouse Company
Seventy-Two Wall Street
New York 5, New York

Attn: Mr. S. C. Thomas

Gentlemen:

We have for acknowledgment your letter of March 15th concerning letter written us on February 27, 1950, regarding cancellation of two leases on property at our Fairmont City smelter. In reply, I wish to advise that while our company is entirely agreeable to releasing you from the leases, there is a matter that is giving us some concern, and that is the responsibility for losses which have occurred in the stocks of zinc concentrates stored on the premises, due to wind, rain and flood without a clean-up of the stocks of zinc concentrates having been made.

The matter is in the hands of our Legal Department at the present time and we expect to be able to advise you further within a short time.

Yours very truly,

Handwritten signature of A. E. Stanton
A. E. Stanton
Vice President

AKS:ds

cc: Messrs. H. I. Young
W. J. Matthews, Jr.
G. L. Spencer, Sr.
John Griffiths

T. J. Doherty, Ass't. Chief
Contract and Commodity Division
Office of War Activity Liquidation
Washington, D. C.



No Document #146

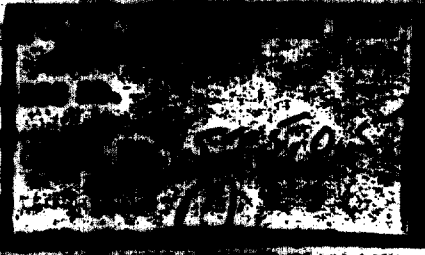
CIVILIAN PRODUCTION ADMINISTRATION

Office of Industry Advisory Committees

Washington, D.C.

Summary of Meeting

147



Committee: Tri-State Zinc Concentrate Smelter Industry

Date: October 29, 1946

Place: Social Security Bldg., Washington, D.C.

Government E. Vogelsang,
Presiding Metals & Minerals Division
Officer: Civilian Production Administration

*Committee Members
(Present at Meeting)

*Newell Blair, Alternate for
H. E. Son
The Medlar Zinc Co.
Law Offices of Blair
Washington, D.C.

Frank E. Fisher
American Steel & Wire Co.
Cleveland, Ohio

*S. B. Coolidge, Jr.
Sherwin-Williams Paint Co.
Cleveland, Ohio

B. Elkan
National Zinc Company
International Minerals & Metals Corp.
New York, N.Y.

* Elmer Isern
Eagle-Picher Mining
Joplin, Missouri

George H. Nege
Sells
Chicago, Illinois

* Leonard Or
Acme Mining & Smelting
St. Louis, Missouri

* Howard Young
American Zinc Company of Ill.
St. Louis, Missouri

* B. N. Zimmer
American Metal Co.
New York, N.Y.

NA RG179 War Production Board, El Policy Documentation File,
Box 1592, 525.05. "Zinc Smelters-Industry Advisory Committee Meetings."

23-1600-pl of 14-bu-008-wp

NA RG179 WPB Policy Doc File, 525.05

October 29, 1946

PURPOSE OF THE MEETING

The committee met to consider the effect of the new zinc metal ceiling price on production of ores and concentrates in the Tri-State District. Mr. E. Vogelsang (Tin, Lead and Zinc Branch, Metals and Minerals Division, CPA) presided.

INDUSTRY ADVISORY COMMITTEES

Mr. Josiah G. Fort (Director, Office of Industry Advisory Committees, CPA) outlined briefly the status and functions of industry advisory committees. He explained that the Attorney General has ruled that the use of industry advisory committees may be continued as long as the Second War Powers Act remains in existence. These committees serve in an advisory capacity only and are not to determine policy or to attempt to enforce Government regulations. Protection against antitrust litigation is afforded only as long as meetings are called by the Government and are presided over by a Government representative.

Committee members are free to discuss any matters considered at meetings except those which might be specifically designated as confidential. By means of summaries and press releases, CPA disseminates full information on committee meetings.

Copies of the Clearance provided by the Attorney General are available to committee members on request.

PRODUCTION OF ORES AND CONCENTRATES AS IT IS AFFECTED BY THE NEW CEILING PRICE ON METAL

Statement of the Problem.--The 1-cent increase recently granted in the ceiling price of zinc metal (equivalent to \$10.80 per ton of 60% zinc concentrates in the Tri State District) has raised a problem with respect to the position of producers in the Tri-State area and the possible effect on production, Mr. Vogelsang said. According to the original policy established under the Premium Price Plan, the basic "A" premium rate must be reduced to the extent of the increase granted in the ceiling. This policy still applies, and the Government can see no alternative but to base its future premium payments to producers on the new ceiling price of 9-1/4 cents a pound for metal. While premium payments under the "A" quotas will be reduced, relief to mine producers can be given through additional premiums in the "B" and for "C" ranges up to the maximum limit now imposed, namely the equivalent of 16.5¢ per pound of zinc metal. This means that maximum premium rates in the Tri State district are \$78.30 per ton of 60% zinc concentrates, exclusive of any benefits which may be applicable under OES Directive 137. Those mines which have been receiving more than \$78.30 per ton in premiums are now squeezed to the extent that the price they receive from the smelter for concentrates is less than \$60.80 per ton. Telegrams have been received from these high cost producers in the Tri-State District, stating that the threatened loss in returns to them as a result of the lower subsidy payments will curtail

production. CPA is seeking the benefit of industry's advice as to how the problem might be resolved.

Discussion

Committee's Views.--Sales of concentrates (currently priced at \$50 a ton) to smelters have practically ceased in the Tri-State District, committeemen reported. One industry representative commented that the reduction in subsidy payments without a change in the price of zinc concentrates will mean a loss to miners of \$10.80 a ton. Government representatives asked the group to consider whether smelters might not share with producers some parts of the increase granted on zinc metal, so as to minimize the loss in return to producers. Unless some plan of this sort is adopted, CPA does not see how the situation can be handled, Mr. Vogelsang said.

Smelters were of the opinion that they need the entire 1-cent increase in the price of zinc metal. One member said that the increase is barely enough to cover higher operating costs, while another claimed that his costs have risen above the 1-cent increase granted. The smelting situation, the committeeman pointed out, is quite different now than it was when the 8-1/4 cent ceiling was established.

When asked how much production might be lost if the price of concentrates is not adjusted to the operator's satisfaction, Mr. Harry Hayes (Director, Metals and Minerals Division) replied that it is difficult to foretell the number of properties that would close down if producers are not granted relief. Certainly the high cost producers would be seriously squeezed. Perhaps some might try to reduce their costs by operating more efficiently or mining higher grade ore. But just what the actual loss would be cannot be measured accurately without a detailed examination of the district.

Discussion brought out the fact that there are marginal operators in both the mines and smelters and that these marginal operators need support to keep them going.

One committee member strongly advocated a return to a free market in order that producers and smelters may mutually reach a solution of the problem. Mr. Hayes explained that existing legislation prevents a free market. As long as there is a ceiling on metal and premium price payments are being granted to producers, the industry cannot operate in a free market. The ceiling price on metal, Mr. Hayes commented, indirectly imposes a ceiling on ores. Other committeemen agreed that as long as metal is not decontrolled, there can be no free market.

Mr. Hayes feared that if nothing definite is arrived at in the way of easing the situation of producers, a certain amount of production in the Tri-State District will not be sold to smelters. At the moment, sales at the present \$50 price seem to have stopped, and CPA is under pressure to implement the CPA law as it concerns premium payments in order to maintain production. But, Mr. Hayes said, CPA neither intends nor has a right to ask smelters to fix the price of concentrates at a certain level. As to a basis

October 29, 1946

for insuring production, CPA does not know what adjustment should be granted to mine producers. Neither CPA nor the committee, Mr. Hayes thought, would be justified in setting a specific price. The meeting, he explained, was called primarily to acquaint industry members with the problem and to obtain their advice as to a possible solution. Just what the price of Joplin concentrates should be cannot be decided by CPA, and the matter of how the 1-cent increase is to be divided between smelters and miners will undoubtedly have to be settled by industry on the basis of normal business practices established in the Joplin district.

Mr. Hayes further explained that CPA is concerned with price from a production standpoint only. CPA in no way determines price, but where price undeniably impedes production, CPA does make representations to OPA and does recommend that the price-fixing agency take remedial action.

1. Price Smelters

NA RG179 War Production Board, E1 Policy Documentation File,
box 994, 221.224, "Facilities-DPC Projects."

CHARTER

OF

DEFENSE PLANT CORPORATION

148

In order to aid the Government of the United States in its National Defense Program, Reconstruction Finance Corporation, for the purpose of creating a corporation with the powers hereinafter stated, pursuant to the authority contained in Section 5d of the Reconstruction Finance Corporation Act, as amended, the creation of such corporation having been requested by the Federal Loan Administrator with the approval of the President, declares that:

FIRST, The name of the Corporation shall be "DEFENSE PLANT CORPORATION".

SECOND, The location of the principal office of the Corporation shall be in the City of Washington, District of Columbia.

THIRD, The objects, purposes and powers of the Corporation shall be:

- (a) To purchase, lease or otherwise acquire real estate and interests in real estate, to purchase, lease or otherwise acquire and to build and expand plants and facilities, and to purchase, lease, produce or otherwise acquire and to repair, re-build and alter equipment, supplies and machinery, for the manufacture of arms, ammunition and implements of war;
- (b) To use, lease, license, or otherwise arrange for the use of such real estate, plants, facilities, equip-

- 2 -

ment, supplies and machinery, for the manufacture of arms, ammunition and implements of war and the production of equipment, supplies and machinery usable in such manufacture; and

- (c) If the President of the United States finds that it is necessary for the Corporation to engage in the manufacture of arms, ammunition and implements of war, to engage in such manufacture itself.

The Corporation shall have power to do all things incidental to the foregoing and necessary or appropriate in connection therewith, including, but without limitation, the power to borrow and hypothecate, to adopt and use a corporate seal, to make contracts, to acquire, hold and dispose of real and personal property necessary and incidental to the conduct of its business, and to sue and be sued in any court of competent jurisdiction. The Corporation, including its franchise, its capital, reserves, surplus, income and assets shall be exempt from all taxation now or hereafter imposed by the United States, or any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal or local taxation to the same extent according to its value as other real property is taxed; the Corporation shall be entitled to the free use of the United States mails; and in addition to or in limitation of the privileges and immunities belonging to it as an instrumentality of the

- 3 -

United States Government, the Corporation shall in all other respects be possessed of such privileges and immunities as are conferred upon Reconstruction Finance Corporation under the Reconstruction Finance Corporation Act, as amended.

FOURTH, The total authorized capital stock of the Corporation shall be Five Million Dollars (\$5,000,000), of which One Million Dollars (\$1,000,000) shall be paid in immediately and the balance as called. Such stock shall be of one class and shall be issued for cash only. Reconstruction Finance Corporation shall subscribe for all of the capital stock of the Corporation and such stock shall not be transferable.

FIFTH, The Corporation shall have existence until dissolved by Reconstruction Finance Corporation.

SIXTH, The stockholders shall not be liable for the debts, contracts or engagements of the Corporation except to the extent of unpaid stock subscriptions.

SEVENTH, The Corporation shall be managed by its Board of Directors, officers and agents pursuant to this Charter and the provisions of the By-laws of the Corporation as prescribed by Reconstruction Finance Corporation.

EIGHTH, This Charter and the By-laws may be amended at any time by Reconstruction Finance Corporation.

IN WITNESS WHEREOF, Reconstruction Finance Corporation has caused this Charter to be signed by its executive officer, Chairman

- 4 -

of its Board of Directors, attested by its Secretary, and has caused its seal to be hereunto affixed this 22nd day of August, 1940.

RECONSTRUCTION FINANCE CORPORATION

By (Signed) Emil Schram
Chairman

ATTEST:

(Signed) G. R. Cooksey
Secretary

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AMENDMENT TO THE CHARTER OF
DEFENSE PLANT CORPORATION

Reconstruction Finance Corporation hereby certifies that, pursuant to paragraph EIGHTH of the Charter of Defense Plant Corporation and upon the request of the Federal Loan Administrator with the approval of the President of the United States, the Charter of Defense Plant Corporation dated August 22, 1940, as amended February 15, 1941, was on December 9, 1941, further amended by changing paragraph THIRD of said Charter to read as follows:

"THIRD, the objects, purposes and powers of the Corporation shall be:

- (a) To produce, acquire, carry, sell, or otherwise deal in strategic and critical materials as defined by the President;
- (b) To purchase and lease land, purchase, lease, build, and expand plants, and purchase and produce equipment, facilities, machinery, materials, and supplies for the manufacture of strategic and critical materials, arms, ammunition, and implements of war, any other articles, equipment, facilities and supplies necessary to the national defense, and such other articles, equipment, supplies, and materials as may be required in the manufacture or use of any of the foregoing or otherwise necessary in connection therewith;
- (c) To lease, sell, or otherwise dispose of such land, plants, facilities, and machinery to others to engage in such manufacture;
- (d) To engage in such manufacture itself, if the President finds that it is necessary for a Government agency to engage in such manufacture;
- (e) To produce, lease, purchase, or otherwise acquire railroad equipment (including rolling stock), and commercial aircraft, and parts, equipment, facilities and supplies necessary in connection with such railroad equipment and aircraft, and to lease, sell, or otherwise dispose of the same;

RG 179 WPB, E1 Policy Dir. File, box 994,
221.224, "Facilities - DPC Projects."

- (f) To purchase, lease, build, expand, or otherwise acquire facilities for the training of aviators and to operate or lease, sell, or otherwise dispose of such facilities to others to engage in such training; and
- (g) To take such other action as the President and the Federal Loan Administrator may deem necessary to expedite the national defense program.

The Corporation shall have power to do all things incidental to the foregoing and necessary or appropriate in connection therewith, including, but without limitation, the power to borrow and hypothecate, to adopt and use a corporate seal, to make contracts, to acquire, hold and dispose of real and personal property necessary and incidental to the conduct of its business, and to sue and be sued in any court of competent jurisdiction. The Corporation, including its franchise, its capital, reserves, surplus, income and assets, shall be exempt from all taxation now or hereafter imposed by the United States, or any Territory, dependency, or possession thereof, or by any State, county, municipality or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal or local taxation to the same extent according to its value as other real property is taxed. The exemptions provided for in the preceding sentence with respect to taxation shall for all purposes be deemed to include sales, use, storage and purchase taxes and shall also be construed to be applicable to personal property owned by the Corporation, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes. The Corporation shall be entitled to the privileges and immunities belonging to it as an instrumentality of the United States Government (including, but without limitation, the free use of the United States mails) and shall in all respects be possessed of such privileges and immunities as are conferred upon it or Reconstruction Finance Corporation under the Reconstruction Finance Corporation Act, as now or hereafter amended."

Attest:

RECONSTRUCTION FINANCE CORPORATION

(signed) A. T. Hobson
Acting Secretary

By (signed) Charles B. Henderson
Chairman



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PRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 730022
By SPC NARA Date 4-10-95

NA RG179 War Production Board, EL Policy Documentation File,
box 1595, 525.421, "Zinc-Facilities-Capacity."

AMERICAN ZINC INSTITUTE
INCORPORATED
60 EAST 42ND STREET
NEW YORK, N. Y.

FILE
128
525 421
8

St. Louis, Missouri
November 27, 1940

Dr. C. K. Leith, Mineral Consultant
Advisory Commission to the Council
of National Defense
Washington, D. C.

Dear Dr. Leith:

I am attaching to this letter four copies of a statement showing the detailed estimates of production from the various plants during 1941 and 1942. While the new units are being brought in during the first half of 1941, we have separated the production for each quarter of the first half of next year. I think these figures are all reasonably correct.

Since our meeting I have learned of additional blocks being added at one of the secondary plants, whose production is included with the primary smelters. This plant has brought in extra blocks because of additional galvanizer dross being available.

I have added the three secondary plants that use ordinary retorts to our list, which gives an estimated production for 1941 of 873,420 tons, or an increase of 7,420 tons over my last estimate. I have not changed the estimated production for 1942 inasmuch as I had allowed for increased metal from some of the secondary plants in my original estimates for that year. I did not appreciate that these plants would be in a position to increase their capacity at this early date.

PRODUCED AT THE NATIONAL ARCHIVES

DECLASSIFIED
Authority NND 730022
By SLG NARA Date 4-10-95

FILE

100-525421

NEW YORK
1940
EAS
00
CIVIL RIGHTS

STITUTE

Dr. C. K. Leith
No. -2-
November 27, 1940

This statement gives you an up-to-date picture, and if there are any changes that will materially affect this production which are brought to my attention, I will immediately notify you.

I am sending you two extra copies of this letter as I thought probably you would like to have one for Mr. Church and one for Mr. Wallace.

17

Very truly yours

Alger
President

HIY:LJ

cc Mr. E. V. Gent

DATA RELATIVE TO ESTIMATED PRODUCTION OF SLAB KING FOR YEARS 1941 AND 1942

Name of Producer	Location of Plant	Type of Smelting	Number Blocks Operating		Estimated Production					
			First Quarter 1941	Second Quarter 1941	First Quarter 1941	Second Quarter 1941	First Half 1941	Second Half 1941	Total 1941	Year 1942
American Metal Co.	Langloth, Pa. Blackwell, Okla.	Retort	7	7	10,500	10,500	21,000	21,000	42,000	42,000
		Retort	7	7	10,400	10,400	20,800	20,800	41,600	41,600
American Smelting & Refining Co.	Amarillo, Texas	Retort	6	8	12,300	15,900	28,200	31,800	60,000	63,600
American Steel & Wire Co.	Donora, Pa.	Retort	9	9	16,000	16,000	32,000	32,000	64,000	64,000
American Zinc, Lead & Smelting Company	East St. Louis, Ill. Dumas, Texas	Retort	3	4	4,800	6,000	10,800	12,000	22,800	24,000
		Retort	3	3	4,800	4,500	9,000	9,000	18,000	18,000
Athletic Mining & Smelting Co.	Pt. Smith, Ark.	Retort	5	5	6,800	6,900	13,800	13,800	27,600	27,600
E. I. du Pont de Nemours & Co.	Meadowbrook, W. Va.	Vertical Retort			5,400	5,400	10,800	10,800	21,600	21,600
Eagle Fisher Mining & Smelting Co.	Henrietta, Okla. Van Buren, Ark.	Retort	6	6	6,450	6,450	12,900	12,900	25,800	25,800
		Retort	4	4	5,250	5,250	10,500	10,500	21,000	21,000
Hogeler Zinc Company	DeWillo, Ill.	Retort	4	4	6,200	6,200	12,400	12,400	24,800	24,800
Matthiessen Hogeler Zinc Co.	LaSalle, Ill.	Retort	4	4	8,100	8,100	16,200	16,200	32,400	32,400
National Zinc Company	Bartlesville, Okla.	Retort	6	6	8,700	8,700	17,400	17,400	34,800	34,800
St. Joseph Lead Company	Josephtown, Pa.	Electro-thermic			9,000	9,000	18,000	18,000	36,000	36,000
United Zinc Smelting Co.	Woundsville, W. Va.	Retort	4	4	5,280	5,280	10,560	10,560	21,120	21,120
American Zinc, Lead & Smelting Company	Monsanto, Ill.	Electro-lytic			1,000	4,200	5,200	8,400	13,600	16,800
Amazonda Copper Co.	Great Falls, Mont. Amazonda, Mont.	Electro-lytic			42,000	42,000	84,000	84,000	168,000	168,000
Bunker Hill & Sullivan	Kellogg, Idaho	Electro-lytic			8,000	8,000	16,000	16,000	32,000	36,000
New Jersey Zinc Company	Palmerton, Pa.	Vertical Retort			30,000	30,000	60,000	69,000	129,000	138,000

RECEIVED AT THE BUREAU OF MINES
 BY *[Signature]*
 JANUARY 11 1942
 DIVISION OF MINERAL RESOURCES

NA RG179 War Production Board, El Policy Documentation File,
box 1595, 525.422, 'Zinc-Plant Expansion.

POLICY DOC. FILE
LOG NO. 129
CLASS NO. 525.422

151

January 17, 1941

MEMORANDUM

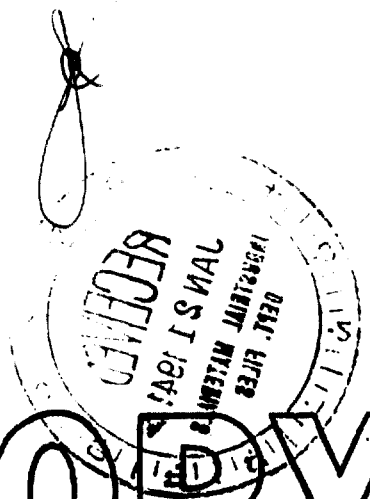
TO: Mr. E. A. ^XLocke
FROM: John A. ^XChurch

Zinc - Gen
Printer Equipment

The attached memoranda regarding equipment for rebuilding an electrolytic zinc plant in Illinois show that the American Zinc Company, which is rebuilding the plant, are having difficulty in obtaining promised deliveries.

1941 requirements of zinc are expected to exceed the available supply, taking into account the expected production from the plant for which this equipment is required. Delay in getting this plant into production will still further aggravate a stringency in the zinc supply which is already severe. Will you be kind enough to see what can be done to obtain the scheduled deliveries of the equipment in order that the expected production may not be delayed.

525.422
Zinc-Plant Expansion



FILE COPY

Vertical handwritten notes on the right margin, including '20th Jan 1941' and other illegible scribbles.

NA RGT79 War Production Board, E1 Policy Documentation File, Gene
box 1595, 525.422, 'Zinc-Plant Expansion.

152

Gene

AMERICAN ZINC, LEAD & SMELTING COMPANY

Dr. C. K. Leith

St. Louis, Missouri
March 3, 1941

... of the ... would be given to the ... and been returned.

... from the zinc produced by this unit ... fully repaid. When the full

Dr. Donald A. Wallace
Advisory Counsel to the
Commission for National Defense
Washington, D. C.

Dear Dr. Wallace: ... be subject to tax without

This letter will confirm our telephone conversation of this date relative to the construction of additional electrolytic zinc capacity at Monsanto (East St. Louis, Illinois) which would require \$2,000,000. The contracting company that is completing our first unit at Monsanto are scheduled to finish their work this month, and if we build an additional unit we would expect to continue the work with the same construction company. Preliminary investigation of delivery dates on the principal items of equipment indicates that we could have a unit ready for operation within eight months from the time construction work is started. This unit would have a capacity of approximately 1,400 tons of electrolytic zinc monthly. The estimated cost of the electrolytic unit with flash roasting is between \$1,500,000 and \$2,000,000. As I advised you today, I would recommend to our Board of Directors the installation of an additional unit, provided the money would be advanced by the government for the construction of the plant. The government would pay to the Zinc Company an agreed-upon amount per ton for management.

Dr. Donald A. Wallace

No. 2-12-13

March 3, 1941

March 3, 1941

and all of the earnings from the second unit would be given to the government until the full capital investment had been returned.

There would be no tax on earnings from the zinc produced on this unit until the government had been fully repaid. When the full repayment had been made to the government, then the title to the property would be transferred to the American Zinc, Lead and Smelting Company and earnings from that time on would be subject to tax without any depreciation charge. The amount of the latter, which I presume is antirail. If we build the second unit we should make a contract covering an adequate supply of zinc concentrates. This would require 36,000 tons of concentrates yearly, and it is my judgment that we should make a contract on both the concentrates and the metal for a period of at least two or three years. We would want to borrow enough money from the government to finance the concentrates purchase. We would expect to pay a reasonable rate of interest on this money, and the money used for the purchase of concentrates would be returned as the inventory of concentrates was liquidated.

The above briefly outlines my talk with you, and we could work out the details if the government desired to have us seriously consider this increased capacity.

We are in a position at our Dumas, Texas plant to increase the production of prime western metal, and each five thousand per year unit would involve an investment of \$250,000. It is my understanding that the demand for munitions metal is going to be high-grade, therefore, I think you should consider the electrolytic unit in preference to the prime western unit. The grade of electrolytic will be 99.95%

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Authority NND 730022
By [Signature] NARA Date 4-10-95

129

Dr. Donald A. Wallace
No. -3-
March 3, 1941

General Electric Company

plus zinc.

I expect to be in New York on Wednesday and you can reach me either at the Biltmore Hotel or at our New York office on that date.

Inasmuch as I discussed this subject briefly with Mr. John A. Church of the O.P.M. when I saw him last in New York, I am taking the liberty of sending him a copy of this letter, which I presume is entirely satisfactory with you.

Very truly yours

[Signature]
President

HIY:LJ

cc Dr. C. K. Leith
Mr. John A. Church

153
American Zinc, Lead and Smelting Company

St. Louis, Missouri
March 3, 1941

OFFICE OF THE
PRESIDENT

POLICY DOCUMENTATION FILE	
Log No.	129
Class No.	525.422

Mr. John A. Church, Consultant
on Zinc
The Advisory Commission to the
Council of National Defense
Federal Reserve Building
Washington, D. C.

Dear John:

I am enclosing herewith copy of letter I wrote to Dr. Donald Wallace today relative to the installation of additional electrolytic capacity at Monsanto, Illinois. You will recall I mentioned this to you at the time of our last Priority Committee meeting in the Bankers Club some two weeks ago.

I believe, because of our set-up at East St. Louis, we are in a position to get into production at an earlier date than any electrolytic plant located in other sections of the United States, and while the construction crew is still organized we should decide whether this additional capacity is needed and whether the government is willing to finance it.

Kindest personal regards.

Very truly yours

A. M. Murray
President

HIY:LJ
Enc.
cc Dr. C. K. Leith
Dr. Donald Wallace

AMERICAN ZINC, LEAD & SMELTING COMPANY

COPY FOR

154

St. Louis, Missouri
March 2, 1941

Mr. W. L. Clayton
Reconstruction Finance Corporation
Washington, D. C.

Dear Mr. Clayton:

I have given careful consideration to the subject we discussed at your office on Thursday, the 6th, and I will be glad to recommend either of the following bases to our Board of Directors for their consideration:

I.

The American Zinc Company will add additional smelting capacity, including all the necessary equipment for roasting concentrates, which would have an annual production capacity of approximately 23,000 tons of slag zinc. Of this amount 17,000 tons would be electrolytic grade, and 6,000 tons would be brass special, intermediate or high-grade (99.9%). The electrolytic equipment would be installed at our Monsanto, Illinois plant, and the furnace for producing the additional tonnage would be installed at our Fairmont City, Illinois plant. (These plants are approximately five miles apart; both in the East St. Louis, Illinois industrial district).

The total cost of this installation would be between \$2,000,000 and \$2,500,000. All of the monies required for this plant expansion would be supplied by the government, and the Zinc Company would produce the metal on an agreed-upon basis.

Concentrates would be purchased by the Zinc Company and financed by the government. An adequate tonnage and quality of

Mr. W. L. Clayton
No. -2-
March 8, 1941

of concentrates would be made available for at least two years operation.

The Zinc Company would have the option to purchase these plant facilities at such time as the present emergency ceases on the basis of a depreciation rate to be determined at the time of contract.

II.

The Zinc Company would borrow from the R. F. C. sufficient money to finance the additional plant facilities outlined above, plus \$1,000,000, which is the amount now borrowed from the banks for plant construction purposes. This loan would be for a period of five years from January 1, 1942, and would be liquidated at the rate of \$700,000 per year; payments to be made quarterly beginning with the first quarter of 1942. The Zinc Company would issue its note for this loan.

The Zinc Company would sell to the government on a firm contract 60,000 tons of slab zinc, of electrolytic and high-grade quality, divided 45,000 tons electrolytic (99.95% plus), and 15,000 tons high-grade (99.9% plus) zinc, at a price of eight and one-fourth cents per pound delivered. (It would be understood that all metal would be delivered within a freight zone where the cost to the American Zinc Company for delivery charges would not average in excess of \$5 per ton. If cost of delivery charge would be in excess of \$5 a ton, such additional delivery charge would be for the account of the government.) Delivery would be at the rate of 2,000 tons of metal monthly beginning not later than January 1, 1942, and all deliveries would be completed by July 1, 1944.

The Zinc Company should have the right to sell the concentrates if they should be

Mr. W. L. Clayton
No. 5-
March 8, 1941

The government would purchase such tonnage and quality of zinc concentrates as would be required for the production of the 60,000 tons of slab zinc, and would furnish all the necessary monies for financing the purchase of concentrates, plus transportation to the plant of the American Zinc Company at East St. Louis, Illinois. American Zinc would pay to the government the value of the concentrates used each month.

Shipment of slab zinc would be made monthly to the government, and payment not later than the tenth of the month following, with the understanding that in any month in which the government did not specify delivery they would honor warehouse receipt for the tonnage and make payment upon presentation of warehouse receipt. Any metal covered by warehouse receipts would be stored at such point designated by the government within a \$5 freight limit from the plant, and all warehousing expense would be for the cost of the government.

If it becomes necessary for the government to terminate the purchase contract, they can do so upon payment to the American Zinc Company of \$40 per ton of slab zinc for each ton of slab zinc remaining to be delivered under the contract at the time of termination of contract. If the government discontinues taking slab zinc under the contract before all tonnage has been shipped them, the Zinc Company can discontinue taking concentrates at the same time and will not be further obligated to take any part of the concentrates remaining in the hands of the government. The Zinc Company, however, should have the option of taking the concentrates if they can dispose

Mr. W. L. Clayton
No. -4-
March 8, 1941

St. Louis, Missouri
March 7, 1941

of the metal elsewhere at a satisfactory price.

The payment of \$40 per ton of slab zinc on the undelivered tonnage on the contract is to be given to the Zinc Company as full liquidated damages for the failure of the government to take all of the tonnage.

I think on this basis our Board would require that a substantial deposit be made as a guarantee for the fulfillment of the government's obligation. It might be, however, that this condition could be overcome by the government depositing \$40 a ton on the entire tonnage with an agreed-upon bank, with the understanding that this deposit would be used for two purposes: (1) repay the government \$40 per ton for each ton of metal they take monthly as delivered, and (2) in event contract is cancelled by the government the remaining amount on this deposit to be paid to the Zinc Company as liquidated damages.

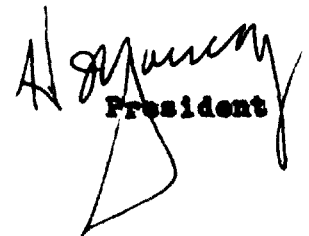
All plants built by the Zinc Company for the purpose of producing slab zinc would be depreciated on the basis of a certificate of necessity certificate providing for a 20% depreciation annually.

The Zinc Company could continue to pay dividends so long as their earnings, after normal depreciation, are equal to the dividend requirements.

Very truly yours

HIY:LJ

cc Dr. Donald A. Wallace
Mr. W. K. Payne


President

AMERICAN ZINC, LEAD & SMELTING COMPANY

COPY FOR

155
St. Louis, Missouri
March 8, 1941

Mr. W. L. Clayton
Reconstruction Finance Corporation
Washington, D. C.

Dear Mr. Clayton:

In accordance with our discussion of Thursday, the 6th, I enclose for your information copy of our consolidated balance sheet, as of December 31, 1940. This is in the form presented by Price, Waterhouse & Co. after completing their final audit. I am also enclosing a copy of our Annual Report to the stockholders for the year ending December 31, 1938, and for the year ending December 31, 1939, for your information.

In my discussion with you I stated that our depreciated book net worth was approximately \$10,000,000. I find that at the end of the year this figure is \$8,182,000. Our declared value, however, as of July 1, 1940, is \$13,600,000.

I am writing you another letter today relative to the basis on which our company might be interested in increasing our slab zinc production facilities. Our Board of Directors will meet in New York on Friday afternoon, March 14th, therefore, if convenient with you I would like to have the opportunity of discussing this subject with you on Thursday afternoon, the 13th, at your office.

Very truly yours

HIY:LJ
cc Dr. Donald A. Wallace
Mr. W. N. Payne

Aspinwall
President

President

AMERICAN ZINC, LEAD & SMELTING COMPANY

COPY FOR _____

St. Louis, Missouri
March 9, 1941

156
Mr. W. L. Clayton
Reconstruction Finance Corporation
Lafayette Building
Washington, D. C.

Dear Mr. Clayton:

I enclose for your information a statement I prepared several months ago for our directors, which gives complete information regarding the capacities of our various smelting plants. This statement will give you some idea of the scope of our operations, and might be of value to you in considering the subject we now have before us in connection with additional production of slab zinc for national defense purposes.

The only variation in this program was brought about by the two months jurisdictional labor dispute in connection with the construction of the furnace at East St. Louis. This dispute has now been settled.

Since this statement was prepared, we decided to install an additional block at our Dumas, Texas plant, and this additional block will give us a total annual metal capacity there, beginning May 1st, of 30,000 tons a year. When we took the plant over at Dumas in 1940 it had a capacity of 10,000 tons yearly.

We will have expended in improvements approximately \$650,000 by May 1st in bringing the production up to an annual capacity of 30,000 tons per year.

Very truly yours

HIY:LJ
cc Dr. Donald A. Wallace
W. N. Payne

Handwritten signature
President

412 4451

AMERICAN ZINC, LEAD AND SMELTING COMPANY

A Brief Statement of the Capacities of the Various Plants
Operated by the Parent Company and its Subsidiaries, as of
April, 1941.

This statement takes into account improvements that are being made at Monsanto-East St. Louis, Illinois; Dumas, Texas, and Metaline Falls, Washington.

Illinois

Hillsboro

This plant at present produces leaded zinc oxide and French process zinc oxide. It is equipped with two American process furnaces; one is used on leaded zinc oxide and the other is kept in reserve for either leaded or lead-free zinc oxide.

	<u>Annual Operating Capacities</u>	
	<u>Present Basis</u>	<u>Capacity Basis</u>
Leaded zinc oxide	6,000 Tons	6,000 Tons or 12,000 "
Lead-free French	2,200 "	8,000 " 2,200 "

East St. Louis - Monsanto

The East St. Louis plant is equipped with four Neureuther-Siemens furnaces with 3,200 retorts, fired with producer gas. Production consists of special retort grades with only about 10% of the total as ordinary prime western.

The roasting plant is equipped with one flash roaster (consolidated smelting type), three Herreshoff roasters, and one Hegeler roaster.

The Waelz plant has a daily capacity of 130 tons to 150 tons for the purpose of treating furnace residues. Present production, plus accumulated stock, will keep this plant at capacity for from five to seven years.

The acid plant produces only sixty degree acid and is equipped with the rectangular type and Mills-Packard type of chambers.

The Monsanto plant will treat calcines produced from the flash roaster at East St. Louis. All zinc produced from Monsanto will be electrolytic, with a substantial percentage of it assaying 99.99% plus.

	<u>Annual Operating Capacities</u>	
	<u>Present Basis</u>	<u>Capacity Basis</u>
Retort slab zinc	24,000 Tons	24,000 Tons
Electrolytic slab zinc	17,000 "	17,000 "
Sulphuric acid 60°	100,000 "	100,000 "
Roasting capacity	108,000 "	108,000 "
Ore roasted for others (included in above)	25,000 "	25,000 "

Ohio

Columbus

This plant is equipped with two wedge type roasters, which are operated at capacity. The gases are sold to the Farmers Fertilizer Company on the basis of the value of brimstone.

The oxide plant is equipped with two American process furnaces complete with refineries.

	<u>Annual Operating Capacities</u>	
Zinc ore gases sold to Farmers Fertilizer Company from roasting plant	25,000 Tons to	30,000 Tons
Lead-free zinc oxide	15,000 " to	18,000 "

Tennessee

Mascot

This property produces a low-grade ore containing an average of approximately 3% zinc, from which is produced a lead-free high-grade zinc concentrate. All of the production from Mascot mine is used for producing lead-

free zinc oxide. The same thing is true of the Jarnagin production.

All of the production from New Market is under contract to the du Pont Company. The New Market mine was originally developed by the du Pont Company, and we operate it under a management and operating contract.

All by-products are sold for railroad ballast, general construction, and the complete output of coarse material for 1941 will probably go to the T.V.A. Cherokee Dam.

Flotation tailings are sold for agricultural fertilizer filler, fertilizer, coal mine dusting, road building, etc.

The past few years our shipments of by-products have been approximately the same as our production. During the life of the property we have accumulated a total of approximately one million tons, which includes both flotation tailings and coarse tailings, a part of which can never be recovered.

Milling capacity		1,250,000 Tons
<u>Mining Capacity</u>		
Mascot mine	600,000 Tons	
New Market mine	360,000 "	
Jarnagin mine	<u>180,000 "</u>	
		1,140,000 Tons

The by-product capacity is adequate to handle all coarse and flotation tailings.

Quarry

Strawberry Plains

(This plant is leased to the Birmingham Slag Company for T.V.A. contract of approximately 1,000,000 tons crushed stone to be delivered in 1941-1942).

Normal Capacity
Annually

400,000 Tons

The lease to the Birmingham Slag Company provides that they will remove their equipment when T.V.A. contract is completed. The future life of this quarry is limited but most of the stone normally supplied from here can be supplied from either Watauga, which is located near Johnson City, Tennessee, or the Harriman quarries.

Harriman

Supplies stone for railroad ballast and road building.

Capacity

100,000 - 120,000 Tons

Watauga (American Zinc Company owns 50%).

Supplies road building and general construction stone.

Capacity

100,000 - 120,000 Tons

Texas

Dumas

We have a lease and option from the Peru Mining Company, which expires in April 1946. This lease provides for a rental based on the concentrates supplied by the Peru Mining Company, plus a rental on each ton of metal produced from other ores. The rental is on a sliding scale depending on the price of metal. All rental payments in excess of \$18,000 per year are applied on the purchase price in the event we ~~decide~~ to buy the plant.

This plant has a present capacity of 12,600 tons of metal yearly, and this capacity will be increased to 18,000 tons yearly in late February.

All the metal from two blocks, or approximately 1,050 tons monthly, produced between October 1, 1940, and November 1, 1941, is sold for export to Great Britain. This is on a conversion basis which leaves a satisfactory margin of profit.

Our net profits on this operation are divided with a company which supplies foreign concentrates and handles all export sales except those sales we make direct to Great Britain.

This plant has an exceptionally low fuel cost. Until October 1941 the rate will be three cents on the first three million feet per day, and in excess of three million feet the rate will be 2-1/2¢. After October 1, 1941, the rate on the first three million feet will be 3-1/2¢, and 2-1/2¢ on the excess over three million feet. After October 1946 the rate on all gas will be four cents. This gas rate makes for low costs. Labor conditions are good.

Missouri

Lands

We own approximately 5,200 acres in Missouri, and of this acreage approximately 2,200 acres is in the Joplin District. The most productive land at this time is at Cronogo, Missouri. Our royalties from this property fluctuate from \$20,000 to \$40,000 yearly. At present our income is limited to land royalties and receipts from the sale of chats. We have approximately 3,000,000 tons of chats at our Davey mines.

Our ore purchasing organization purchase from 50,000 to 75,000 tons of Tri-State concentrates yearly for use at East St. Louis and Fort Smith.

Arkansas

We have a three-year contract with the Athletic Mining & Smelting Company through which we supply to their plant at Fort Smith zinc concentrates, and sell all of the slab zinc produced from these concentrates. The net profit is divided.

Gas is based on the price of metal. We pay five cents per thousand with metal price at five cents, and add to the price one cent per thousand for each cent advance in the price of metal. (At present our price of gas is 7-1/4¢).

Annual Capacity

28,000 tons slab zinc

The major part of the production is brass special and prime western.

We have a ten year contract with this company on all the cadmium-bearing material they produce. This is shipped to East St. Louis for treatment, and after deducting a treatment charge we divide the net profit equally between our Illinois Company and the Athletic Company.

The American Zinc Company of Arkansas, a wholly-owned subsidiary, owns in fee approximately 1,700 acres of land which is non-productive. We collect about enough royalty to pay the taxes.

Washington

Metaline Falls

The Metaline Mining & Leasing Company controls approximately 1,075 acres of mineral lands in the Metaline Falls, Washington District. Fifty-one per cent of the stock of the Metaline Company belongs to the American Zinc Company. All of the profits of the Metaline operation will be paid to the American Zinc Company until its full investment, plus development and operating expenses, has been refunded. There are three million shares of stock outstanding.

Grandview

The American Zinc Company has a lease on 337 acres and owns a half interest in 160 acres. All of the earnings from this property are for the account of the American Zinc Company.

These properties will be operated at capacity by December 1st, and will produce from 1,500 to 1,800 tons of zinc and lead concentrates monthly. Distribution is approximately 20% lead and the remainder zinc. These operations are now on a profitable basis.

Miscellaneous Operations

We control the licensing of all sink and float (M.B.I.-D. D. process) in the United States, Mexico, and Canada. We now have a royalty income that will net us from \$30,000 to \$50,000 yearly. Licensing of other companies with substantial tonnages is now under consideration.

Our exclusive license also covers the modified Butler process used in the treatment of iron ores in the Mesabi Range.

Cadmium

At our East St. Louis plant we have a cadmium recovery plant treating dust recovered from ores smelted at East St. Louis and Fort Smith. The annual capacity of this plant is from 450,000 to 550,000 pounds of metallic cadmium yearly on which, under present cadmium prices, our net profit is from \$150,000 to \$200,000 yearly. All of this product is sold under long-time contract, and shipments of our entire production are made daily.

Number of Employees With all of the above operations operating on a normal basis we will have a total of approximately 2,100 employees.

HIY:LJ
St. Louis, Missouri
October 28, 1940

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Authority NND 730022

By SPC NARA Date 4-10-95

NA RG179 War Production Board, El Policy Documentation File,
box 1595, 525.422, "Zinc-Plant Expansion.

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American Zinc, Lead and Smelting Company

St. Louis, Missouri
March 11, 1941

157

OFFICE OF THE
PRESIDENT

AIR MAIL

Mr. John A. Church, Consultant
on Zinc
The Advisory Commission to the
Council of National Defense
Social Security Building
Washington, D. C.

Dear Jack:

I am enclosing copy of letters addressed
to Mr. W. L. Clayton, Deputy Federal Loan Adminis-
trator, Washington, D. C., which are self-explanatory.
I shall expect to be in Washington Thursday of this
week at Mr. Clayton's request for another conference.

I know you will be interested to know that
our East St. Louis labor situation is settled (at
least for the present) and construction work on the
furnaces is under way.

Kindest personal regards.

Very truly yours

H. J. ...
President

HIY:LJ

Enc.

158

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DECLASSIFIED
Authority NND 730022
By SPC NARA Date 4-10-95

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box 1595, 525.422, "Zinc-Plant Expansion.

158

OFFICE OF PRODUCTION MANAGEMENT

**SOCIAL SECURITY BUILDING
WASHINGTON, D. C.**

March 19, 1941

MEMORANDUM

To: Mr. W. L. Batt, Sr.
From: A. I. Henderson
Subject: Increases in Zinc Capacity

~~The Reconstruction Finance Corporation~~
has been negotiating with both the American Smelting
and Refining Company and American Zinc, Lead and
Smelting Company in connection with increases in
capacity.

I understand that the RFC has practically
concluded a deal to purchase 50,000 tons of zinc
from the American Smelting and Refining Company over
a period of time and that the Company will increase
its capacity by 24,000 tons a year.

1 R 900

Negotiations with American Zinc, Lead and
Smelting Company are not so far advanced. This
Company wishes to get a loan from the RFC and also
to make a contract for the sale of 60,000 tons of
zinc. It also plans to increase its capacity by
24,000 tons a year. Mr. Clayton tells me that he
thinks the RFC will be able to conclude a satisfac-
tory agreement with this Company.

A. I. Henderson
A. I. Henderson

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DECLASSIFIED
Authority NND 730022
By SPC NARA Date 4-10-95

NA RG179 War Production Board, E1 Policy Documentation File,
box 1595, 525.422, "Zinc-Plant Expansion."

Zinc

POLICY DOC. FILE
LOG NO. 180
CLASS NO. 525.422

March 21, 1941

159

MEMORANDUM

TO: Mr. E. R. Stettinius, Jr.

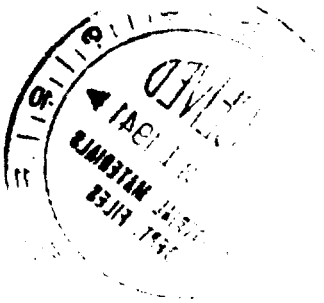
FROM: W. L. Batt

I understand that the RFC has practically concluded a deal to purchase 50,000 tons of zinc from the American Smelting and Refining Company over a period of time and that the Company will increase its capacity by 24,000 tons a year.

Negotiations with American Zinc, Lead and Smelting Company are not so far advanced. This company wishes to get a loan from the RFC and also to make a contract for the sale of 60,000 tons of zinc. It also plans to increase its capacity by 24,000 tons a year. Mr. Clayton tells me that he thinks the RFC will be able to conclude a satisfactory agreement with this Company.

W. L. B.

Handwritten signature/initials



Authority NND 1300
By [Signature] NARA Date 4-10-95

NA RG179 War Production Board, E1 Policy Documentation File,
box 1595, 525.422, "Zinc-Plant Expansion."

466

OFFICE OF PRODUCTION

OFFICE MEMORANDUM

CLASS. NO. 525.422-00
Date: September 16, 1941

To: Mr. Philip D. Reed

From: John A. Church

Subject: Projects for Enlargement of Zinc Production:
Reference: Your Memorandum of September 15, 1941

Not Recommended by OPM - Feb. 22, 1941
Not Completion
Oct. 1942

1. With government assistance (*study under way*)
(a) American Smelting and Refining Company, electrolytic zinc reduction plant at Corpus Christi, Texas; capacity, 24,000 tons per year.

late completion
April June 1942

(b) United Zinc Smelting Company, enlargement of their retort smelting plant at Moundsville, West Virginia; will add little to the immediate zinc supply, since the expansion will draw concentrates from other plants; may add 10,000 to 15,000 annual tons of new production as more mine production is made available. (This project was negotiated direct with Metals Reserve Company).

2. *Projects under consideration or negotiation:*

Not Recommended by O.P.H. capacity 25000

(a) Subject to making terms with Metals Reserve Company, an enlargement of the electrolytic zinc plant of the American Zinc Company of Illinois, at East St. Louis. *negotiations now in progress.*

OPM Recommended Not

(b) Retreatment of tailings in the Tri-State field to produce 35,000 tons of zinc per year; various parties involved.

(c) *Negotiations in progress through Mr. Bateman, Canadian Metals Controller, for govt. purchase of zinc concentrates and oxide.*

4. None known

John A. Church
John A. Church, Chief
Copper-Zinc Branch

Authority NND 1500
By [Signature] NARA Date 4-10-95

NA RG179 War Production Board, El Policy Documentation File,
box 1595, 525.422, "Zinc-Plant Expansion.

M-420

WAR PRODUCTION BOARD

WASHINGTON, D. C.

March 16, 1942



MEMORANDUM

To: Mr. A. I. Henderson
Deputy Director
Materials Division

From: David A. Uebelacker
Chief, Zinc Branch

Subject: Zinc Plant Expansion

In reply to your inquiry over the telephone on March 12th, I submit the following information.

The American Smelting & Refining Company received an A-1-c project rating on July 29, 1941 for their new plant at Corpus Christi, Texas. This plant will produce 24,000 tons of electrolytic zinc per year. Total cost of the plant will be \$5,374,000 and is being built with private capital. Design on the plant was started May, 1941, and construction work was started last fall. Up to March 1, 1942, a sum of \$2,531,337 had been spent and over a million dollars worth of machinery had been ordered, but not yet delivered. Thus, the plant is progressing satisfactorily and is actually ahead of schedule except for the special electrical generators on order with the Westinghouse Electric & Manufacturing Company. The electrical equipment has been allocated in the Westinghouse plant and is on an A-1-a basis. It is expected that this plant will commence producing zinc September 1, 1942 and will produce 6000 tons of electrolytic zinc during the last quarter of 1942, and 24,000 tons in 1943.

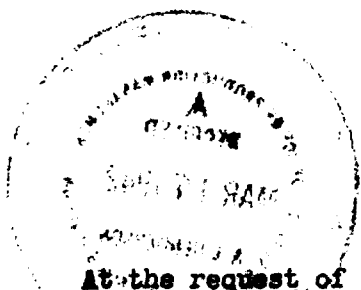
The Reconstruction Finance Corporation made a deal for electrolytic zinc expansion at the Monsanto plant of the American Zinc Company of Illinois. This project received an A-1-d rating. An A-1-a was secured for the Waelz-Kiln for the Fairmount City Plant on a separate PD-1-A application. Incidentally, an A-1-a was given the Fairmount City Oleum Plant by the Army, but this plant, though of the utmost importance to make concentrated sulphuric acid for the Weldon Springs Arsenal, must wait until the Monsanto electrolytic zinc plant is in operation. We tried to get the rectifiers for the electrolytic zinc plant an A-1-a rating on a separate PD-1-A form, but the Army and Navy Munitions Board knocked this back to an A-1-d, which was the rating the project carried anyway and remarked that this delay would not make any difference. However, it means postponement of the completion of this plant from two to three months, or from 3000 to 4500 tons of electrolytic zinc and 5000 to 7000 tons of concentrated sulphuric acid will not be produced on time.

FOR DEFENSE



(Over)

Authority NND 130022
By [Signature] NARA Date 4-10-95



At the request of the War Production Board and the Metals Reserve, the Anaconda Copper Mining Company is going to increase its production of electrolytic zinc at Anaconda and Great Falls from 180,000 to 225,000 tons of electrolytic zinc per year, at its own expense. We asked for an A-1-b for this plant in view of the tremendous importance of this plant to fit into the increased electrolytic zinc production for the cartridge brass program. We succeeded in getting the Army and Navy Munitions Board to approve an A-1-b, but the Clearance Committee of the War Production Board set us back to an A-1-d, the reason being that such a high rating was not necessary because zinc was only on 50% priorities. The delay caused by setting this rating back will be four or five months, so we can expect production in February, 1943 instead of September, 1942. In the meantime, this lack of production may present a very serious problem to the War Production Board. Separate EB-1-A applications forms have been prepared for the items which can not be obtained on an A-1-d rating, but it delays progress.

David A. Uebelacker

Paul

Per

162

162
St. Louis, Missouri
June 24, 1941

Mr. W. L. Clayton, Deputy Federal
Loan Administrator
Lafayette Building
Washington, D. C.

Dear Mr. Clayton:

I have Mr. Strauss' letter of the 19th referring to the price of 7-1/4¢ per pound we have given you on 60,000 tons of high-grade zinc. Our accounting department have carefully checked all of the figures that we have used in our various estimates, and the price of 7-1/4¢ a pound is as low as we can consider in taking this contract for this tonnage.

When you offered to give us a contract at 8-1/4¢ a pound and advance the necessary money for the plant, we very carefully considered and arrived at the same conclusions you have arrived at in your letter, namely, that we would not have an opportunity to amortize our investment during the contract period. You recall we wired you asking if it was possible to spread the tonnage over a five-year period, which would enable us to amortize the plant out of the contract. I know that what you say regarding your being unable to amortize the plant on 7-1/4¢ price during the contract period is correct. We will, if you desire, consider extending the delivery over a longer period at this base price with the escalator clause we have discussed.

Our price of 7-1/4¢, which is one cent reduction below the 8-1/4¢, will, after taxes, but before deducting any overhead

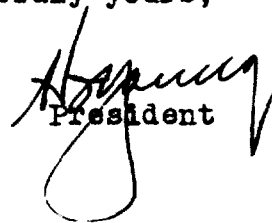
r. W. L. Clayton
No. -2-
June 24, 1941

and taking into account the full possible credit (none of this is assured) that we might recover from by-products, leave a net which is in line with our letter of June 16th.

We await your advice with much interest.

Kindest regards.

Very truly yours,


President

HIY:LJ

525.47 ZINC - Prices

NA RGL79 War Production Board, E1 Policy Documentation File,
box 1595, 525.421, "Zinc-Facilities-Capacity."

2609

1/63

June 4, 1942

MEMORANDUM

TO: Mr. William K. Frank, Chairman
Resources Protection Board
Room 4613, Social Security Building

FROM: Mr. George C. Heikes
Chief, Zinc Branch

SUBJECT: PROTECTION OF ZINC SMELTERS, OXIDE PLANTS,
ROLLING MILLS, ORE MILLS AND MINES.

Complying with General Administrative Order No. 2-38 dated May 8, 1942 relative to the protection of our important resources and plants, I herewith enclose three copies of information covering the location, classification and relative productive importance of each of the zinc mines, smelters, rolling mills and zinc oxide plants.

We have included in this tabulation all the most important sources and tonnages of production and manufacture of zinc ores, metal and products. While the latest available information has been consulted and used, it should be borne in mind that the production data submitted has been assembled solely as an emergency and that it will be followed by data conforming to the form enclosed in your letter of May 25.

George C. Heikes
George C. Heikes

GCH:FDB:ms

525-421 Zinc-Facilities-Capacity

~~SECRET~~

RESOURCES PROTECTION DATA
ZINC BRANCH - MATERIALS DIVISION

KIND OF PLANT	LOCATION NAME OF COMPANY	PRODUCTION CAPACITY METALS OR PRODUCTS (TONS)		IMPORTANCE TO WAR EFFORT RATING
		1941	1942 (EST)	
<u>ATLANTIC STATES</u>				
<u>New York</u>				
	St. Joseph Lead Company	37,728	40,000	A
ML	Belmont)			
ML	Edwards)			
ML	Universal Exploration Company	760	1,200	B
	Edwards			
<u>New Jersey</u>				
	New Jersey Zinc Company	94,200	100,000	A
ML	Franklin			
ML	Ogdensburg			
<u>Eastern Pennsylvania</u>				
	New Jersey Zinc Company	100,000	109,800	A
SA	Palmerston	65,000	67,600	
O	"			
R	"			
<u>Eastern West Virginia</u>				
SA	Grasselli Chem. Co. (Du Pont)	18,000	18,700	A
	Meadowbrook			
	Texas (Gulf Coast)			
Z	American Smelting & Refining Co.	None	24,000	A
	Corpus Christi			
<u>EASTERN CENTRAL STATES</u>				
<u>Western Pennsylvania</u>				
	St. Joseph Lead Co.	37,200	37,125	A
SA	Josephstown	20,000	22,000	A
O				

1/ N - mines L - mills; R - electrolytic smelters; Y - slag fuming plant
 S - smelters; O - oxide plants; H - rolling mills; A - seld plants; G - cadmium smelter.
 2/ A - of primary importance; B, C, D - progressively of decreasing importance.

SECURITY CLASSIFICATION
 CONFIDENTIAL
 CIVILIAN PRODUCTION ADMIN.
 BY - C. J. KING - Date

DOES NOT CONTAIN
 CONFIDENTIAL COMPANY DATA
 CIVILIAN PRODUCTION ADMIN.
 BY - C. J. KING

2609

~~SECRET~~

KIND OF PLANT	LOCATION NAME OF COMPANY	PRODUCTION CAPACITY METALS OR PRODUCTS (TONS)		IMPORTANCE TO WAR EFFORT RATING
		1941	1942 (EST)	
SA	American Metals Company Langeloth	40,800	39,600	A
	<u>North Western West Virginia</u>			
SA	United Zinc Smelting Corporation Moundsville	21,600	22,575	A
	<u>Eastern Virginia</u>			
ML	New Jersey Zinc Company Austinville	18,180	20,000	B
	<u>Eastern Tennessee</u>			
ML	Universal Exploration Company Jefferson City	10,000	10,000	B
ML	American Zinc Lead & Smelting Co. Masoot	22,538	24,000	B
	<u>Ohio</u>			
O	American Zinc Company Columbus	16,000	17,000	B
O	Eagle Picher Lead Company Cincinnati	27,000	27,000	B
	<u>CENTRAL STATES</u>			
	<u>Indiana</u>			
R	American Zinc Products Company Greencastle	5,400	5,400	B
R	Ball Brothers Muncie	20,000	21,000	B
O	International Smelting & Refining Co. E. Chicago	9,000	9,300	B
	<u>Illinois</u>			
R	Illinois Zinc Company Peru	10,800	12,000	B
R	Chicago	7,000	7,000	B

~~SECRET~~

KIND OF PLANT	LOCATION NAME OF COMPANY	PRODUCTION CAPACITY METALS OR PRODUCTS (TONS)		IMPORTANCE TO WAR EFFORT RATING			
		1941	1942 (EST)				
SRA	M. & H. Zinc Company La Salle	20,400	31,755	A			
SA	New Jersey Zinc Company De Pus	31,000	35,000	A			
SRA	Hegeler Zinc Company Danville	32,400	31,025	A			
SAC E O O	American Zinc Co. of Ill. Fairmont City	25,560	27,720	A			
	Moncanto	15,000	33,600	A			
	Hillsboro	15,000	16,000	B			
	Sherman Williams Chicago	16,400	18,400	B			
<u>Wisconsin</u>							
L	Vinegar Hill Zinc Company Cuba City	6,948	9,000	B			
ML	Various Mines & Mills Kansas	9,000	10,000	C			
O	Osark Smelting & Refining Co. Coffeyville	17,000	19,000	A			
<u>S.W. Missouri</u>							
ML	Various mines & Mills Tri-State District	220,000	225,000	A			
<u>S. E. Kansas</u>							
ML	Various mines & mills Tri-State District						
<u>N. E. Oklahoma</u>							
ML	Eagle-Picher Mining & Smelting Co. Picher						
ML	Various mines & mills Tri-State District						

NA RG179 War Production Board, EI Policy Documentation File,
box 1595, 525.47, "Zinc-Prices.

ZINC, LEAD & SMELTING COMPANY

164

St. Louis, Missouri
July 2, 1941

Mr. W. L. Clayton, Deputy Federal
Loan Administrator
Lafayette Building
Washington, D. C.

Dear Mr. Clayton:

With reference to our recent exchange of letters dated June 19th and June 24th, in which it is apparent that you feel that our price of 7-1/4¢ per pound on high-grade metal delivered is out of line: We have tried to explain to you that in making a delivered price we must be able to absorb freight up to the Connecticut Valley where a substantial tonnage of high-grade metal is used, and on the metal that is shipped to the Connecticut Valley we realize a net of 6.85¢ per pound.

In order to bring these negotiations to a final conclusion so that we will know whether we are going to be expected to bring in more production or not, we would appreciate your considering the following:

Assuming that we enter into a contract for 60,000 tons on the basis where you supply all the money for the plant improvements and lease it to us for \$1 per year, we would agree to deliver the metal at 7-1/4¢ per pound. The contract would have an escalator clause covering all advances in labor, power, supplies that become effective after June 1, 1941, and on increased cost of concentrates over \$35 per ton for a 51% concentrate delivered East St. Louis, duty paid.

[Handwritten signature]
President

HIT:12

Very truly yours

We await your further advice.

to a net of \$5 per ton. This applies only to the slab zinc.

refund to the Government such excess so as to bring our margin down

taxes, in excess of \$5 per ton of metal, we are willing to

per ton of metal, after deducting all expenses including Federal

If when the contract is completed the actual profit

Mr. W. L. Clayton
No. -2-
July 2, 1941

165

November 25, 1942



TO: Mr. J. R. Kimberly
Deputy Director General for Industry Divisions
Room 4006 - Railroad Retirement Building

FROM: George C. Heikes, Director
Zinc Division

SUBJECT: EXPANSION OF ELECTROLYTIC CAPACITY AND RETORT CAPACITY IN ZINC SMELTERS AT MONSANTO AND FAIRMONT CITY, ILLINOIS - AMERICAN ZINC COMPANY OF ILLINOIS. ZINC PROJECTS NOS. 3 - 3A - 3B

In October, 1941 the Copper-Zinc Branch recommended to the Federal Loan Agency that Federal aid be extended this company in order to increase its production of slab zinc at the Monsanto and Fairmont City, Illinois zinc plants.

PROJECT NO. 3

As a result, Defense Plant Corporation and the American Zinc Company of Illinois signed a lease on November 28, 1941 covering these facilities, the cost of which was estimated at that time to be \$4,000,000. The estimate was prepared by the United Engineer's and Constructors, Inc., who had constructed the first electrolytic unit of the American Zinc Company of Illinois at Monsanto, Illinois.

PROJECT NO. 3A

On December 8, 1941, the American Zinc Company of Illinois was instructed by the Federal Loan Administration to crowd this expansion to the utmost. The company was requested to install special equipment to produce the maximum amount of high grade sulphuric acid from ores roasted. Plans for cadmium recovery were expanded in order that production would be stepped up from 500,000 lbs. to 900,000 lbs. per year. The new Waelz plant unit required certain modifications which resulted in a large increase in the cost of the plant.

The plants progressed to a point where the United Engineers and Constructors, Inc. was able to make an up-to-date estimate of the detailed cost of completing all units. This estimate showed a total of \$5,800,000, an increase of \$1,800,000 over the original estimate. This estimate was carefully checked by engineers employed by the American Zinc Company of Illinois and they confirmed the estimate.

PROJECT NO. 3B

This increase was authorized through a supplemental agreement by the Defense Plant Corporation on August 26, 1942. Since that time the engineers of the American Zinc Company of Illinois have determined that in order to produce the maximum amount of 40% oleum acid and to increase metallic cadmium production approximately 200,000 lbs. annually (both of these are greatly needed), as requested by the War Production Board, an additional \$500,000 would have to be added to the cost of this operation. This increases the total as follows:

Authority NND 730022
By SLC DATE 4-10-95

PAGE NUMBERS TO BE COPIED

Project	No.3	-	\$4,000,000
"	" 3A	-	1,800,000
"	" 3B	-	<u>500,000</u>
TOTAL -			\$6,300,000

There will be no change in the power or labor requirements. There will be some increase in the materials used. The additional materials required and now considered essential in order to gain the increased production of cadmium and 40% oleum acid, however, are now on hand.

It is our opinion that the added cost of these facilities is warranted and necessary and that additional Government aid in the amount of \$500,000 should be extended.


George C. Heikes

NOTE: For your further information, this project was approved by the Facilities Review Committee as of November 23, 1942.



FACILITY IN FULL OPERATION		RATE FROM NEW FACILITIES IN PARTIAL PRODUCTION		ADDITIONAL CAPACITY UNDER CONST. NOT IN OPERATION		CAPACITY NOT UNDER CONSTRUCTION		TOTAL CAPACITY OBJECTIVE			
CONFIDENTIAL											
MONTHLY PROJECT PROGRESS REPORT											
CONFIDENTIAL											
FOR USE INTERNAL USE ONLY UNITED STATES OF AMERICA WAR PRODUCTION BOARD 112-24-421											
DATE: December 18, 1942											
COMMITTEE: Slab Zinc (Primary Plants)											
BRANCH: Zinc											
SIGNATURE OF CHIEF: _____											
PROJECT STATUS											
FACILITY NAME AND LOCATION	ESTIMATED COST (\$1000)	SCHEDULED OR INITIAL PRODUCTION DATE	SCHEDULED OR INITIAL REVISION DATE	ESTIMATED ORIGINAL DATE	REVISION DATE	STATUS	START-UP DATE	CONST. ON OR ON SCHEDULE	PERCENT COMPLETE		DATE OF REC. CERT. PROJECT RATING OR GOVERNMENT CONTRACT STATUS
									STRUC-TURE	EQUP-MENT	
American Zinc Co. of Ill. Duquoy, Tenn.	12,000	900 ²	12-42	4-43	12-42	3-43	4 No. B.	1-42	95	70	12-1-42 D.S. 7-42 1/2
American Zinc Co. of Ill. Fairmont City, Ill.	7,200	3,300 ²	9-42	7-42	9-42	3 No. B.	1-42	70	80	11-1-42 and 8-42	
American Zinc Co. of Ill. Fairmont City, Ill.	17,000	2,500 ²	9-42	12-42	9-42	3 No. B.	12-41	85	95	11-1-42 and 8-42	
American Zinc Co. of Ill. Monroeville, Ill.	30,000	983 ²	11-42	12-42	10-42	2 No. B.	12-41	98	95	12-9-42 D.N. Appr. 1-42	
American Zinc Co. of Ill. Great Falls, Mont.	15,000	992 ²	11-42	11-42	1-43	2 No. B.	1-42	98	98	11-24-42 D.R. Appr. 1-42	
American Zinc Co. of Ill. Eagle Picher Mining & Smelting Co. Henryetta, Okla.	9	524	11-42	4-43	1-43	6-42	60	60	11-30-42 A-4-43; C.S. 6-42		
American Zinc Co. of Ill. Eagle Picher Mining & Smelting Co. Henryetta, Okla.	600	600								1-1-A to A-10, 19385, Appr. 6-42	

NA RCI 79 War Production Board, Policy Documentation File; box 1595, 525.42 "Zinc-Facilities,"

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8
9

Electric

III. Zinc Co. Shelling Christi.

III. Zinc Co.

III. Zinc Co.

525-42-ZINC-
 Eagle Picher
 Authority: WND 73002A
 By: [Signature]
 Date: 4/10/51

INDEXED AT THE NATIONAL ARCHIVES

COMPONENT: SLAB ZINC VEGETABLE FERTILIZER

BRANCH: ZINC

SIGNATURE OF CHIEF

MONTHLY PROJECT PROGRESS REPORT
CONFIDENTIAL

CAPACITY IN FULL OPERATION	
DATE FROM NEW FACILITIES IN PARTIAL PRODUCTION	
ADDITIONAL CAPACITY UNDER CONSTR. NOT IN OPERATION	
CAPACITY NOT UNDER CONSTRUCTION	
TOTAL CAPACITY OBJECTIVE	

OPERATING COMPANY AND FACILITY LOCATION	PRODUCED IN NEW FACILITIES		ESTIMATED COST (\$000)	SOURCE OF FUNDS	SCHEDULED INITIAL PRODUCTION DATE		COMPLETION		CONSTR. START-ING DATE	PERCENT COMPLETE		DATE OF REC. CERT. PROJECT RATING OR GOVERNMENT CONTRACT STATUS
	ANNUAL CAPACITY	DATE			ORIGINAL ESTIMATED DATE	REVISIED DATE	STATUS (AHEAD-LATE OR ON SCHEDULE)	OVER-ALL		EQUIP-MENT		
	UNIT SHORT TONS	MONTHS			ORIGINAL	REVISIED	DATE	DATE		DATE		
American Zinc Co. of Ill. Duana, Tex.	15,000 ¹		900 ²	IPC	12-42	4-43	3-43	4 Mo. Be.	7-42	95		12-1-42 C.S. 7-42 3/
American Zinc Co. of Ill. Fairmont City, Ill.	7,200 ¹		3,300 ²	IPC	9-42	7-42	12-42	3 Mo. Be.	1-42	70	80	11-1-42 M-3; C.S. 11-41 and 8-42
American Zinc Co. of Ill. Fairmont City, Ill.			124 ¹	Pvt.			8-42		Not started			M-4 to A-1-C, 20830, Appr. 8-42
American Zinc Co. of Ill. Mousanto, Ill.	17,000 ⁶		2,500 ²	IPC	9-42	12-42	12-42	3 Mo. Be.	12-42	85	95	11-1-42 M-3; C.S. 11-41 and 8-42
Anaconda Copper Mining Co. Great Falls, Mont.	30,000 ⁶		953 ²	Pvt.	11-42	12-42	12-42	2 Mo. Be.	12-42	98	100	12-9-42 M-1-D, 6886; C.S. Appr. 1-42
Anaconda Copper Mining Co. Anaconda, Mont.	15,000 ⁶		995 ²	Pvt.	8/	1-43	1-43	2 Mo. Be.	1-42	98		M-1-D, 6886; 11-24-42 C.S. Appr. 1-42
Eagle Picher Mining & Smelting Co. Henryetta, Okla.	9/		524	IPC	11-42	1-43	1-43		6-42	60		11-30-42 M-4; C.S. 6-42
Eagle Picher Mining & Smelting Co. Henryetta, Okla.			600									M-1-A to A-1C, 19385, Appr. 6-42

- 1/ Consists of 5,000 tons of prime western and 9,000 tons of high grade.
- 2/ Includes cost of facilities for the production of cadmium.
- 3/ Priority rating lower than AA, or rating not extended.
- 4/ Retort slab zinc plant completed.
- 5/ For construction of sulphuric acid plant, consisting of one building and platfmr.
- 6/ Electrolytic slab zinc.
- 7/ Due to delay in shipments of materials.
- 8/ Not now determinable since it is dependent upon delivery of supplier and equipment.
- 9/ 8,000 tons of zinc oxide and 18,000 tons of metallic zinc per year.

COMMUNITY: Slab Zinc (Primary Plants)
 DATE: December 1, 1942

American Smelting
 Corpus Christi
 Jersey Zinc
 opus, Ill.
 Jersey Zinc
 opus, Ill.

Authority: AND 730022
 4/10
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PLACED AT THE NATIONAL ARCHIVES
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... DOCUMENTATION FILE
LOG NO.
CLASS. NO. 221.224
WASHINGTON, D. C.
February 9, 1943

COPY

WAR PRODUCTION BOARD

COPY

WASHINGTON, D. C.

February 9, 1943

*11/20 Mr. Nelson
this is for
operations P.C.
with P.C.*

11/20 Mr. Nelson - this is for operations P.C. with P.C.

MEMORANDUM

TO: Mr. Ferdinand Eberstadt, Vice Chairman
Mr. Charles E. Wilson, Vice Chairman

FROM: Donald M. Nelson, Chairman

SUBJECT: Additional Authorizations on Defense Plant Corporation Projects.

Many of the projects which the Office of Production Management and the War Production Board have recommended to Defense Plant Corporation as necessary in the interests of national defense are now nearing completion. In a number of cases it appears that the cost of construction will exceed the original estimate, so that the companies involved are applying for additional funds. In order that these applications may be considered without delay or confusion, Mr. Jesse Jones and I have agreed on the following procedure. Will you therefore instruct the various divisions and bureaus under your jurisdiction to be guided accordingly.

1. Cases involving additional facilities beyond those originally authorized. In this type of case, Defense Plant Corporation is clearly entitled to our recommendation as to whether or not the additional facilities are in the interest of the war program, and this is a decision which falls within our field of responsibility. Applications in such cases should therefore be referred in the first instance to the War Production Board, for consideration and appropriate recommendation to Defense Plant Corporation.

2. Cases involving increased cost without enlargement of facilities.

On a good many jobs, the cost of construction is running over original estimates even though no change has been made in the facilities originally authorized. These increases develop day by day in the course of construction. We have no organization that attempts or is qualified to follow these expenditures so as to be in a position to determine whether and to what extent an increased cost is justified in any particular case. Defense Plant Corporation, on the other hand, has engineers and auditors on each job, and any questions of cost arising between DPC and the company which acts as its agent in constructing the facility should be settled between those two parties. Therefore, applications involving any additional funds should be referred direct to Defense Plant Corporation for consideration and decision.

/s/ D. M. Nelson



ZINC DIVISION WAR PRODUCTION BOARD

TABULATION OF PROJECTS CONSIDERED

GROUP I - APPROVED SMELTER PROJECTS

Applicant	Description of Project	Location	Loan	Increased Capacity	Total Capacity	Present ^{1/}
						Production Rate
In terms of tons of recoverable zinc metal produced annually						
1. American Smelting & Refining Company	Electrolytic Plant	Corpus Christi, Texas	*	30,000	30,000	28,000
2. United Zinc Smelting Company	Smelter	Moundsville, W. Va.	\$360,000	14,400	25,200	17,000
3. American Zinc Company of Illinois	Electrolytic Plant	Moneanso, Illinois	(24,200	24,200	24,200
3A. American Zinc Company of Illinois	Smelter	Fairmont City, Illinois	(\$6,300,000	33,600	33,600	29,000
4. Anaconda Copper Company	Electrolytic Plant	Great Falls, Montana	*	30,000	130,000	160,000
4A. Anaconda Copper Company	Electrolytic Plant	Anaconda, Montana	*	15,000	75,000	61,000
15. Eagle Picher Mining & Smelting Company	Smelter & Washes Plant	Henrieville, Oklahoma	\$523,852	13,000	47,000	31,200
21. The Hageler Zinc Company	Smelter Rehabilitation	Danville, Illinois	\$850,905	12,900	38,000	27,000
32. St. Joseph Lead Company	Slag Treatment Plant	Heroulanus, Missouri	*	9,000	9,000	—
33. American Zinc Company of Illinois	Smelter	Dumas, Texas	\$900,000	14,000	45,500	21,500
34. New Jersey Zinc Company	Redistillation Plant	De Pue, Illinois	*	—	—	—
41. Mathiessen & Hageler Zinc Company	Pottery Plant	LaSalle, Illinois	*	—	—	—
Total Smelter Projects 12			\$8,934,760	200,100	497,500	418,900

* Financed by Private Capital.

^{1/} Present annual production is based upon average production of June, July and August, 1943.

GROUP I - APPROVED MILLING PROJECTS

13. Panaminas, Incorporated	Surface Plant & Mill	Paytes, Virginia	\$115,000	2,400	2,400	1,500
24. Vinegar Hill Zinc Company	Mill Expansion	Cuba City, Wisconsin	\$100,000	8,000	18,000	14,000
26. Corod Minerals Corporation ^{2/}	Milling Plant	Marion, Kentucky	\$241,086	1,890	1,890	—
29. Minerva Oil Company ^{1/}	Mine & Mill	Cave-in-Rock, Illinois	\$335,160	2,400	2,400	—
38. S. Smelting, Refining & Mining Co. Ore & Chemical Company	Mill for Bullfrog Mine	Bayard, New Mexico	*	14,000	14,000	14,000
47. A. Rhea	Sink-Float Plant	Leadville, Colorado	\$150,000	5,200	5,200	—
1. United Milling & Mining Company	Tailings Plant	Neck City, Missouri	\$31,000	830	830	—
	Tailings Mill	Plattville, Wisconsin	\$245,000	1,985	1,985	—
Total Milling Projects 8			\$1,217,246	36,705	46,705	29,500

^{1/} Present annual production rate is based upon average production of June, July and August, 1943.

^{2/} Practically completed. Management difficulties are delaying progress.

^{3/} Practically completed. Need additional generating plant before operations begin.

GROUP II - APPROVED MINING PROJECTS

10. Twin Valley Mining Company	Mine & Mill	Owen County, Kentucky	\$35,000	540	860	330
15. New Mexico Consolidated Mining Co.	Kearney Mine	Hanover, New Mexico	\$250,000	11,000	11,000	2,300
16. Siscoe Gold Mines	Mine & Mill	Quebec Province, Canada	\$124,500	3,400	3,400	3,400
19. American Zinc, Lead & Smelting Co.	Hendel Mine	Danmore, Missouri	*	3,000	3,000	2,000
19A. American Zinc, Lead & Smelting Co.	Wassy Creek Mine	Jefferson City, Tennessee	*	3,000	3,000	900
20. Eagle Picher Mining & Smelting Co. ^{2/}	Paxson Mine	Baxter Springs, Kansas	\$280,836	12,400	12,400	3,100
21. United Zinc Smelting Corporation ^{1/}	Melrose Tract	Picher, Oklahoma	\$130,000	10,000	10,000	—
23. The Callahan Zinc-Lead Company	Akron Mine	Sargents, Colorado	*	?	?	—
24. Peru Mining Company	Copper Flat Mine	Hanover, New Mexico	\$100,000	8,000	8,000	3,500
26. Golden Crown Mining Company	Tiger Mine	Crown King, Arizona	\$50,000	550	550	—
27. American Zinc-Lead & Smelting Co.	Hunter Mine	Aurora, Missouri	*	1,800	1,800	260
28. Knob Hills Mines, Inc. ^{4/}	Black Rock Mine	North Port, Washington	\$20,000	4,000	4,000	—
29. Northern New York Mining Company ^{1/}	Parker Mine	Gouverneur, New York	\$40,000	1,750	1,750	—
31. Eagle Picher Mining & Smelting Co.	Sam Tavier Mine	Tucson, Arizona	*	6,000	6,000	—
34. Hecla Mining Company	Blue Joaze Mine	Maricopa County, California	*	6,850	6,850	—
35. Miller & Gleason	Penn Mine	Calaveras County, California	\$120,000	5,200	5,200	—
32. Brown & Root, Incorporated ^{5/}	Webb City Area	Webb City, Missouri	\$80,000	—	—	—
33. Panaminas, Incorporated ^{7/}	Richmond-Bureka Mine	Bureka, Nevada	\$100,000	—	—	—
34. Pan American Zinc Company of Tennessee	New Market Mine	New Market, Tennessee	\$300,000	2,500	2,500	—
37. Idaho Mining Company ^{3/}	Black Bear Mine	Ouray, Colorado	\$1,306,000	5,600	5,600	—
Total Mining Projects 30			\$2,936,316	85,590	85,910	12,290

^{1/} Present annual production rate is based upon average production of June, July and August, 1943.

^{2/} Eagle Picher Mining & Smelting Company operates Paxson Mine for Metals Reserve Company.

^{3/} Leveled by United States Bureau of Mines. Shaft about completed.

^{4/} Shaft completed and milling plant now under consideration.

^{5/} \$20,000 government loan + \$15,000 private capital spent and objective not reached.

^{6/} Mining and Milling program dependent upon results of clean drilling exploration program now in progress.

^{7/} Bureau of Mines conducting diamond drilling program. Final development to be considered after drilling.

^{8/} Idaho Mining Company is doing this work as agent for Metals Reserve Company.

GROUP IV - APPROVED MISCELLANEOUS PROJECTS

11. Samuel Greenfield Company, Inc.	Bathhouse	Buffalo, New York	\$71,580	600	600	—
12. American Zinc, Lead & Smelting Co.	Power Plant	Metalline Falls, Washington	\$80,000	5,000	12,000	4,800
13. Athletic Mining & Smelting Company	Leach Plant	Fort Smith, Arkansas	\$542,642	4,880	4,880	—
Total Miscellaneous Projects			\$694,262	10,480	17,480	4,800

^{1/} Present annual production rate is based upon average production of June, July and August, 1943.

GROUP V - UNAPPROVED APPLICATIONS COMPLETED BY APPLICANT

National Tunnel & Mines Company	No record	Strigosa Canyon, Utah				
14. Cerro de Pasco Copper Company	Flotation Plant	Peru, South America				
15. Rio Argentine Mining Company	Mine & Mill	Rico Colorado				
Total Group V			3			

ZINC DIVISION WAR PRODUCTION BOARD
TABULATION OF PROJECTS CONSIDERED

GROUP VI METALS RESERVE COMPANY CONTRACTS FOR PURCHASE OF CONCENTRATES (NO ADVANCE LOANS)

Applicant	Description of Project	Location	Loan	Original Estimate	Reason for Withdrawal
5. Quebec Maniow Company		Canada			
6. Sherritt Gordon Mines, Ltd.		Manitoba			
8. Iron Sound Company		Petrol, Mexico			
9. St. Joseph Lead Company		Aguilar, Argentine			
11. Fresnillo Mining Company		Fresnillo, Mexico			
16. White Armet Mines, Ltd.		Quebec, Canada			
Total Group VI 6					

GROUP VII APPROVED PROJECTS WITHDRAWN AFTER SOME FUNDS WERE SPENT

19. Pacific Smelting & Refining Co.	Mine & Mill	Seattle, Oregon	\$ 20,000	298,061	Inefficient ore developed
22. Western Metals Company	Smelt Plant	Jess, Nevada	\$145,000	341,000	Adverse report by operating agents
30. Boulder Mining Company	Mine & Mill	Billie, Arizona	\$ 40,000	200,000	Adverse report
59. Hamlet Dexter Operating Co., Inc.	Mine & Mill	Silverton, Colorado	\$ 20,000	64,000	
Total Group VII 4			\$225,000		

GROUP VIII PENDING PROJECTS

73. Mathiasen & Hagler Zinc Co.	Smelter Plant	LaSalle, Illinois			
Total Group VIII 1					

GROUP IX APPROVED PROJECTS LATER WITHDRAWN

Or					
27. American Smelting & Refining Co.	Fuming Plant	El Paso, Texas			Project resubmitted as Project 74.
28. American Smelting & Refining Co.	Fuming Plant	Chihuahua, Mexico			Plant to have been built after completion of El Paso Plant.
58. John Hess Mining & Milling Co.	Salvage Mill	Leadville, Colorado			Applicant appeared to have lost interest.
65. United Zinc Smelting Corporation	Smelt Plant	Moundsville, W. Va.			WPA Policy change.
69. Ansonia Copper Mining Company	Fuming Plant	East Helena, Montana			Shortage of manpower.
74. American Smelting & Refining Co.	Fuming Plant	El Paso, Texas			Shortage of manpower.
52. Allen Mill, Incorporated	Recover Mill	Alma District, Colorado			Inefficient supply of ore.
Total Group IX 7					

GROUP X PROJECT APPLICATIONS WITHDRAWN BY APPLICANT

49. Babree Iron Company	Mine	Babreeville, Tennessee			Mine sold and loan repaid.
70. American Smelting & Refining Co.	Mill	Vanadium, New Mexico			Inefficient manpower to produce required tonnage.
Total Group X 2					

GROUP XI PROJECTS NOT APPROVED

			Reason for not Approving		
10. General Smelting Company	Smelter	Henryetta, Oklahoma			Antiquated and inefficient.
12. James L. Smith	Mill	Paxson Mine			Resubmitted by Eagle Placer Company (See Project 40)
129. Pacific Smelting & Refining Co.	Electrolytic Plant	Portland, Oregon			Inefficient supply of ore.
13. Idarado Mining Company	Black Bear Mine	San Juan County, Colorado			Resubmitted as Project 47.
United Zinc Smelting Corporation	Malross & Paxson Tracts	Tri-State District			Resubmitted as Projects 40 and 42.
14. Eagle Placer Mining & Smelting Co.	Concentrating Mill	Brownsville, Texas			Not seriously presented or considered.
16. Oscar A. Costello	Smelt Plant	Henryetta, Oklahoma			Inefficient reserves of proper grade.
18. Volcan Mining Company	Mine & Mill	Pars, South America			Zinc Branch never called upon to act.
31. Penn Mining Company	Mine & Mill	Calaveras County, California			Resubmitted in modified form as Project 63.
37. Rasch Mining Interests	Mine & Mill	Magdalena, New Mexico			Applicant relinquished option.
55. Denver Equipment Company	Custom Mill	Orray, Colorado			Inefficient supply of ore.
60. Pacific Smelting & Refining Co.	Develop Ruth Mine	Santiam, Oregon			Inefficient ore reserves.
66. A. E. Kippes	Horn Silver Mine	Wilford, Utah			Inefficient ore reserves.
72. U. S. Smelting, Refining & Mining Co.	Sunnyvale Mine	Burke, Colorado			Inefficient manpower available.
Total Group XI 14					

SUMMARY OF PROJECTS

Group	Description	Number of Projects	Loan	Increased Capacity	Present Total Capacity	Present Production Rate
Group I	Approved Smelter Projects	12	\$8,934,767	200,100	457,500	418,900
Group II	Approved Milling Projects	8	\$1,217,246	36,705	46,705	305,000
Group III	Approved Mining Projects	20	\$2,936,336	85,590	85,910	12,290
Group IV	Approved Miscellaneous Projects	3	\$ 694,262	10,480	17,480	4,800
Group V	Unapproved Applications Completed by Applicant	0	—	—	—	—
Group VI	Metals Reserve Company Contracts for Purchase of Concentrates	6	—	—	—	—
Group VII	Approved Projects Withdrawn After Some Funds Were Spent	4	\$ 225,000	—	—	—
Group VIII	Pending Projects	1	—	—	—	—
Group IX	Approved Projects Later Withdrawn	7	—	—	—	—
Group X	Project Applications Withdrawn by Applicant	2	—	—	—	—
Group XI	Projects Not Approved	14	—	—	—	—
Total		80	\$14,007,611	332,875	607,595	465,490